PACRA

PATENTS & COMPANIES REGISTRATION AGENCY

2016 ANNUAL REPORT

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ACRONYMS

ARIPO	-	African Regional Intellectual Property Organization
DPP	-	Director of Public Prosecutions
EIZ	-	Engineering Institution of Zambia
FIC	-	Financial Intelligence Centre
FSDZ	-	Financial Sector Deepening Zambia
ICT	-	Information Communication Technology
IFC	-	International Finance Corporation
IP	-	Intellectual Property
IPAS	-	Intellectual Property Automation System
IPRs	-	Intellectual Property Rights
JETS	-	Junior Engineers, Technicians and Scientists
MCTI	-	Ministry of Commerce, Trade & Industry
MSMEs	-	Micro, Small and Medium Enterprises
NAPSA	-	National Pension Scheme Authority
ONCS	-	Online Name Clearance System
OSSIS	-	One Stop Shop Integration System
PACRA	-	Patents and Companies Registration Agency
PCT	-	Patent Cooperation Treaty
PSDIJC	-	Private Sector Development, Industrialisation and Job Creation Office
R & D	-	Research & Development
TRIPS	-	Agreement on Trade-Related Aspects of Intellectual Property Rights
WCFCB	-	Workers Compensation Fund Control Board
WIPO	-	World Intellectual Property Organisation
ZDA	-	Zambia Development Agency
ZRA	-	Zambia Revenue Authority

FOREWORD BY BOARD CHAIRPERSON

It gives me great pleasure to present the Patents and Companies Registration Agency Annual Report and Financial Statements for the year ended 2016.

The Agency made important strides in promoting Government's development agenda under the Vision 2030, Sixth National Development Plan and the Industrialization and Job Creation Policy.

Further, the Agency enhanced access, efficiency and effectiveness in service delivery through policy review and revision of laws. The National Intellectual Property (IP) Policy and IP Laws were revised. In this regard, the following new statutes were enacted; Industrial Designs Act, Patents Act, The Protection of Traditional Knowledge, Genetic Resources and Expressions of Folklore Act, and the Layout-Designs of Integrated Circuits Act.

The review of the IP legal framework is intended to broaden the scope of protectable IP assets, become TRIPs compliant and promote innovation and competitiveness of businesses, thereby fostering industrialization and job creation.

In addition, the Copyright and Performance Rights portfolio was moved to the Agency, thereby making it a full-fledged IP Office. In view of the additional mandates, the Agency commenced the process of rebranding and repositioning itself for enhanced service delivery.

In a quest to facilitate the growth of MSMEs through access to credit, the Agency in collaboration with the Bank of Zambia and the World Bank, spearheaded the enactment of the Movable Property (Security Interest) Act.

I wish to express my gratitude to the Government through the Ministry of Commerce, Trade and Industry for its unwavering support to the Agency.

In conclusion, I wish to thank my colleagues on the Board, Management and staff of PACRA for the great achievements in the year under review.

Prof. Mpazi Sinjela
BOARD CHAIRPERSON

CEO'S OVERVIEW

The year 2016 was an exciting year for the Agency in that it scored a number of achievements despite certain challenges encountered along the way. The year was significant particularly because it marked the beginning of the implementation of the Agency's five year Strategic Plan (2016-2020). In line with the Agency's strategic objectives, the following were some of the key achievements:

1. Collateral Registry

In an effort to improve access to credit finance by Micro, Small and Medium Enterprises (MSMEs), the Agency in collaboration with Bank of Zambia and the World Bank established a platform for registration of transactions in respect of security interests in movable properties. The registry provides a platform on which lenders can register and verify whether an asset being pledged as collateral has any pre-existing encumbrances.

As studies elsewhere have shown, the initiative is likely to increase confidence in the financial sector and increase opportunities for MSMEs to access credit finance even if they do not possess any real property.

2. Revision and enactment of IP Laws

In the year under review, new IP laws were enacted, namely; The Protection of Traditional Knowledge, Genetic Resources and Expressions of Folklore Act and the Lay-out Designs of Integrated Circuits Act. Additionally, the Patents and the Registered Designs Acts were repealed and replaced by the Patents Act No. 40 and the Industrial Designs Act No. 22 of 2016.

Therefore, the Agency is now able to offer protection services for new IP rights, which were not offered prior to the enactment of the above referred to laws. For instance, traditional knowledge such as farming methods, cultural expressions and other forms of traditional knowledge are now capable of protection. Furthermore, simple inventions, which do not meet the stringent criteria for patenting, can now be protected as Utility Models.

The new statutes also provide streamlined processes aimed at simplifying registration procedures.

3. Inventors Fair and Expo

As part of its strategic plan to promote innovation and inventiveness, the Agency in collaboration with the Engineering Institution of Zambia organised the first ever Inventors Fair and Expo in November 2016.

The Fair was an opportunity for inventors to showcase their inventions and serve as a platform for networking among the inventors and the private industry. The Agency identified a number of greenfield inventions and is currently working with the inventors to facilitate protection and possible commercialisation. The Agency intends to hold the Fair and Expo on an annual basis.

4. One Stop Shop Integration System (OSSIS)

The Agency completed the development of the second and final phase of the One Stop Shop Integration System (OSSIS), which is a solution developed for information sharing among Public Institutions.

Following this milestone, the Agency is now able to share business related information with Zambia Revenue Authority, National Pensions Scheme Authority and the Financial Intelligence Centre in real time.

It is intended that the number of institutions sharing the information on the system will increase in 2017 and beyond. Information sharing among Public Institutions will bring about efficiency and effectiveness in the operations of participating institutions.

5. Online Registration System

The Online Registration System was officially launched in January 2016 with a view to make business registration services readily accessible. As a result of this initiative, business registration services can now be accessed through any Internet enabled device. In addition, the system enables members of the public to verify the registration and compliance status of a business.

As a result of this initiative, 3,940 users accessed the system in 2016. It is anticipated that more users will access the system in 2017 as the Agency continues with its sensitisation and awareness programmes.

Conclusion

I wish to take this opportunity to thank all stakeholders who made it possible for the Agency to achieve on its mandate. I would like to express my sincere gratitude to the Government of the Republic of Zambia through the Ministry of Commerce, Trade and Industry for the continued support and guidance during the year under review.

The Board deserves commendation for its leadership in strategy and policy setting, without which it would not have been possible to steer the Agency in the direction it has taken. Special thanks also to Management and Staff for the hard work and commitment exhibited in the implementation of the Agency's activities.

Anthony Bwembya
REGISTRAR & CEO

1. THE ORGANISATION

The Patents and Companies Registration Agency (PACRA) is a Statutory Body under the Ministry of Commerce, Trade and Industry (MCTI). The Agency is established under the Patents and Companies Registration Agency Act No. 15 of 2010 with the principal mandate of providing registration services relating to businesses and intellectual property. The Agency confers intellectual property rights and serves as a legal repository for business and intellectual property information.

Services Offered:

- **Company Incorporation**
- **Business Name Registration**
- **Registration of Security Interests in Movable Property**
- **Trade Mark Registration**
- **Industrial Designs Registration**
- **Granting of Patents**
- **Protection of Traditional Knowledge, Genetic Resources and Expressions of Folklore**
- **Protection of Layout Designs of Integrated Circuits**
- **Protection of Copyright and Performance Rights**

PACRA has established offices in ten provinces in Lusaka, Ndola, Kitwe, Choma, Livingstone, Mongu, Mansa, Kasama, Solwezi, Chipata, Chinsali and Kabwe. The Agency has also entered into strategic partnerships with 53 Local Authorities countrywide to take services closer to its clients. Further, PACRA is mandated to establish Regulatory Service Centres under the Business Regulatory Act No. 3 of 2014.

