

# **Solidaridad**

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**SOLIDARIDAD SOUTHERN AFRICA NGO**

**MOZAMBIQUE OFFICE**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2023**

**SOLIDARIDAD SOUTHERN AFRICA  
MOZAMBIQUE OFFICE**

Annual Financial Statements for the year ended 31 December 2023

**General Information**

**Country of incorporation  
and domicile** Mozambique

**Nature of business and  
principal activities** The Organisation is engaged in promoting production with respect for people and planet, and reliable trade relations that give producers a fair deal in developing countries within the Southern African region.

**Directors** The following directors held office for the year under review:-

**Name**

Mandlenkosi Nkomo - Regional Representative  
Francisco Nhanale - Country Manager

**Company secretary** W Matthews

**Legal form** Non Governmental Organisation

**Registered office and  
business address**  
1st Floor, Okapi Plaza  
Cnr 25 September and Albert Lithuli  
Maputo

**Website address** [solidaridadnetwork.org](http://solidaridadnetwork.org)

**Principal Bankers** Stanbic Bank

**Preparer** The annual financial statements were internally prepared by S. Manda.

**Level of assurance** These annual financial statements have been audited independently on the request of the Solidaridad Network.

**SOLIDARIDAD SOUTHERN AFRICA NGO  
MOZAMBIQUE OFFICE**

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FOR THE YEAR ENDED 31 DECEMBER 2023**

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**SOLIDARIDAD SOUTHERN AFRICA NGO  
MOZAMBIQUE OFFICE**

**DIRECTORS' RESPONSIBILITIES AND APPROVAL**

**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

The directors are required, by the Solidaridad Network, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the organisation as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards for Small and Medium-sized Entities. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial controls established by the organisation and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets out standards for internal control aimed at reducing the risk of error or loss in a cost - effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organisation and employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal controls provides reasonable assurance that the financial records may be relied on for the presentation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the organisation's cash flow forecast for the years to 31<sup>st</sup> December 2025 and, in the light of this review and the current financial position, they are satisfied that the organisation has access to adequate resources to continue in operational existence for the foreseeable future.

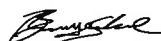
Although the board of directors is primarily responsible for the financial affairs of the organisation, it is supported by the organisation's external auditors.

The external auditors are responsible for independently auditing and reporting on the organisation's financial statements. The financial statements have been examined by the organisation's external auditors and their report is presented on pages 2 to 4.

The annual financial statements set out on pages 5 to 18, which have been prepared on the going concern basis, were approved by the board of directors on the 11<sup>th</sup> December 2024 and signed on its behalf by:

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Shungu Kanyemba



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## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE DIRECTORS**

#### **SOLIDARIDAD SOUTHERN AFRICA NGO MOZAMBIQUE OFFICE**

#### **Unqualified Opinion**

We have audited the financial statements of The Solidaridad Network Southern Africa NGO - Mozambique, Office, set out on pages 6 to 18, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in reserves and statement of cash flows for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements fairly present, in all material respects, the financial position of The Solidaridad Network Southern Africa NGO - Mozambique Office, as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with its accounting policies and International Financial Reporting Standards for Small and Medium - sized Entities.

#### **Basis for Unqualified Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), together with the ethical requirements that are relevant to our audit of financial statements in South Africa. We have fulfilled our other ethical requirements in accordance with these requirements and the IRBA Code. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Part A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the Report of the Directors set out on page 5.

The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Those Charged With Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with their accounting policies and International Financial Reporting Standards for Small and Medium - sized Entities, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Organisation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organisation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Organisation's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organisation's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organisation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organisation to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the business activities within the organisation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the organisation audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We have communicated with those charged with governance on all relationships and other matters, which may reasonably be thought to bear on our independence and, where applicable, related safeguards.

A handwritten signature in black ink, appearing to read 'V. Bhengu', written over a circular stamp or seal.

