

**VITALITE ZAMBIA LIMITED**

**Financial Statements**

**For The Year Ended 31 December 2018**

**MUYOVWE & COMPANY**  
**CHARTERED ACCOUNTANTS**

**VITALITE ZAMBIA LIMITED**  
**YEAR ENDED 31 DECEMBER 2018**

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**Vitalite Zambia Limited**  
**Financial Statements**  
**Year ended 31 December 2018**  
**DIRECTORS' RESPONSIBILITIES AND APPROVAL**

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The Directors are required in terms of the Zambia Companies Act 2017 of the Laws of Zambia 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 financial statements fairly present the state of affairs of the Company as at the end of the financial year and results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. 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 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 systems of internal financial controls established by the Company and place considerable importance on maintaining a strong environment. To enable the Directors to meet these responsibilities, the Board sets standards for internal controls 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 acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimize 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 control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute assurance against material misstatements or loss.

The Directors have reviewed the Company's cash flow forecast for the ensuing year and in the light of this review and the current financial position, they are satisfied that the Company has or has access to adequate resources to continue in the operational existence for the foreseeable future.

The financial statements set out on pages 5 to 9, which have been prepared on the going concern basis, were approved by the Board on May 28, 2019 and were signed on its behalf by:

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
DIRECTOR



**MUYOVWE AND COMPANY**  
**CHARTERED ACCOUNTANTS**



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**Independent Auditor's Report**

To the Members of Vitalite Zambia Limited

**Opinion**

We have examined the Financial Statements of Vitalite Zambia Limited which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, the statement of cash flows for the year then ended, and the notes to and forming part of the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 5-9.

In our opinion the financial statements present fairly, in all material aspect, the Financial Position of the Company at 31 December 2018, and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), the requirements of the 2017 Zambian Companies Act.

**Basis of Opinion**

We conducted our audit in accordance with International Auditing Standards (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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and have fulfilled our responsibilities under these ethical requirements. We believe that our audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The Directors are responsible for the other information. The other information comprises the information contained in the Annual Report, but do not include the financial statements and our audit report thereon.

In connection with our audit of the financial statements, our responsibility is to review 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 misstatements. If, based on the work we have 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.

**Responsibility of the Directors for the Financial Statements**

As described on page 1, the Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Reporting Standards (IFRSs) and the

requirements of the *Zambian 2017 Companies Act* of the *Laws of Zambia*, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern basis of accounting unless the Directors either intend to liquidate the Company or cease operations. Or have no realistic alternative but to do so.

### **Auditor's Responsibility for 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 assurance, but it 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 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 judgement 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 material misstatement resulting from fraud is higher than from one resulting from error, as fraud may involve collusion, forgery.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Directors' 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 Company's ability to continue as a going concern. If we conclude material uncertainty exists, we are required to draw attention of this fact in our audit report. However, future events or conditions may cause the Company to cease as a going concern.
- Evaluate presentation, structure and content of 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 Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with the Directors 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 the audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable related safeguards.



From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences outweigh the public interest benefits of such communication.

#### **Report on other Legal and Regulatory Requirements**


In accordance with Section 173 (3) of the Companies Act, we report that, in our opinion the required accounting records, other records and registers have been properly kept and that Company Vitalite Zambia Limited has complied with all relevant provisions in accordance with the Acts.

#### **Donor Audit Certificate on Vitalite Zambia Limited's Financial Statements**

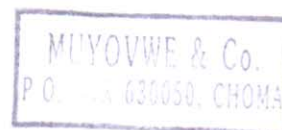
We have concluded an income and expenses verification audit for the period ended 31 December 2018 and the resultant financial statements (cash flow, statement of financial position, statement of comprehensive income). The purpose of the audit was to obtain sufficient evidence of the accuracy of expenditure and income in accordance with the financial protocols with the funders and in respect of the Swedish Embassy, Lusaka, Zambia, in accordance with **Appendix H** of SIDA's instructions for financial reporting.

#### **Certification**

We hereby certify that the costs declared by VITALITE Zambia Limited in the attached financial statements are real, accurately recorded and eligible and that all receipts have been declared in accordance with the agreements. We further affirm that all project incomes have been declared.