1.1. Our Values

Value Statement

In living up to its vision of being a beacon of excellence, and its mission of providing efficient and effective customer-focused business registration and intellectual property rights protection services, PACRA has committed itself to the following seven (7) core values:

(i) **Confidentiality:** being trustworthy by not revealing or disclosing privileged information even after one has left employment;
(ii) **Impartiality:** acting solely according to the merits of the case and serving the public fairly in a way that reflects commitment to equality and diversity;
(iii) **Integrity:** putting the interests of the organisation above personal interests and conducting oneself in a manner that is beyond reproach;
(iv) **Objectivity:** being free from bias when rendering advice and basing decisions on facts and evidence;
(v) **Accountability:** being responsible for one's actions and decisions taken;
(vi) **Excellence:** being diligent, committed, efficient and effective in the execution of one's duties; and
(vii) **Courtesy:** being respectful and polite to colleagues, clients and stakeholders in the execution of one's duties.

Through the above values, the Agency has committed itself to enhancing its corporate image and instilling public confidence.

1.2. Our Vision

To be *"A beacon of excellence in business and intellectual property rights registration, promotion and protection"*.

1.3. Our Mission

"To provide customer-focused, efficient and effective business registration services, and protect intellectual property rights in order to promote orderly trade, job creation and industrialization for the benefit of the nation".

1.4. Functions of the Agency

The Agency is mandated to:

(a) Administer the Companies Act, the Registration of Business Names Act, the Patents Act, the Trademarks Act, the Industrial Designs Act, the Companies (Certificates Validation) Act; The Movable Property (Security Interest) Act; The Protection of Traditional Knowledge, Genetic Resources and Expressions of Folklore Act; the Copyright and Performance Rights Act; and the Layout Designs of Integrated Circuits Act;
(b) Receive and investigate any complaint of alleged or suspected breach of the Acts referred to in paragraph (a) and subject to the directives of the Director of Public Prosecutions (DPP), prosecute offences under those Acts;
(c) Collect, collate and disseminate information on the law relating to the Acts referred to in paragraph (a);
(d) Advise Government on all matters pertaining to the Acts referred to in paragraph (a); and
(e) Do all such other things as are necessary or incidental to the performance of its functions under the PACRA Act.

2. BOARD MEMBERS

The Board of the Agency comprised the following Non-Executive Directors:
(a) a representative of the Ministry of Commerce, Trade and Industry;
(b) a representative of the Attorney-General;
(c) an Accountant registered with the Zambia Institute of Chartered Accountants;
(d) a representative of the Zambia Association of Chambers of Commerce and Industry;
(e) one person with expertise in matters of intellectual property; and two other persons.

The composition of the Board during the year under review was as follows: -
(a) Prof. Mpazi Sinjela - Chairperson
(b) Mr. George Mpundu Kanja - Vice Chairperson
(c) Mrs. Kayula Siame - Permanent Secretary MCTI - Member
(d) Mr. Joe Hantebe Simachela - Member
(e) Mr. Rocky Sombe - Member
(f) Mr. Samson Longwe - Member
(g) Mrs. Brigitte Nangoyi Muyenga - Member
(h) Mr. Anthony Bwembya - Board Secretary

Prof. Mpazi Sinjela
Chairperson

Mr George Mpundu Kanja
Vice Chairperson

Mrs. Kayula Siame
Member

Mr. Samson Longwe
Member

Mr. Joe Hantebe Simachela
Member

Mr. Rocky Songwe
Member

Mrs. Brigitte Nangoyi Muyenga
Member

Mr Anthony Bwembya
CEO/Secretary

3. PACRA MANAGEMENT

The Senior Management team comprises;

(a) Mr. Anthony Bwembya - Registrar & Chief Executive Officer

(b) Mr. Benson Mpalo - Assistant Registrar - Intellectual Property

(c) Mr. Christopher Mapani - Assistant Registrar - Commercial

(d) Mrs. Dorothy Kahalawe Mbao - Chief Finance Officer

(e) Mr. Harrison Chapu - Information & Communication Technology Manager

(f) Mr. Maikisa Ilukena - Human Resources & Administration Manager

(g) Mr. Kelvin Seta - Chief Internal Auditor

PACRA MANAGEMENT

Mr Anthony Bwembya
Registrar and CEO

Mr Christopher Mapani
Assistant Registrar -
Commercial

Mr Benson Mpalo
Assistant Registrar - IP

Mr. Maikisa Ilukena
Human Resources and
Administration Manager

Mr. Harrison Chapu
Information and
Communication
Technology Manager

Mrs. Dorothy Kahalawe Mbao
Chief Finance Officer

Mr. Kelvin Seta
Chief Internal Auditor

4. ACTIVITIES UNDERTAKEN IN 2016

4.1. REVISION OF LAWS

4.1.1. IP Legislation

The Agency continued its ambitious IP law reform, which resulted in the review and enactment of the following legislation:

(i) The Layout-Designs of Integrated Circuits Act No. 6 of 2016

The enactment of the Layout-designs of Integrated Circuits Act is aimed at providing protection for lay-out designs of Integrated circuits. Layout-designs of Integrated Circuits are a key component of micro chips and therefore critical to the country's industrial advancement. The protection of Layout-designs of Integrated Circuits is also a mandatory requirement under the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement.

(ii) The Protection of Traditional Knowledge, Genetic Resources and Expressions of Folklore Act No. 16 of 2016

The Act aims at protecting Traditional Knowledge, Genetic Resources and Expressions of Folklore from misappropriation. It seeks to ensure that there is prior informed consent before access or use of those resources. It also seeks to provide for benefit sharing arising from the utilization of the resources. Such protection will enable indigenous people to benefit from the use of their traditional knowledge, genetic resources and expressions of folklore.

Through the enactment of this Act, the nation will be able to promote, preserve and ensure broader application and development of traditional knowledge, genetic resources and expressions of folklore.

(iii) The Industrial Designs Act No. 22 of 2016

The repeal and replacement of the Registered Designs Act Chapter 402 of the laws of Zambia by the Industrial Designs Act No. 22 of 2016 was necessitated by the need to comply with the minimum international standards of protection under the TRIPS Agreement. The Act has further streamlined and simplified the procedure relating to registration of designs.

(iv) The Patents Act, No. 40 of 2016

The repeal and replacement of the Patents Act Chapter 400 of the Laws of Zambia by the Patents Act No. 40 of 2016 was necessitated by the need to comply with the minimum international standards of protection under the TRIPS Agreement. The Act has also domesticated international treaties such as the Patent Cooperation Treaty (PCT) and the Harare Protocol on Patents, Utility Models and Designs in order to facilitate the processing of international applications.

The new Patents Act has increased the term of patent protection from sixteen to twenty years and provided for protection of inventions in all fields of technology. Further, the Act has introduced protection for utility models, which are also known as petty patents or utility innovations. The registration of utility models is intended to provide protection for simple inventions in order to promote technological development and innovation particularly among MSMEs.

(v) Trade Marks Bill

The Agency is currently reviewing the Trademarks Act Chapter 401 of the Laws of Zambia with the purpose of aligning it to the TRIPS Agreement and broadening the protectable subject matter to include Geographical Indications and Service Marks.

4.1.2. Review of the National IP Policy

The Agency, in collaboration with other IP stakeholders commenced the mid-term review of the National IP Policy.

The objectives of the mid-term review were to:
(a) review technical performance, quality, effectiveness and relevance in achieving set objectives;
(b) include aspects of Intellectual Property System which were not adequately covered, such as technology transfer, commercialisation and enforcement of IP rights;
(c) take into consideration relevant revised national policies as well as global developments.