**Rev Vincent Bhengu CA (SA), RA (IRBA 507361)**

**Douglas & Velcich**

**Chartered Accountants (S.A.)**

**Johannesburg**

**18 December 2024**

**SOLIDARIDAD SOUTHERN AFRICA NGO  
MOZAMBIQUE OFFICE**

**REPORT OF THE DIRECTORS FOR THE  
YEAR ENDED 31 DECEMBER 2023**

The directors present their report, together with the annual financial statements of the organisation for the financial year ended 31 December 2023.

**General**

The Organisation was operating as a regional office which was consolidated into the accounting records of the Solidaridad Network SA Trust registered in South Africa.

At the beginning of 2018, it was decided by the Network to reflect the Organisation separately from the South African Trust.

The operating results and state of affairs of the Organisation are fully set out in the attached annual financial statements.

**Litigation**

The Organisation is not currently involved in any claims or lawsuits, which individually or in aggregate, are expected to have a material adverse effect on the Organisation or its assets.

**Going concern**

The directors believe that the Organisation has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the Organisation is in a sound financial position and that it has capacity to raise additional funding to meet its foreseeable cash requirements. The directors are not aware of any new material developments that may adversely impact the Organisation. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Organisation.

**Equipment**

During the year under review, the Organisation purchased equipment with a total cost of MZN 1,070,500 (2022:MZN 3,878,940)

**Events after the reporting period**

The directors are not aware of any material event which occurred after the reporting date and up to the date of this report which might have a material impact on the reported results.

**Directors**

The directors of the Organisation are :

|                   |                           |
|-------------------|---------------------------|
| Mandlenkosi Nkomo | - Regional Representative |
| Francisco Nhanale | - Country Manager         |

**Auditors**

Douglas & Velcich were retained as auditors for the year under review.



**SOLIDARIDAD SOUTHERN AFRICA NGO  
MOZAMBIQUE OFFICE**

**STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2023**

|                                       | Note | 2023<br>MZN       | 2022<br>MZN       |
|---------------------------------------|------|-------------------|-------------------|
| <b>ASSETS</b>                         |      | <b>13 514 139</b> | <b>13 452 551</b> |
| <b>Non current assets</b>             |      | <b>5 513 617</b>  | <b>6 864 378</b>  |
| Equipment                             | 3    | 5 513 617         | 6 864 378         |
| <b>Current assets</b>                 |      | <b>8 000 522</b>  | <b>6 588 173</b>  |
| Accounts receivable                   | 4    | 313 373           | 270 977           |
| Accrued income                        | 5    | 5 108 170         | -                 |
| Cash and cash equivalents             | 6    | 2 578 978         | 625 772           |
| Amount due from Solidaridad entity    | 7    | -                 | 5 691 424         |
| <b>Total assets</b>                   |      | <b>13 514 139</b> | <b>13 452 551</b> |
| <b>RESERVES AND LIABILITIES</b>       |      | <b>13 514 139</b> | <b>13 452 551</b> |
| <b>Reserves</b>                       |      | <b>9 216 428</b>  | <b>7 690 491</b>  |
| General fund                          |      | 3 702 812         | 826 112           |
| Equipment fund                        |      | 5 513 617         | 6 864 378         |
| <b>Current liabilities</b>            |      | <b>4 297 711</b>  | <b>5 762 060</b>  |
| Accounts payable                      | 8    | 4 297 711         | 5 762 060         |
| Managed funds - Kvuno Mozambique LDA  | 9    | -                 | -                 |
| <b>Total reserves and liabilities</b> |      | <b>13 514 139</b> | <b>13 452 551</b> |

