

**CONSUMER UNITY AND TRUST SOCIETY (CUTS)
REPORT OF THE AUDITORS TO MEMBERS OF THE SOCIETY**

We have audited the financial statements set out on pages 3 to 9

Respective responsibilities of the Board of Directors and Auditors;

As stated on page 2, these financial statements are the responsibility of the Board of Directors of the Consumer Unity And Trust Society (CUTS). Our responsibility is to report on these financial statements based on our audit.

BASIS OF OPINION

We conducted our audit in accordance with International Standards on Auditing. These standards require that we plan and perform the audit to obtain reasonable assurance that, in all material respects, fair representation is achieved in the financial statements. An audit includes an evaluation of the appropriateness of the accounting policies, an examination, on a test basis, of evidence supporting the amounts and disclosures included in the financial statements, an assessment of the reasonableness of significant estimates and a consideration of the appropriateness of the overall financial statements presentation. We consider that our audit procedures were appropriate in the circumstances to express our opinion presented below.

OPINION

In our opinion, the financial statements give a true and fair view of the state of the Society's affairs as at 31 December 2004 and of its deficit and cashflows for the year then ended.

4TH FLOOR
MAIN POST OFFICE BUILDING
LUSAKA

AUDICO ASSOCIATES
CHARTERED ACCOUNTANTS

CONSUMER UNITY AND TRUST SOCIETY (CUTS)
FINANCIAL STATEMENTS
DETAILED INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2004

INCOME	2004		2003	
	K	K	K	K
Balance brought forward		-		341,995,977
Transfers from Hivos		225,818,800		5,888,000
Refund from Harare (MWENGO -NGO)		-		855,001
Overseas Development Institute (ODI)		422,342		8,603,100
Refund from Tanzania (Mr. Nair)		-		355,500
		<u>226,041,142</u>		<u>357,497,578</u>
EXPENDITURE				
1. ADMINISTRATIVE COSTS				
Audit fees	5,000,000		5,420,000	
Insurance	1,188,251		1,158,161	
NAPSA (Statutory contribution)	1,172,500		2,012,218	
Salaries and wages	114,068,106		99,236,694	
Bank charges and commissions	6,525,038		5,082,375	
Office expenses	13,618,580		10,606,213	
Printing and stationery	20,802,364		15,142,300	
Office rent	22,560,000		12,988,640	
Postages and telephones	22,802,517		24,975,701	
Photocopying	1,487,050		1,889,660	
	<u>298,735,386</u>		<u>182,362,302</u>	
2. TRAVELLING EXPENSES				
Board and lodging	9,409,587		16,501,731	
Air fares and transport	189,660,857		89,839,590	
	<u>199,100,444</u>		<u>106,341,321</u>	
3. OTHER COSTS				
Depreciation	16,104,281			
Repairs and maintenance	-		1,898,000	
House rent	10,800,000		-	
Regional seminar (Lusaka)	-		10,200,000	
Zambia Consumer Association	-		4,977,000	
Trip to Mexico	-		4,750,000	
Transfer to Kenya	21,854,827		52,614,000	
Trip to Brazil	4,770,500		-	
Trip to Geneva	6,345,940		-	
Trip to South Africa	1,236,100		-	
Trip to Kenya	10,748,960		-	
Transfer to Uganda	-		5,683,200	
Transfer to Zimbabwe	-		299,140	
Transfer to Malawi	-		4,161,720	
Trip to India	5,959,600		1,422,000	
Consumer International	-		1,924,440	
Consent publications (CPG)	-		4,977,000	
Trip to Portugal	-		1,746,827	
Transfer to Field (London)	-		9,954,000	
Transfer to Botswana	-		12,087,000	
	<u>77,820,148</u>		<u>116,485,487</u>	
TOTAL EXPENDITURE		<u>485,955,978</u>		<u>405,129,110</u>
EXCESS OF INCOME OVER EXPENDITURE		<u>(259,914,836)</u>		<u>(47,631,532)</u>

The notes on pages 7 to 8 form an integral part of these accounts.
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