Alexander Muyovwe:   
Partner signing for the Firm AUD/F000030

 2019



**VITALITE Zambia Limited**  
**Financial Statements**  
**Year Ended 31 December 2018**

	<b>2018</b>	<b>2017</b>
	<b>ZMW</b>	<b>ZMW</b>
<b>Statement of Comprehensive Income</b>		
Net Trade Sales	32,273,707	18,452,317
Expenditure	<u>32,477,331</u>	<u>14,668,629</u>
Profit /(Loss) for the year	(203,624)	3,783,688
<b>MOVEMENT IN REVENUE RESERVES</b>		
Balance at beginning of Year	3,635,136	(148,552)
Profit /(Loss) for the year	<u>(203,624)</u>	<u>3,783,688</u>
	<u><u>3,431,512</u></u>	<u><u>3,635,136</u></u>

VITALITE Zambia Limited  
Financial Statements  
Year Ended 31 December 2018

**STATEMENT OF FINANCIAL POSITION**

	NOTE	2018 ZMW	2017 ZMW
<b>Non-Current Assets</b>	1	2,143,995	1,137,141
		<u>2,143,995</u>	<u>1,137,141</u>
<b>Current Assets</b>			
Inventories	2	9,992,604	5,126,666
Receivables	3	15,300,006	8,644,613
Bank and Cash	4	2,335,560	3,389,990
<b>Net Current Assets</b>		<u>27,628,170</u>	<u>17,161,269</u>
<b>TOTAL ASSETS</b>		<u><u>29,772,166</u></u>	<u><u>18,298,410</u></u>
<b>EQUITY &amp; LIABILITIES</b>			
Share Capital Paid Up		15,000	1,303
Shareholders' Loans		4,456,679	1,044,472
Revenue Reserves		3,431,512	3,635,136
		<u>7,903,191</u>	<u>4,680,911</u>
<b>CURRENT LIABILITIES</b>			
Payables and Accruals.	5	<u>10,308,412</u>	<u>8,056,580</u>
<b>LONG TERM LIABILITIES</b>			
Loans		<u>11,560,560</u>	<u>5,560,920</u>
<b>TOTAL LIABILITIES</b>		21,868,973	13,617,499
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>29,772,164</u></u>	<u><u>18,298,410</u></u>

The financial statements were approved by the Board at a meeting held on

May 28 2019 and signed on its behalf by:

  
\_\_\_\_\_  
DIRECTOR

  
\_\_\_\_\_  
DIRECTOR



VITALITE Zambia Limited  
Financial Statements  
Year Ended 31 December 2018

**CASH FLOW STATEMENT**

**NET CASH FLOWS FROM OPERATING ACTIVITIES**

	<b>2018 ZMW</b>	<b>2017 ZMW</b>
Operating cash flows		
Operating profit	(203,624)	3,783,688
Add : Depreciation	538,993	242,850
		-
		-
Net operating cash flows before investment working capital	<u>335,369</u>	<u>4,026,538</u>
		-
(Increase)Decrease in Receivables	(6,655,393)	(4,582,935)
(Increase)Decrease in Inventories	(4,865,938)	(4,515,911)
Increase/(Decrease) in Creditors & Accruals	2,251,833	4,666,103

**NET CASH FLOWS FROM INVESTING ACTIVITIES**

Share Capital Paid	13,697	
Loans	5,999,640	4,530,655
Directors' Investment activities	3,412,207	500
Purchase of Equipment	(1,545,848)	(1,236,807)
<b>NET CASH FLOWS</b>	<u><b>(1,054,433)</b></u>	<u><b>2,888,142</b></u>

Increase in cash and cash equivalents		
Cash and cash equivalents at 31.12.2016	3,389,990	501,849
Cash and cash equivalents at 31.12.2017	<u>2,335,560</u>	<u>3,389,990</u>
Change in cash for the year	<u><b>(1,054,431)</b></u>	<u><b>2,888,141</b></u>