**SOLIDARIDAD SOUTHERN AFRICA NGO  
MOZAMBIQUE OFFICE**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

|  | Note | 2023<br>MZN       | Restated<br>2022<br>MZN |
|--|------|-------------------|-------------------------|
| <b>INCOME</b>  |      | <b>59 821 453</b> | <b>67 890 719</b>       |
| Transfers from Solidaridad South Africa                |      | 52 206 833        | 57 024 672              |
| Expenses paid on behalf by Solidaridad Southern Africa |      | 1 702 832         | 8 117 439               |
| Grant and other contributions                          | 10   | 5 794 772         | 2 281 596               |
| Foreign exchange gain                                  |      | 117 016           | -                       |
| Other Income   |      | -                 | 467 011                 |
| <b>EXPENDITURE</b>                                     |      | <b>58 454 426</b> | <b>66 033 277</b>       |
| Audit Fees   |      | 197 129           | 203 390                 |
| Bank charges   |      | 32 191            | 49 970                  |
| Cleaning   |      | 5 000             | 2 400                   |
| Communication costs                                    |      | 184 423           | 268 549                 |
| Consulting fees  |      | 60 163            | 863 965                 |
| Depreciation   |      | 2 384 134         | 1 760 484               |
| Foreign exchange loss                                  |      | -                 | 8 468                   |
| Insurance  |      | 212 486           | 37 899                  |
| IT support   |      | 1 350             | 88 984                  |
| Legal fees   |      | 284 667           | 80 938                  |
| Office expenses  |      | 117 190           | 207 252                 |
| Printing, postage and stationery                       |      | 13 670            | 183 021                 |
| Programme costs  | 11   | 27 929 289        | 34 209 895              |
| Rent, water and electricity                            |      | 1 014 432         | 1 052 809               |
| Salaries and contributions                             |      | 25 658 061        | 26 218 858              |
| Staff recruitment, training and development            |      | 58 491            | 449 142                 |
| Travel and accommodation                               |      | 301 750           | 347 252                 |
| <b>SURPLUS FOR THE YEAR</b>                            |      | <b>1 367 028</b>  | <b>1 857 442</b>        |
| <b>OTHER COMPREHENSIVE INCOME</b>                      |      | <b>1 509 672</b>  | <b>(1 857 442)</b>      |
| Depreciation charge transferred to equipment fund      |      | 2 384 134         | 1 760 484               |
| Transfer to the equipment fund - fund assets           |      | (1 070 500)       | (3 878 940)             |
| Transfer from the equipment fund - insurance proceeds  |      | 196 038           | 261 014                 |
| <b>COMPREHENSIVE INCOME</b>                            |      | <b>2 876 699</b>  | <b>-</b>                |

**SOLIDARIDAD SOUTHERN AFRICA NGO  
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**STATEMENT OF CHANGES IN RESERVES  
FOR THE YEAR ENDED 31 DECEMBER 2023**

|  | <b>General<br/>fund<br/>MZN</b> | <b>Equipment<br/>fund<br/>MZN</b> | <b>Total<br/>MZN</b> |
|--|---------------------------------|-----------------------------------|----------------------|
| <b>Balance at 31 December 2021</b>         | <b>826 112</b>                  | <b>4 838 964</b>                  | <b>5 665 076</b>     |
| Allocation of funds during the year        | (261 014)                       | 2 118 456                         | 1 857 442            |
| Surplus for the year (restated)            | 1 857 442                       | -                                 | 1 857 442            |
| Depreciation for the year (restated)       | 1 760 484                       | (1 760 484)                       | -                    |
| Transfer to equipment fund - funded assets | (3 878 940)                     | 3 878 940                         | -                    |
| Assets disposed during the year            | 261 014                         | (93 041)                          | 167 972              |
| Profit from disposal/stolen assets         | -                               | 167 972                           | 167 972              |
| Proceeds from disposed/stolen assets       | 261 014                         | (261 014)                         | -                    |
| <b>Balance at 31 December 2022</b>         | <b>826 112</b>                  | <b>6 864 378</b>                  | <b>7 690 491</b>     |
| Allocation of funds during the year        | 2 680 661                       | (1 313 634)                       | 1 367 028            |
| (Deficit) for the year                     | 1 367 028                       | -                                 | 1 367 028            |
| Depreciation for the year                  | 2 384 134                       | (2 384 134)                       | -                    |
| Transfer to equipment fund - funded assets | (1 070 500)                     | 1 070 500                         | -                    |
| Assets disposed during the year            | 196 038                         | (37 128)                          | 158 910              |
| Profit from disposal/stolen assets         | -                               | 158 910                           | 158 910              |
| Proceeds from disposed/stolen assets       | 196 038                         | (196 038)                         | -                    |
| <b>Balance at 31 December 2023</b>         | <b>3 702 812</b>                | <b>5 513 617</b>                  | <b>9 216 428</b>     |