4.1.3. Movable Property (Security Interest) Act No. 3 of 2016

In a quest to promote access to credit, particularly by MSMEs, the Agency, in collaboration with the Bank of Zambia, spearheaded the enactment of the Movable Property (Security Interest) Act No. 3 of 2016. Under the Act, the Agency acquired a new mandate to operate a Collateral Registry in which security interests in collateral will be registered.

The objective of the Act is to promote the use of movable property as collateral and thereby facilitate access to credit. The enactment of the Act was in response to studies that revealed preference for immovable property as collateral by lenders. The Act provides a mechanism for determining whether an asset is encumbered, stipulates priority vis-à-vis competing claims in collateral and provides for a cost effective enforcement mechanism.

The Act envisions all forms of movable property to be used as collateral. These include assets such as vehicles, equipment, agricultural produce, household goods, inventory, and intangibles such as intellectual property rights, account receivables and documents of title.

4.1.4. Enactment of Corporate Insolvency Law

During the year under review, the Agency continued with corporate law reform. To this end, the Insolvency Bill was revised and personal insolvency removed from the Bill, thus confining it to corporate insolvency. In addition to receivership and liquidation, the Corporate Insolvency Bill is expected to provide for business rescue of financially troubled entities.

The Bill is currently undergoing legislative process at the Ministry of Justice pending publication and introduction to Parliament.

4.1.5. Review of Companies Act

The Bill is currently undergoing legislative process at the Ministry of Justice pending publication and introduction to Parliament.

4.2. TRANSFER OF COPYRIGHT PORTFOLIO TO THE AGENCY

The Copyright portfolio was transferred from the Ministry of Information and Broadcasting Services to MCTI and ultimately to the Agency. This followed the issuance of Gazette Notice No. 836 on Statutory Functions, Portfolios and Composition of Government on 18th November, 2016. The transfer was prompted by the need to ensure integration of IP and its administration under one Agency.

The transfer of the administration of Copyright and Performance Rights to the Agency entails that PACRA is now a full-fledged Intellectual Property Office. Consequently, the Agency will also oversee the Collective Management Organisations for music copyright and reprographics.

4.3. MODERNISATION

4.3.1. One Stop Shop Integration System

The One Stop Shop Integration System (OSSIS) was developed and operationalised with funding from the Public Sector Development, Industrialization and Job Creation Office (PSDIJC).

The OSSIS facilitates the sharing of information related to business registration among Government Institutions. The National Pension Scheme Authority (NAPSA), Zambia Revenue Authority (ZRA) and Financial Intelligence Centre (FIC) were connected to the system by the end of the year. Workers Compensation Fund Control Board and Zambia Public Procurement Authority, among others, are expected to be connected in 2017.

Some of the notable benefits of the OSSIS are:

(a) Businesses are no longer required to submit the same information already provided at PACRA to other OSSIS stakeholders.

(b) Effective enforcement of compliance and detection of fraud due to information sharing among all OSSIS stakeholders

(c) Provision of uniform and consolidated reports on classification of Micro, Small and Medium Enterprises (MSMEs) as provided for, by the MCTI MSME Policy;

(d) Introduction of a single unique identifier for registered businesses, which can be used across statutory bodies that are part of the OSSIS.

4.3.2. Online Registration System

PACRA officially launched the online registration system in January 2016. The system was implemented to take registration services closer to the business community thereby easing and reducing the cost of doing business. The initiative was in line with the Government policy of developing, establishing and promoting e-governance to improve public service delivery.

The online registration system, which is one key milestone achieved in 2016, has drastically reduced the time it takes to file documents at PACRA and has improved the efficiency of business registration.

The registration services accessed online include; clearance of a proposed business name, application for reservation of an approved name, registration of business names, incorporation of companies, request for a printout on existing businesses and filing of annual returns.

4.3.3. Intellectual Property Online Services

In line with the Agency's strategic focus on online services, the Agency re-engineered intellectual property registration processes. The processes were reviewed with the ultimate goal of developing an online registration system for IP rights. The project is expected to be implemented over a two-year period.

4.4. SENSITISATION AND AWARENESS

4.4.1. Stakeholders Workshop

In an effort to sensitise the public on online registration system, the Agency held training workshops with various stakeholders. The aim was to highlight the benefits of using the online system, train potential users and sensitize the business community on the new electronic certificate. The engagements with the business community also addressed the challenges that the users faced with the system.

The workshops were targeted at Law and Accounting firms, Public Institutions, Banks and other Financial Institutions as well as MSMEs.

4.4.2. Business Forum

The Agency participated in a Business Forum organised by the Zambia Development Agency (ZDA) for Micro, Small and Medium Enterprises (MSMEs). The Business Forum, which attracted participants from across the country, served as a platform for information dissemination on the services offered by different Public Institutions.

The event attracted participation from across the country and provided the Agency an opportunity to sensitise the participants on the services offered.

4.4.3. Zambia Entrepreneurship Summit

PACRA took part in the Zambia Entrepreneurship Summit held at the new Government Complex in Lusaka organised by WECREATE Zambia Centre in conjunction with the Embassy of the United States of America. The summit was held in commemoration of Global Entrepreneurship Week in November 2016.

The Summit was an opportunity to link local entrepreneurs to investors, lenders, entrepreneurship resource organizations and empowerment groups.

4.4.4. Mobile Registrations and Sensitisation

During the year under review, the Agency conducted mobile registrations in Eastern and Luapula Provinces. The exercise was aimed at sensitising the business community and the provision of business and IP registration services.

4.4.5. Commemoration of World IP Day

The Agency, in collaboration with other stakeholders, commemorated the World Intellectual Property Day on 26 April 2016. The commemoration was preceded by a five day exhibition at East Park, Cosmopolitan and Arcades shopping malls where the Agency, Zambia Reprographics Rights Society (ZARRSO), Zambia Music Copyright Protection Society (ZAMCOPS) and the Zambia Police Service - IP Unit showcased the benefits of IP. The IP day is commemorated every year on 26 April to create awareness on the role of intellectual property in fostering innovation and creativity. The theme for 2016 was: 'Digital creativity: culture reimagined'.

Amayenge Cultural Ensemble was among the musicians that entertained the crowd during the 2016 IP day

4.4.6. Inventors Fair

The inaugural Inventors Fair and Expo was held in partnership with the Engineering Institution of Zambia (EIZ) at the Mulungushi International Conference Centre from 14th to 15th November 2016. The Fair was held under the theme **"Industrialisation through local innovations"**. Over 40 inventors and 12 companies from different parts of the country took part in the Fair and Expo.

The objectives of the Fair and Expo were to:

(a) promote innovation, creativity and entrepreneurship to foster industrialisation and job creation;

(b) provide a link between industry and inventors in order to emphasise the importance of developing prototypes into commercially viable products;

(c) serve as a platform to create public awareness on the benefits of intellectual property protection;

(d) hold high level discussions on various matters relating to innovation and commercialisation of inventions and;

(e) develop a report on opportunities, challenges and threats relating to commercialisation of Zambian inventions.

4.4.7. JETS National Fair

In pursuance of the strategic goal of promoting inventions and innovations among Zambian youths, the Agency initiated a programme aimed at ensuring that inventions under the auspices of the Junior Engineers, Technicians and Scientists (JETS), are protected. To this effect, the Agency sponsored prizes at the 2016 National JETS Fair for inventions that had potential for commercialisation and sensitised pupils on the importance of protecting Intellectual Property Rights. The event was held in Mkushi, Central Province.

4.4.8. Engagement With IP Agents

In an effort to enhance maintenance of IP rights, the Agency engaged IP Agents in an exercise aimed at encouraging renewal of Trade Marks.

4.5. MEETINGS AND CONFERENCES

4.5.1. Intellectual Property (IP) Symposia

Two (2) IP symposia were held to discuss innovation, creativity and Intellectual Property Rights in relation to research results from public funded universities. The first symposium took place in Lusaka on 24th February 2016 and the second one was held in Kitwe on 29th March 2016.