NOTES TO THE FINANCIAL STATEMENT

1. PROPERTY, PLANT & EQUIPMENT

Non -Current Assets COST/VALUATION	Plant & Equipment ZMW	Office Furniture ZMW	Office Equipment ZMW	Motor Vehicles ZMW	Other Assets ZMW	TOTAL ZMW
As at 01.01.2018	218,145	68,893	189,317	909,780	24,443	1,410,578
Additions	72,369	88,355	128,618	1,244,591	11,915	1,545,848
(Disposal)	-	-	-	-	-	-
As at 31.12.2018	<u>290,514</u>	<u>157,248</u>	<u>317,935</u>	<u>2,154,371</u>	<u>36,358</u>	<u>2,956,427</u>
<b>DEPRECIATION</b>						
As at 01.01.2018	5,969	18,121	55,260	187,156	6,932	273,438
Charge for year	5,810	31,450	63,587	430,874	7,272	538,993
As at 31.12.2018	<u>11,779</u>	<u>49,571</u>	<u>118,847</u>	<u>618,030</u>	<u>14,204</u>	<u>812,431</u>
<b>NET BOOK VALUE</b>						
As at 31.12.2018	<u>278,734</u>	<u>107,677</u>	<u>199,088</u>	<u>1,536,340</u>	<u>22,155</u>	<u>2,143,995</u>
As at 31.12.2017	<u>212,176</u>	<u>50,772</u>	<u>134,057</u>	<u>722,624</u>	<u>17,511</u>	<u>1,137,140</u>

2. INVENTORIES

	2018 ZMW	2017 ZMW
Inventory	<u>9,992,604</u>	<u>5,126,666</u>
	<u>9,992,604</u>	<u>5,126,666</u>

3. RECEIVABLES

VAT	-	-
Staff Debtors	26,696	24,747
Trade Receivables	12,903,740	8,015,016
Unretired Imprest	68,491	21,042
Prepayments	2,167,647	569,974
Other Receivables	133,432	13,834
	<u>15,300,006</u>	<u>8,644,613</u>

4. BANK AND CASH

Cash On Hand	-	-
FNB ZMW	264,144	139,460
Petty Cash	21,828	14,905
FNB VZ PEP Z Project	74,012	49,931
MTN Money	873	233,222
ZANACO ZMW	548,195	30,099
FNB Bank US\$	1,426,508	2,922,374
	<u>2,335,560</u>	<u>3,389,990</u>

5. CREDITORS AND ACCRUALS

Trade Payables	1,924,339	329,485
Deferred Income	6,379,637	7,061,103
Short term Payables	1,326,319	44,105
Accrued Expenses	409,266	447,104
Accrued Expenses -PAYE	45,331	30,564
Payroll Clearance	12,301	17,247
Staff Vehicle Purchase Deductions	99,733	-
Accrued Expenses - NAPSA	8,959	6,490
Zambia Revenue Authority	102,527	120,483
	<u>10,308,412</u>	<u>8,056,580</u>

6. LOANS

Long term loans	<u>11,560,560</u>	<u>5,560,920</u>
	<u>11,560,560</u>	<u>5,560,920</u>

## **SIGNIFICANT ACCOUNTING POLICIES ADOPTED**

### **1.Regulatory frame work**

Vitalite Zambia Limited is duly registered under the Companies Act Cap 388 of the Laws of Zambia.

### **2. Principal Activities**

The principal activities are provision of environmentally friendly power for cooking and lighting.

## **Significant Accounting Policies**

### **3.1 Basis of Accounting**

The financial statements have been prepared on the historical cost basis and incorporate the following principal accounting policies which comply with the operating International Accounting Standards.

### **3.2 Compliance**

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as laid out by the International Accounting Standards Board (IASB) and interpretations issued by the International Finance Reporting Interpretations Committee (IFRIC).

### **3.3 Cash and Cash Equivalents**

Cash and cash equivalents are stated in the financial statements at fair value.

### **4. 1 Property, Plant and Equipment**

The non –current assets are stated in the statement of financial position at original cost less cumulative depreciation charge.

### **4.2 Depreciation**

Depreciation is provided on the straight -line basis to write off the assets over their expected useful lives at the following rates;

Motor Vehicles	20%
Motor Bikes	20%
Furniture & Fittings	20%
Plant & Equipment	2%