**SOLIDARIDAD SOUTHERN AFRICA NGO  
MOZAMBIQUE OFFICE**

**STATEMENT OF CASH FLOWS FOR THE  
YEAR ENDED 31 DECEMBER 2023**

|   | Note      | 2023<br>MZN             | 2022<br>MZN           |
|---|-----------|-------------------------|-----------------------|
| Cash received from Solidaridad - South Africa                       |           | 53 909 665              | 65 142 111            |
| Cash (expended)/received from Grantors and other                    |           | -                       | (2 847 667)           |
| Cash received from Consulting income                                |           | 686 602                 | 2 281 596             |
| Cash (expended) on programmes, suppliers and employees              |           | <u>(57 460 023)</u>     | <u>(58 324 828)</u>   |
| <b>Cash (utilised in)/generated from operations</b>                 | <b>13</b> | <b>(2 863 756)</b>      | <b>6 251 213</b>      |
| Interest received   |           | -                       | -                     |
| Interest paid   |           | <u>-</u>                | <u>-</u>              |
| <b>Net cash (outflow)/inflow from operating activities</b>          |           | <b>(2 863 756)</b>      | <b>6 251 213</b>      |
| <b>Cash flows (utilised in) investing activities</b>                |           | <b>(874 462)</b>        | <b>(3 617 926)</b>    |
| Acquisition of equipment  | 3         | <u>(1 070 500)</u>      | <u>(3 878 940)</u>    |
| Proceeds from insurance claims                                      |           | <u>196 038</u>          | <u>261 014</u>        |
| <b>Cash flows generated from/(utilised in) financing activities</b> |           | <b>5 691 424</b>        | <b>(5 691 424)</b>    |
| Net increase/(decrease) in amounts from Solidaridad entities        |           | <u>5 691 424</u>        | <u>(5 691 424)</u>    |
| <b>Net increase/(decrease) in cash and cash equivalents</b>         |           | <b>1 953 206</b>        | <b>(3 058 137)</b>    |
| <b>Cash and cash equivalents at beginning of year</b>               |           | <b>625 772</b>          | <b>3 683 909</b>      |
| <b>Cash and cash equivalents at end of year</b>                     | <b>6</b>  | <u><u>2 578 978</u></u> | <u><u>625 772</u></u> |

**SOLIDARIDAD SOUTHERN AFRICA NGO  
MOZAMBIQUE OFFICE**

**NOTES TO ANNUAL THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**1. ACCOUNTING POLICIES**

The financial statements have been prepared on a going concern basis and in compliance with the International Financial Reporting Standard for Small and Medium-sized entities (IFRS for SMEs) issued by the International Accounting Standards Board. They are presented in Mozambican Meticals. The measurement basis used is the historical costs basis, except where otherwise stated in the accounting policies below.

**1.1 Accounting convention**

The entity is registered as a Non-Governmental Organisation (NGO) with the Republic of Mozambique.

**1.2 Equipment**

The cost of an item of tangible assets is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the organisation; and
- the cost of the item can be measured reliably.

Costs include costs incurred initially to acquire or construct an item of tangible assets and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of tangible assets, the carrying amount of the replaced part is derecognised.

Tangible assets are carried at cost less accumulated depreciation and any impairment losses.

Depreciation is provided on all tangible assets other than freehold land, to write down the cost, less residual value, by equal instalments over their useful lives as follows:

| <b>Item</b>        | <b>Useful life</b> |
|--------------------|--------------------|
| Computer equipment | 3 years            |
| Motor vehicle      | 5 years            |
| Office equipment   | 5 years            |
| Office furniture   | 6 years            |

The depreciation charge for each period is recognised through the equipment fund, unless it is included in the carrying amount of another asset. The gain or loss arising from the derecognising of an item of equipment is included in the equipment fund when the item is derecognised. The gain or loss arising from the derecognising of an item of equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

It is the policy of the organisation to write off all asset purchases against the operating fund in the year that the assets are acquired as most income is from funders who request that the assets be expensed in the year of purchase.