The symposia were intended to be a platform for developing a national policy on innovations generated by higher learning institutions. Among the issues discussed was the need to adopt a common position on ownership of inventions made through public funded research programs. Various researchers and inventors participated in the symposia. Arising from the symposia, a draft Innovation Policy was developed and will be incorporated in the National IP Policy, currently under review.

4.5.2. Movable Property (Security Interest) Act

Following the enactment of the Movable Property (Security Interest) Act in April 2016, stakeholder sensitisation workshops were held in Lusaka and Livingstone targeted at Law and Accounting firms, commercial banks and other lending Institutions.

The Agency also made a presentation at the Annual Judicial Conference held in Livingstone in order to sensitize the judiciary on the Movable Property (Security Interest) Act.

4.5.3. WIPO General Assemblies and Committee meetings

The Fifty-Sixth Series of Meetings of the General Assemblies were held in Geneva, Switzerland from 3rd to 11 October 2016. WIPO Member States took note of committee reports and made various decisions, including the following:

(a) Expanding a network of overseas offices that promote WIPO services and cooperation around the world by approving new external offices in Africa to be based in Algeria and Nigeria. The Assemblies also agreed to continue discussions on the opening of four other offices by the end of 2019;

(b) Appointment of the Turkish Patent Institute as an International Searching and Preliminary Examining Authority under the Patent Cooperation Treaty (PCT);

(c) The sole application of the Madrid Protocol of 1989 as the legal basis for the Madrid System, considerably simplifying the Madrid system by applying the same set of rules to all users who, in addition, will benefit from increased flexibilities to file Trademark applications and manage registrations;

(d) Adoption of Amendments to The Hague Common Regulations ensuring that, in line with its continued expansion and growing reliance on electronic communications,

The Zambian delegation held several meetings with WIPO officials on the margins of the General Assemblies. The meetings culminated in the following agreements:

(a) Engagement of two (2) consultants (on Industrial Property and Copyright) to help with the review and development of a new IP policy and implementation strategies;

(b) Provision of input on various laws that are under review and assistance in the formulation of regulations for new laws;

(c) Implementation of the IPAS project for process optimisation, online services and capacity building. This project is expected to run for two years and will be funded largely by WIPO through the Japanese Funds in Trust.

PACRA CE0 & Registrar Mr. Anthony Bwembya and Assistant Registrar-IP Mr. Benson Mpalo following the proceedings of the WIPO Assemblies

4.5.4. ARIPO Administrative Council Meeting

The Fortieth Session of the Administrative Council of the African Regional Intellectual Property Organization (ARIPO) was held in Harare, Zimbabwe from December 5 to 7, 2016. The Session, which takes place annually, brings together heads and representatives of the 19 member-state IP offices. The meeting was also attended by representatives of Inter-governmental Organizations, cooperating partners and IP practitioners from different countries.

The Chairman of the Administrative Council of ARIPO, Mr. Anthony Bwembya (Registrar and CEO of PACRA) presided over the fortieth Session of the Council. The Administrative Council considered several documents on the administrative aspects of the Organization including the proposed budget and programme of activities for the year 2017 and adopted among others, amendments to the Swakopmund Protocol on the protection of traditional knowledge and expressions of folklore and the Harare Protocol on Patents and Industrial Designs as well as its implementing Regulations. The Council also considered the draft Regulations for implementing the Arusha Protocol for the Protection of New Varieties of Plants but due to certain concerns raised by the Civil Society the Council unanimously agreed to refer the draft Regulations back to the Technical Committee on Plant Varieties Protection for further review in its next Session.

Alongside the fortieth Session of the Administrative Council, ARIPO celebrated its 40th anniversary and also inaugurated its new Headquarters. The new building offers adequate office space, meeting rooms and modern conference facilities.

The Chairman of the ARIPO Administration Council Mr. Anthony Bwembya with the Director General Mr. Fernado Dos Santos during the proceedings

4.5.5. U.N Secretary General's High Level Panel on Essential Medicines

The Agency participated in the High Level Panel meeting, convened by the UN Secretary General in Sandton, South Africa, to discuss the impact of the flexibilities of the TRIPS Agreement on access to essential medicines. Patented drugs act as an impediment to accessing health care technologies, especially in Least Developed Countries.

The U.N. General Assembly intervened through discussions with patent holders to contribute to society in health care delivery by waiving some of their legal and economic rights, which prevent the underprivileged from accessing medical care at affordable prices.

The meeting resolved among other things, that pharmaceutical companies voluntarily license certain pharmaceutical patents to generic manufacturers. Zambia has since implemented the TRIPs flexibilities in the new Patents Act passed by Parliament in June 2016.

4.6. CAPACITY BUILDING

4.6.1. Study Visits

In 2016, the Agency continued benchmarking against other Registries and exposing staff to international best practice. In this regard, the following visits were undertaken:

(a) Study visits to Malawi and Ghana on the Collateral Registry and the development of the Corporate Insolvency Law.
(b) Technical Working Group meeting at ARIPO with a view of streamlining the operations of the Harare, Banjul and Swakopmund Protocols.
(c) Sub-regional workshop in Harare, Zimbabwe, on the development and effective use of intellectual property statistics for ARIPO member states.
(d) The IPAS Enhancement Training in Maputo, Mozambique to enhance the knowledge of users of the system.

4.6.2. Staff Training

In an effort to uphold the service level commitments as stated in the Client Service Charter, an in-house training workshop was held in July 2016 on customer care service in order to enhance service delivery. Topics for discussion included leadership, management and customer relationship management.

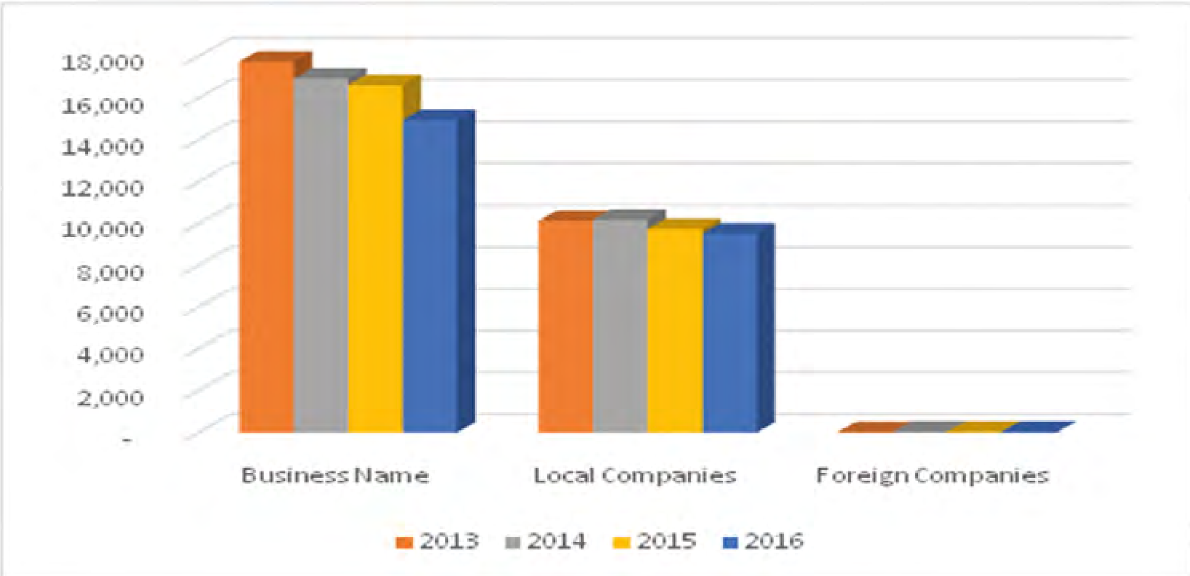
5. STATISTICS

5.1. Business Registrations 2013 to 2016

Table 1: Registration of Business 2013 to 2016

Year	Business Name	Local Companies	Foreign Companies
2013	17,754	10,143	44
2014	16,935	10,199	49
2015	16,640	9,743	56
2016	14,947	9,533	51