**SOLIDARIDAD SOUTHERN AFRICA NGO  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2023 (Continued)**

**1. ACCOUNTING POLICIES (Continued)**

**1.2 Equipment (Continued)**

This is a deviation from IAS 16, which requires that all asset purchases are capitalised and depreciated. This deviation has been resolved by raising an equipment fund as discussed below. (refer to note 1.5)

**1.3 Financial instruments**

**Measurement**

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as set out below:

**Accounts receivable**

Accounts receivables and accrued income are stated at cost less provision for impairment losses.

**Cash and cash equivalents**

Cash and cash equivalents are measured at fair value.

**Accounts payable**

Accounts payable which are short - term obligations, are stated at their nominal value.

**1.4 Impairment**

The carrying amount of assets are reviewed at financial position date to determine whether there is any indication of impairment. If there is such indication, the assets are written down to the estimated recoverable amounts. The recoverable amount is the higher of the net selling price and the value in use.

**1.5 Equipment fund**

In order that operating reserves reflect assets available to the operations of the organisation, an equipment fund is maintained to separate out the funding of such assets.

The mechanism whereby this fund is maintained at a value equal to the carrying value of such assets in the statement of financial position is that an amount equal to the cost of equipment acquired be charged against operating income each year and credited to the equipment fund.

Depreciation, and profits or losses on disposal are adjusted annually against the fund.

**SOLIDARIDAD SOUTHERN AFRICA NGO  
MOZAMBIQUE OFFICE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2023 (Continued)**

**1. ACCOUNTING POLICIES (Continued)**

**1.6 Provisions**

Provisions are recognised when the organisation has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

**1.7 Income recognition**

Income from grants is generally brought to account in the period to which it relates.

All other income is brought to account as and when received.

**1.8 Interest income**

Interest is brought to account as and when received.

**1.9 Expenditure recognition**

Expenditure is accounted for on the accrual basis.

**1.10 Project accounting and expense allocation**

In terms of its contractual obligations to donors, the organisation's policy is to allocate project expenses that are clearly identifiable as such, directly against project funds. Indirect and shared costs are apportioned on the basis of management estimates.

Accrued and deferred grant income is based on the balance of each project or donor fund after taking into account the direct, indirect and shared costs as described above. The unexpended surplus of the project fund is deferred to the following year or the deficit is accrued in the year under review.

**1.11 Employee benefits**

**Short-term employee benefits**

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employee renders service that increases their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

**SOLIDARIDAD SOUTHERN AFRICA NGO  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2023 (Continued)**

**2. FINANCIAL RISK MANAGEMENT**

**2.1 Financial risk factors**

The organisation's activities could expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The organisation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the organisation's financial performance.

Risk management is carried out by the Board of Directors, who evaluate financial risks.

*(a) Market risk*

The company is exposed to currency risk to the extent that it operates a foreign currency (United States Dollar) bank account.

*(b) Credit risk*

The organisation's credit risk is attributable to accounts receivable and liquid funds. The credit risk on liquid funds is limited because the counter party is a bank with credit rating assigned by international credit-rating agencies. The organisation has no significant credit risk arising from its receivables in the current year.

*(c) Liquidity risk*

Using cash flow forecasting, management maintains adequate levels of cash to fund ongoing obligations.



SOLIDARIDAD SOUTHERN AFRICA NGO  
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2023 (Continued)