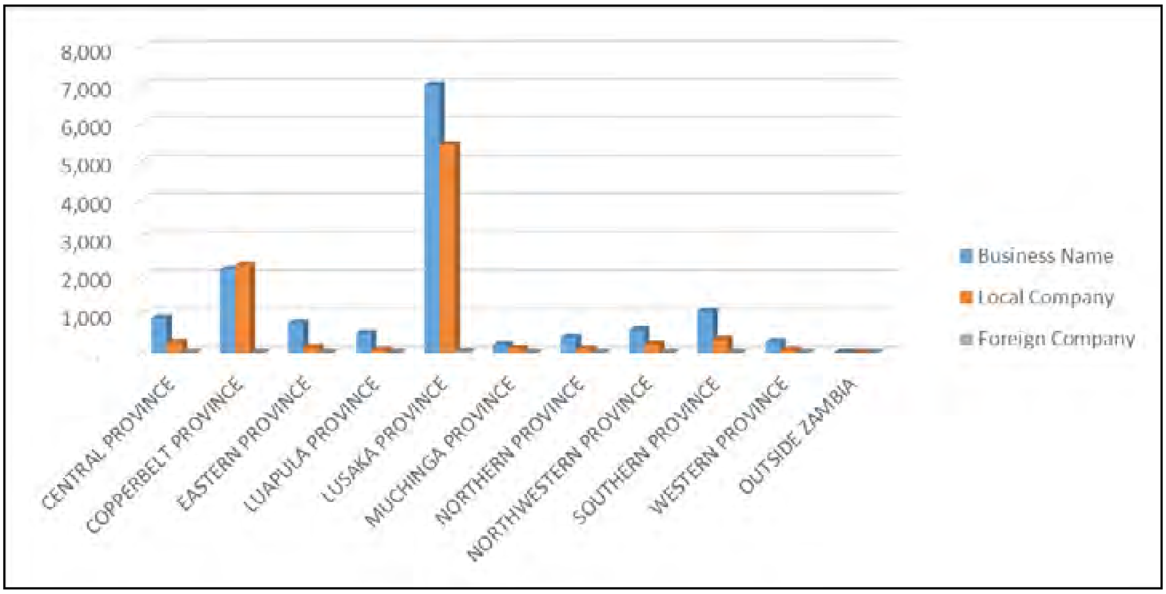
From the table above, it can be seen that business registrations declined due to reduced economic activity in the country during the year under review.



5.2. Business Registrations by Province 2016

Table 2: Registration of Businesses by Province 2016

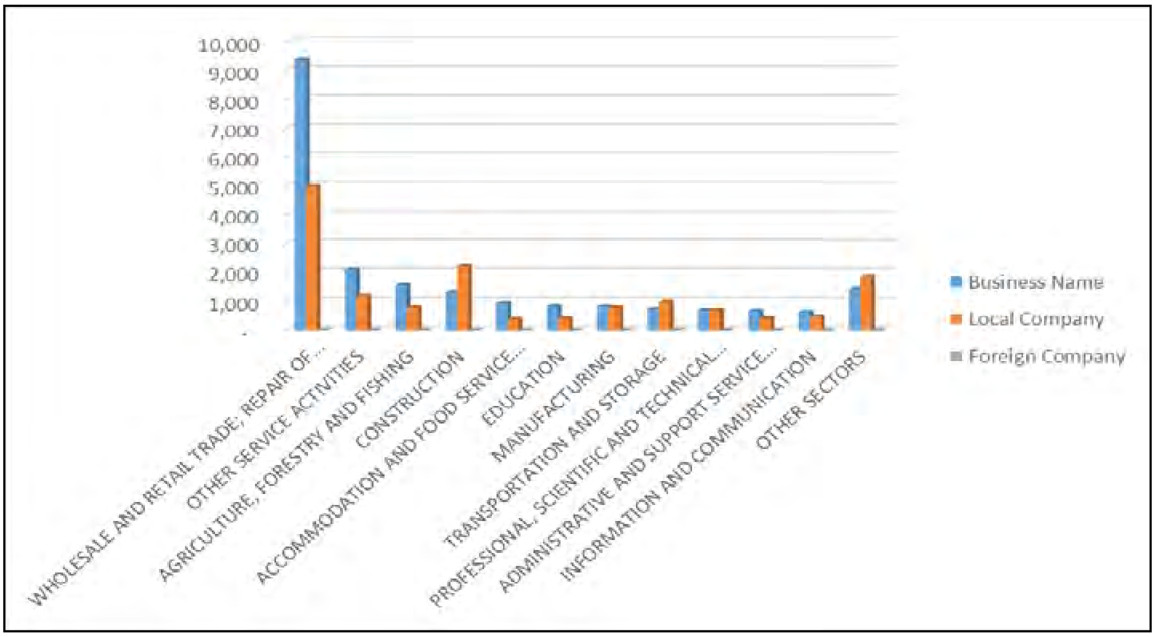
Province	Business Name	Local Company	Foreign Company
CENTRAL PROVINCE	913	281	1
COPPERBELT PROVINCE	2,184	2,295	4
EASTERN PROVINCE	779	154	1
LUAPULA PROVINCE	512	73	0
LUSAKA PROVINCE	7,013	5,453	41
MUCHINGA PROVINCE	209	119	0
NORTHERN PROVINCE	413	96	1
NORTHWESTERN PROVINCE	598	231	0
SOUTHERN PROVINCE	1,096	345	0
WESTERN PROVINCE	296	73	0
OUTSIDE ZAMBIA	5	1	3



5.3. Business Registrations by Sector 2016

Table 3: Registration of Business by Sector 2016

SECTOR	Business Name	Local Company	Foreign Company
Wholesale And Retail Trade; Repair Of Motor Vehicles And Motorcycles	10,053	5,228	13
Construction	1,362	2,339	11
Other service activities	2,229	1,257	10
Agriculture, forestry and fishing	1,621	848	7
Transportation and storage	788	1,037	9
Manufacturing	880	834	7
Professional, scientific and technical activities	748	743	5
Accommodation and food service activities	1,008	398	1
Education	906	428	1
Information and communication	668	502	1
Other Sectors	2,220	2,385	12