3. EQUIPMENT

|                                     | Computer<br>equipment<br>MZN | Motor<br>vehicle<br>MZN | Office<br>Equipment<br>MZN | Office<br>furniture<br>MZN | Total<br>MZN     |
|-------------------------------------|------------------------------|-------------------------|----------------------------|----------------------------|------------------|
| <b>31 December 2023</b>             |                              |                         |                            |                            |                  |
| <b>Net book value at 1/1/2023</b>   | <b>346 621</b>               | <b>2 990 867</b>        | <b>2 852 109</b>           | <b>674 781</b>             | <b>6 864 378</b> |
| Cost                                | 1 186 051                    | 5 785 165               | 4 241 311                  | 1 062 613                  | 12 275 141       |
| Accumulated depreciation            | (839 430)                    | (2 794 298)             | (1 389 203)                | (387 832)                  | (5 410 762)      |
| Additions for the year              | 678 000                      | 300 000                 | 92 500                     | -                          | 1 070 500        |
| Disposals for the year              | -                            | (37 128)                | -                          | -                          | (37 128)         |
| Cost                                | (77 318)                     | (79 560)                | -                          | -                          | (156 878)        |
| Accumulated depreciation            | 77 318                       | 42 432                  | -                          | -                          | 119 750          |
| Depreciation for the year           | (244 706)                    | (982 033)               | (857 146)                  | (300 250)                  | (2 384 134)      |
| <b>Net book value at 31/12/2023</b> | <b>779 915</b>               | <b>2 271 706</b>        | <b>2 087 463</b>           | <b>374 532</b>             | <b>5 513 617</b> |
| Cost                                | 1 786 733                    | 6 005 605               | 4 333 811                  | 1 062 613                  | 13 188 763       |
| Accumulated depreciation            | (1 006 818)                  | (3 733 899)             | (2 246 349)                | (688 081)                  | (7 675 146)      |
| <b>31 December 2022</b>             |                              |                         |                            |                            |                  |
| <b>Net book value at 1/1/2022</b>   | <b>568 922</b>               | <b>2 055 984</b>        | <b>1 947 762</b>           | <b>266 296</b>             | <b>4 838 964</b> |
| Cost                                | 1 316 771                    | 4 063 550               | 2 700 917                  | 560 683                    | 8 641 921        |
| Accumulated depreciation            | (747 848)                    | (2 007 566)             | (753 155)                  | (294 387)                  | (3 802 957)      |
| Additions for the year              | 115 000                      | 1 721 615               | 1 540 395                  | 501 930                    | 3 878 940        |
| Disposals for the year              | (93 041)                     | -                       | -                          | -                          | (93 041)         |
| Cost                                | (245 720)                    | -                       | -                          | -                          | (245 720)        |
| Accumulated depreciation            | 152 678                      | -                       | -                          | -                          | 152 678          |
| Depreciation for the year           | (244 260)                    | (786 732)               | (636 048)                  | (93 445)                   | (1 760 484)      |
| <b>Net book value at 31/12/2022</b> | <b>346 621</b>               | <b>2 990 867</b>        | <b>2 852 109</b>           | <b>674 781</b>             | <b>6 864 378</b> |
| Cost                                | 1 186 051                    | 5 785 165               | 4 241 311                  | 1 062 613                  | 12 275 141       |
| Accumulated depreciation            | (839 430)                    | (2 794 298)             | (1 389 203)                | (387 832)                  | (5 410 762)      |

**SOLIDARIDAD SOUTHERN AFRICA NGO  
MOZAMBIQUE OFFICE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2023 (Continued)**

|   | <b>2023<br/>MZN</b> | <b>2022<br/>MZN</b> |
|---|---------------------|---------------------|
| <b>4. ACCOUNTS RECEIVABLE</b>   |                     |                     |
| Deposits  | 80 000              | 80 000              |
| Prepaid expenses  | 87 270              | -                   |
| Travel advances   | 146 103             | 190 977             |
|   | <b>313 373</b>      | <b>270 977</b>      |
| <b>5. ACCRUED INCOME</b>  |                     |                     |
| Agencia Do Zambeze (ADVZ)   | <b>5 108 170</b>    | -                   |
| <b>6. CASH AND CASH EQUIVALENTS</b>   |                     |                     |
| Standard Bank - Mozambique (MTN)  | 2 544 628           | 594 849             |
| Standard Bank - Mozambique (US Dollars)   | 33 287              | 30 170              |
| Standard Bank - Mozambique Project bank account   | 1 064               | 1 064               |
| Petty cash - local  | -                   | (310)               |
|   | <b>2 578 978</b>    | <b>625 772</b>      |
| <b>7. AMOUNT DUE FROM SOLIDARIDAD ENTITY</b>  |                     |                     |
| Solidaridad South Africa  | -                   | <b>5 691 424</b>    |
| Funds due from Soildaridad South Africa to cover costs of 2022 accrued at 31 December 2022. |                     |                     |
| <b>8. ACCOUNTS PAYABLE</b>  |                     |                     |
| Creditors   | 4 214 167           | 5 572 474           |
| Travel advances   | 83 543              | 189 586             |
|   | <b>4 297 711</b>    | <b>5 762 060</b>    |
| <b>9. FUNDS MANAGED - KVUNO MOZAMBIQUE LDA</b>  |                     |                     |
| <b>Funds recognised during the year</b>   | <b>352 062</b>      | -                   |
| Transfers from Solidaridad Network - South Africa   | 352 062             | -                   |
| <b>Funds spent during the year</b>  | <b>(267 062)</b>    | -                   |
| Accommodation expenses  | (36 020)            | -                   |
| Associate consultants   | (35 000)            | -                   |
| Internship/Volunteers/National Service  | (149 580)           | -                   |
| Office and admin expenses   | (17 162)            | -                   |
| Per diems   | (29 300)            | -                   |
| <b>Equipment purchased during the year</b>  | <b>(85 000)</b>     | -                   |
| <b>Net funds spent</b>  | <b>-</b>            | <b>-</b>            |