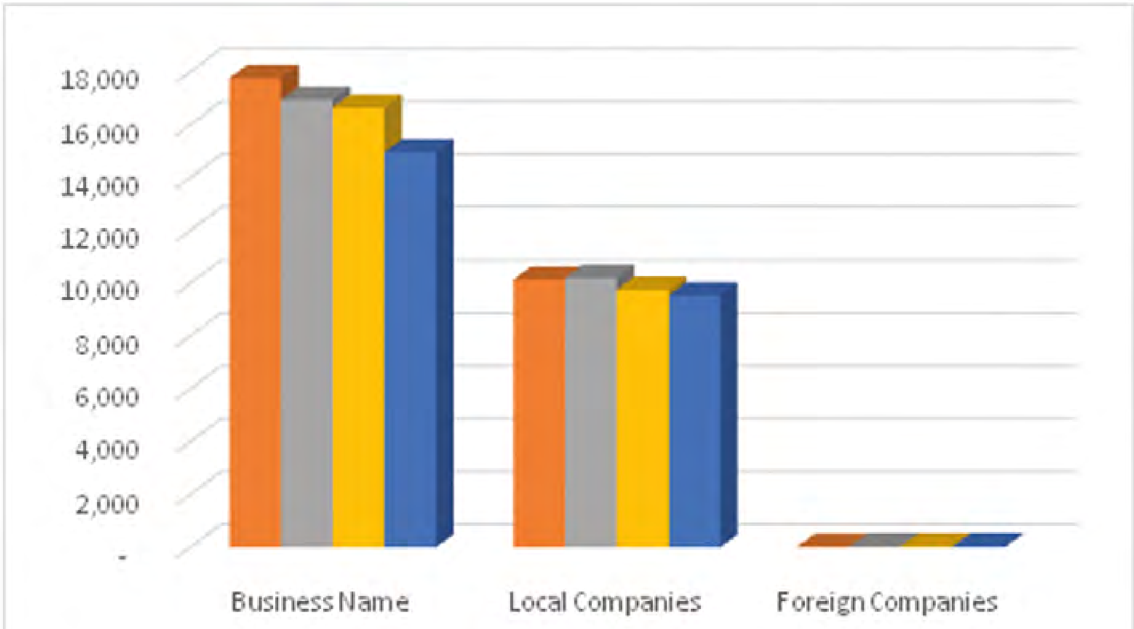


5.4. Business Deregistration 2013 to 2016

Table 4: Deregistration of Business 2013 to 2016

Year	Business Name	Local Companies	Foreign Companies
2013	1,274	148	2
2014	1,213	177	5
2015	1,201	1,067	7
2016	1,387	182	8

The Agency deliberately deregistered more companies in 2015 in a quest to encourage compliance with filing of annual returns by businesses.

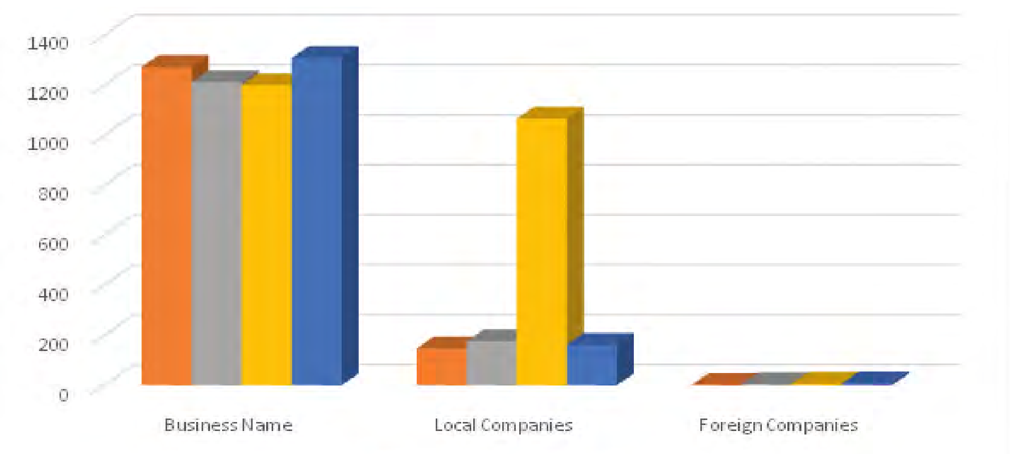


5.5. Annual Returns 2013 to 2016

Table 5: Annual Returns 2013 to 2016

Year	Business Name	Local Companies	Foreign Companies
2013	29,944	30,720	177
2014	26,427	28,340	164
2015	28,729	31,848	184
2016	29,218	28,911	122

The Agency recorded an increase in filing of annual returns because of the interventions that were put in place.

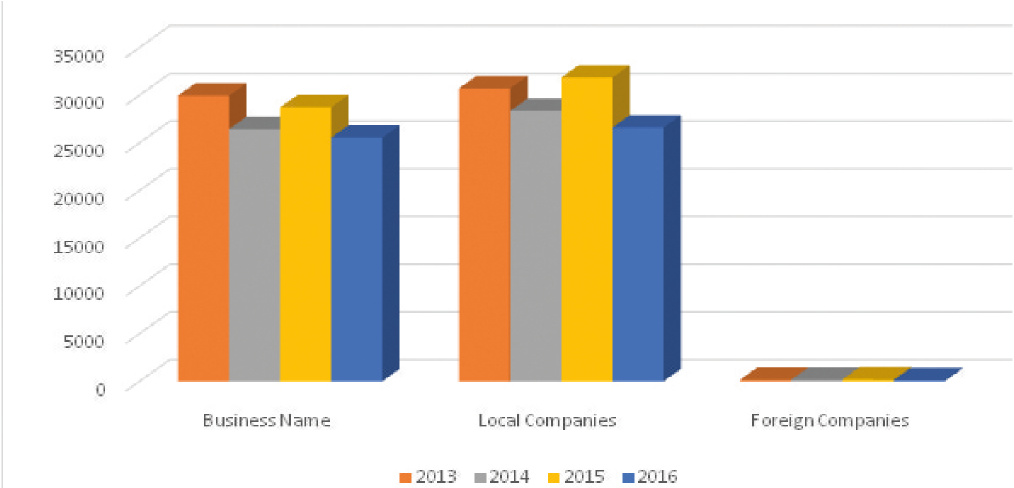


5.6. Online Services 2013 to 2016

Table 6: Online Service 2013 to 2016

Year	Name Availability Searches	Registrations	Other Services
2013	9,133		
2014	4,735		
2015	2,423	66	41
2016	1,603	1,347	990

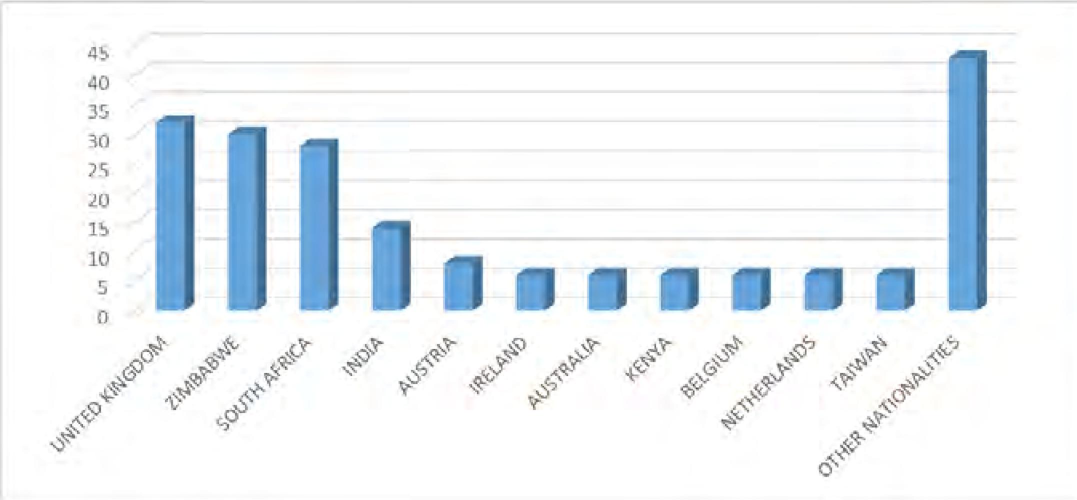
From the year 2013 to August 2015, Name availability searches were done without being paid for.