**SOLIDARIDAD SOUTHERN AFRICA NGO  
MOZAMBIQUE OFFICE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2023 (Continued)**

**2023**                      **2022**  
**MZN**                      **MZN**

**9. FUNDS MANAGED - KVUNO MOZAMBIQUE LDA (continued)**

Solidaridad - Network established Kvuno Mozambique LDA as a separate trading entity within Mozambique that would be used to facilitate trading and support for the various Mozambiquan farmers that had been previously supported through funded programmes under Solidaridad Southern Africa NGO, so that future sustainability of the farmers could be secured.

**10. GRANT AND OTHER CONTRIBUTIONS**

|  |                  |                  |
|--|------------------|------------------|
| Agencia Do Zambeze (ADVZ)                      | 5 108 170        | -                |
| Accrued in 2023                                | 5 108 170        | -                |
| The Mozambique National Cotton Producers Forum | 686 602          |                  |
| Wageningen University                          | -                | 2 281 596        |
|  | <b>5 794 772</b> | <b>2 281 596</b> |

**11. PROGRAMME COSTS**

|  |                   |                   |
|--|-------------------|-------------------|
| Accommodation expenses                         | 2 565 475         | 3 234 005         |
| Air travel                                     | 3 148 583         | 4 092 561         |
| Associate consultants                          | 949 882           | 1 858 015         |
| Communication costs                            | -                 | 82 163            |
| Equipment and other rentals                    | 227 825           | 166 340           |
| Internship/Volunteers/National Service         | 1 888 680         | 1 535 979         |
| Meals  | 2 199 849         | 2 212 736         |
| Motor vehicle expenses                         | 6 475 142         | 6 077 948         |
| Office and admin expenses                      | 1 277 034         | 1 169 722         |
| Per diems                                      | 3 375 484         | 2 045 839         |
| Programme Materials and inputs                 | 3 200 996         | 6 910 306         |
| Project Implementation Cost - Partner Contract | -                 | 2 054 074         |
| Public transport                               | 556 047           | 224 092           |
| Publication expenses                           | 65 652            | 138 479           |
| Workshops, training and conferences            | 1 998 640         | 2 407 636         |
|  | <b>27 929 289</b> | <b>34 209 895</b> |

**12. TAXATION**

No provision has been made for taxation as there is correspondence from the Mozambique Government declaring that the NGO is registered in the Republic of Mozambique as the Solidaridad Network Southern Africa NGO with its origins in South Africa.