5.7. Foreign Online Services

Table 7: Foreign Online Services

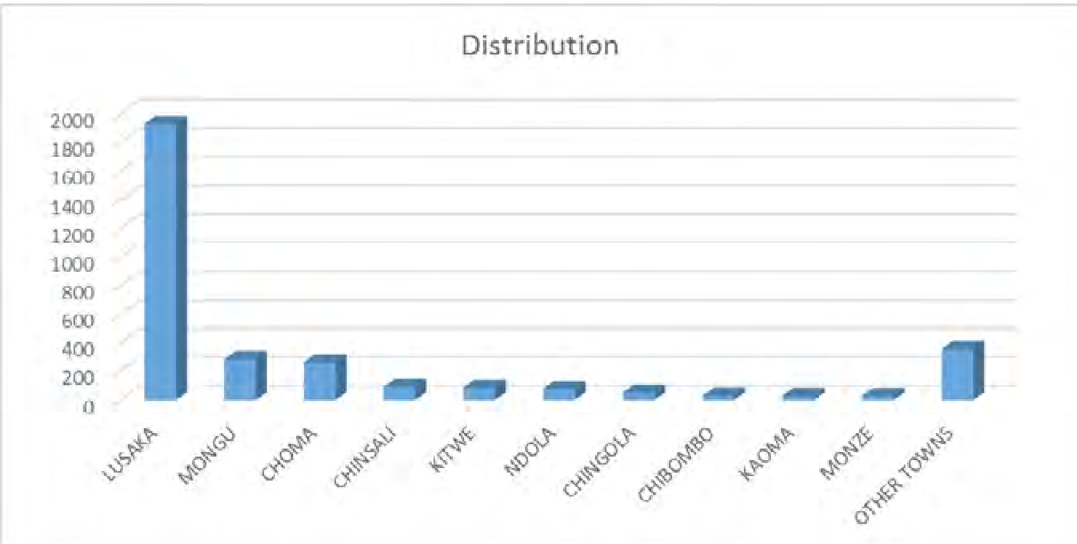
Nationality	Distributions (2016)
UNITED KINGDOM	34
ZIMBABWE	31
SOUTH AFRICA	26
INDIA	14
AUSTRIA	8
TAIWAN	8
BELGIUM	6
IRELAND	6
OTHER NATIONALITIES	65



5.8. Local Online Users by Towns 2016

Table 8: Local Online Users by Town 2016

District	Distribution
LUSAKA	1,930
MONGU	284
CHOMA	264
CHINSALI	91
KITWE	85
NDOLA	77
CHINGOLA	52
CHIBOMBO	30
KAOMA	28
MONZE	27
OTHER TOWNS	357



5.9. Payment Methods Used for Online Services 2016

Table 9: Payment Methods Used for Online Services 2016

District	Distribution
Cash	2,074
Cheque	100
Direct Deposit/EFT	3
Online Payment (VISA)	1,762
Acquittal	1

5.10. Business Registrations Walk-In vs Online for 2016

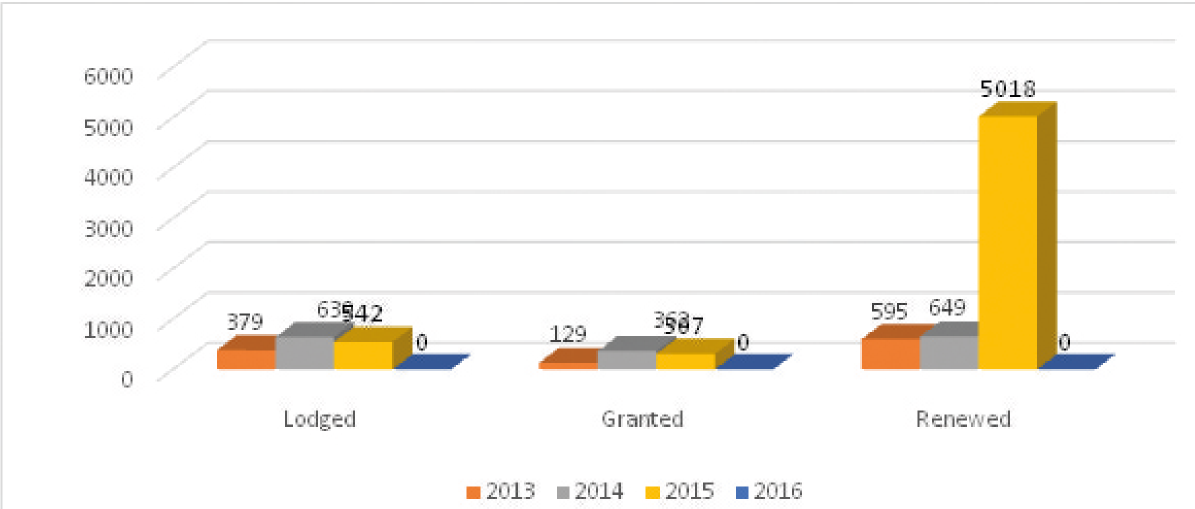
Table 10: Registration of Businesses 2016

	Walk In Registration	Online Registrations
Business Name	13,985	962
Local Companies	9,179	354
Foreign Companies	50	1

5.11. ARIPO 2013 to 2016

Table 11: ARIPO 2013 to 2016

Year	Lodged	Granted	Renewed
2013	379	129	595
2014	639	362	649
2015	542	307	5018
2016	431	311	0

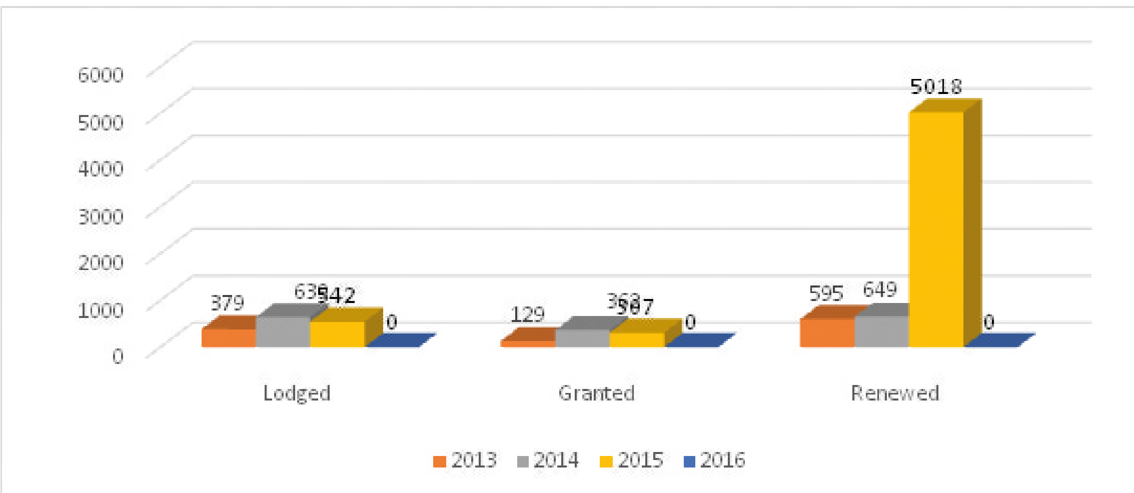


5.12. Designs 2013 to 2016

Table 12: Designs 2013 to 2016

Year	Lodged	Granted	Renewed
2013	43	33	3
2014	40	22	3
2015	21	12	7
2016	69	14	5

The increase in industrial designs were due to increased sensitisation and awareness activities