**SOLIDARIDAD SOUTHERN AFRICA NGO  
MOZAMBIQUE OFFICE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2023 (Continued)**

|   | <b>2023</b>        | <b>2022</b>      |
|---|--------------------|------------------|
|   | <b>MZN</b>         | <b>MZN</b>       |
| <b>13. CASH (UTILISED IN)/GENERATED FROM OPERATIONS</b> |                    |                  |
| Surplus for the year                                    | 1 367 028          | 1 857 442        |
| Adjusted for :  |                    |                  |
| Depreciation for the year                               | 2 384 134          | 1 760 484        |
| (Increase) in accrued income                            | (5 108 170)        | -                |
| Increase/(decrease) in deferred income                  | -                  | (3 314 678)      |
| <b>(Deficit)/surplus before working capital changes</b> | <b>(1 357 009)</b> | <b>303 247</b>   |
| <b>Working capital changes</b>                          | <b>(1 506 747)</b> | <b>5 947 965</b> |
| (Increase)/decrease in accounts receivable              | (42 397)           | 1 608 710        |
| (Decrease)/increase in accounts payable                 | (1 464 350)        | 4 339 256        |
|   | <b>(2 863 756)</b> | <b>6 251 213</b> |

**14. COMMITMENTS**

The organisation has the following commitment in respect of rental agreement covering office premises as follows :

**Operating lease - premises**

|                         |                  |                  |
|-------------------------|------------------|------------------|
| Payable within one year | 1 488 000        | 960 000          |
| Payable thereafter      | -                | 640 000          |
|                         | <b>1 488 000</b> | <b>1 600 000</b> |

**15. RELATED PARTIES**

The Company is part of the Solidaridad Southern African Region, which, in turn, is part an international network of Solidaridad organisations. The Southern African Region comprises Solidaridad non-profit companies and institutions that operate in Malawi, Mozambique, South Africa, Zambia and Zimbabwe.

The members of the Southern African Region cooperate in determining common standards of good governance, operations and reporting, planning, fund raising, budgeting and the implementation of programmes.

The international Solidaridad Network provides strategic, programmatic, internal quality control and communications support through a structure that incorporates an International Supervisory Board, an Executive Board of Directors and five Continental Supervisory Boards, facilitated by the services of the Solidaridad Network Secretariat.

The international Solidaridad Network is paid a 2% subscription on funds generated at a regional basis.

**SOLIDARIDAD SOUTHERN AFRICA NGO  
MOZAMBIQUE OFFICE**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR  
THE YEAR ENDED 31 DECEMBER 2023 (Continued)**

**2023  
MZN**                      **2022  
MZN**

**15. RELATED PARTIES (continued)**

Funds received and paid from/to the different Solidaridad entities are fully disclosed in the financial statements.

**Transfers from other regional offices**

|   |                   |                   |
|---|-------------------|-------------------|
| Solidaridad Network - South Africa                    | 52 558 895        | 57 024 672        |
| Less : Transfers attributable to Kvuno Mozambique LDA | (352 062)         | -                 |
|   | <u>52 206 833</u> | <u>57 024 672</u> |

**Expenses paid on behalf from other regional offices**

|                                    |                  |                  |
|------------------------------------|------------------|------------------|
| Solidaridad Network - South Africa | 1 242 674        | 8 117 439        |
| Solidaridad Network - Zambia       | 111 619          | -                |
| SEED NL - 2022                     | 348 540          | -                |
|                                    | <u>1 702 832</u> | <u>8 117 439</u> |

**Receivable / due from other regional offices**

|                                    |   |                  |
|------------------------------------|---|------------------|
| Solidaridad Network - South Africa | - | <u>5 691 424</u> |
|------------------------------------|---|------------------|

**Funds managed - Kvuno Mozambique LDA**

|                                 |           |          |
|---------------------------------|-----------|----------|
| Fund recognised during the year | 352 062   | -        |
| Funds spent during the year     | (352 062) | -        |
|                                 | <u>-</u>  | <u>-</u> |

For further details on the funds managed refer to note 9.

**16. GOING CONCERN**

The existence of the organisation is dependent on the continued support of Solidaridad Network, by way of transfers. Should the transfers be withdrawn it is highly unlikely that the organisation will be able to continue as a going concern. The Solidaridad Network has agreed to continue supporting the organisation in 2024.

**17. EVENTS AFTER THE REPORTING PERIOD**

The directors are not aware of any material event which occurred after the reporting date and up to the date of the report which might have a material impact on the reported results.

**18. COMPARATIVE FIGURES**

The comparative figures have been restated for improved disclosure in terms of reflecting the depreciation in the expenditure of the financial performance.