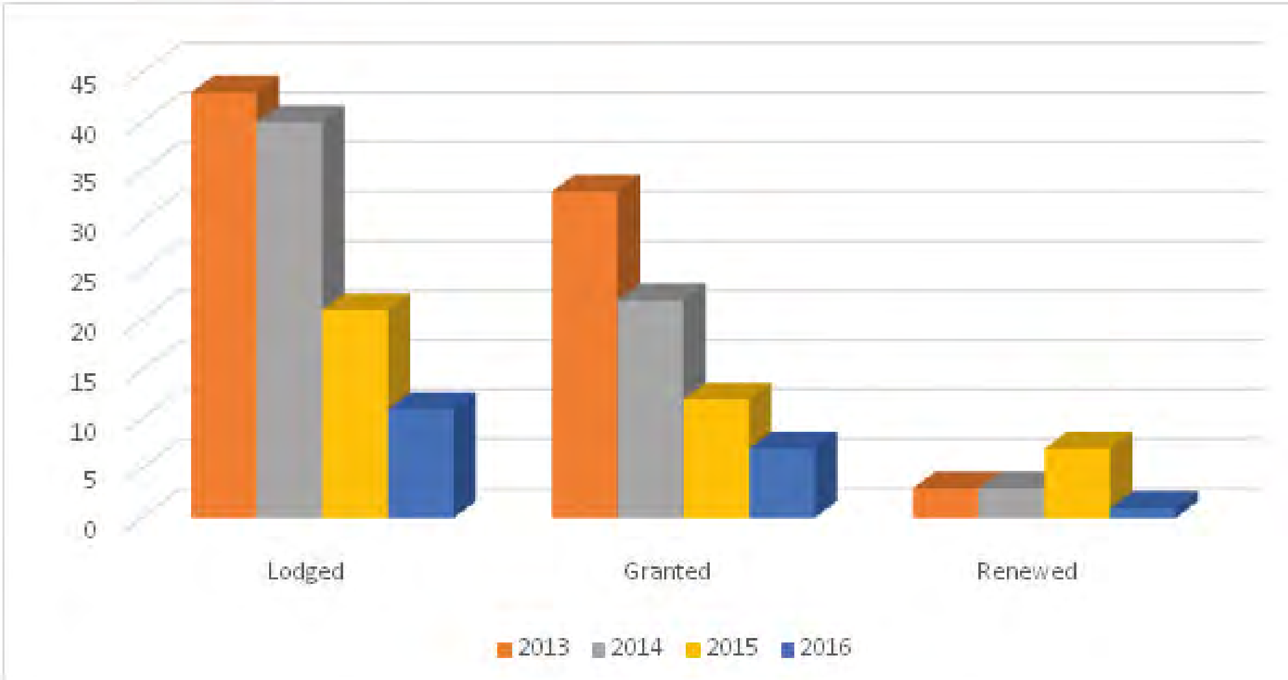


5.13. Trademarks 2013 to 2016

Table 13: Trademarks 2013 to 2016

Year	Lodged	Registered	Renewed
2013	1,397	1,300	810
2014	1,705	908	591
2015	1,650	1,051	950
2016	1,687	1,606	578

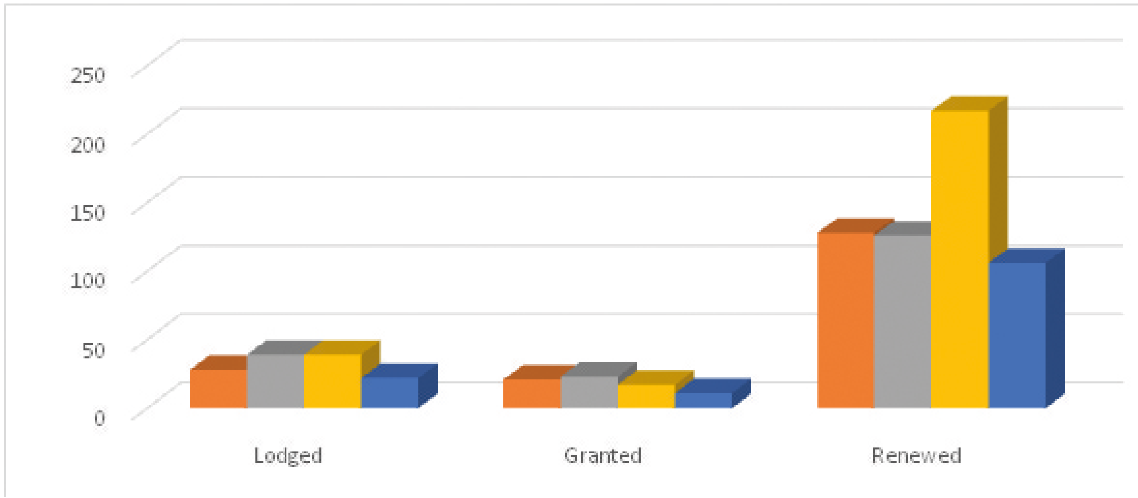
The increase in industrial designs were due to increased sensitisation and awareness activities



5.14. Patents 2013 to 2016

Table 14: Patents 2013 to 2016

Year	Lodged	Granted	Renewed
2013	28	21	128
2014	39	23	126
2015	39	17	217
2016	33	27	120



5.15. Comparison of Lodgements Trademarks, Patents, Designs and ARIPO Patents 2013 to 2016

Table 15: IP Lodgments Comparison 2013 to 2016

Year	Trademarks	Patents	Designs	ARIPO Patents
2013	1,397	28	43	379
2014	1,705	39	40	639
2015	1,650	39	21	542
2016	1,687	33	69	431

ARIPO conference participants pose for a picture outside the New ARIPO building in Harare, Zimbabwe.

Participants of the inventors fair pose for a picture after the official opening of the event at the Mulungushi International Conference Centre.

The Agency participated in the 2016 Zambia International Trade Fair in Ndola, Copperbelt. The Agency gave out information on services offered and facilitated online registration on site.

Minister of Commerce, Trade and Industry Hon. Margaret Mwanakatwe admires the invention by Joseph Lungu (blue jacket) during the Inventors Fair at Mulungushi Conference Centre.

PACRA Board Chairperson, Professor Mpazi Sinjela with MCTI Minister Hon. Margaret Mwanakatwe after signing the Board Performance Agreement at the Ministry of Commerce, Trade and Industry. The Ministry signed Board Performance agreements with all its Statutory Bodies as a way of monitoring and enhancing performance of boards.

The Agency every first Friday of the Month participates in the "keep Zambia Clean Campaign" by cleaning the nearby surrounding including the walk ways of Haile Selassie Road.

FINANCE AND ACCOUNTS

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Directors' report

The directors have the pleasure of presenting their report and audited financial statements for the year ended 31st December 2016

1. Principal activities

The principal activities of the Patents and Companies Registration Agency are to administer the following:

- The Companies Act;
- The Registration of Business Names Act;
- The Patents Act;
- The Trade Marks Act;
- The Industrial Design Act;
- The Companies Certificate Validation Act; and
- The Moveable Property (Security Interest) Act.

2. The Registered office and principal place of business

The address of the Agency's registered office and principal place of business is:

Patents and Companies Registration Agency,
PACRA House,
Haile Selassie Avenue,
Longacres,
P.O Box 32020,
LUSAKA.

3. Financial results

The Agency's financial year is from 1st January to 31st December.

During the financial year ended 31st December 2016, the Agency recorded a surplus of K78, 452.00 as a compared to a surplus of K1, 230,943.00 during the year ended 31st December 2015.

The following is a summary of the financial results:-

		Year ended 31 December
	2016	**2015**
	K'000	**K'000**
Revenue	59,745	64,416
Expenditure	(59,667)	(63,185)
Surplus	78	1,231

4. Directors

The following directors held office during the year under review:

Prof. Mpazi Sinjela	- Chairperson
Mr. George Mpundu Kanja	- Vice Chairperson
Mrs. Kayula Siame	- Board member
Mrs. Brigitte Nangoyi Muyenga	- Board member
Mr. Joe Hantebe Simachela	- Board member
Mr. Samson Longwe	- Board member
Mr. Rocky Sombe	- Board member
Mr. Anthony Bwembya	- Board Secretary and CEO

5. Directors' fees and Remuneration

The Agency paid fees to the members of the board of directors in the period under review amounting to K1, 001,265.00 (2015 – K790, 803.00).

6. Loans to Directors

There were no loans made to non-executive directors during the year or any outstanding loans from them at the year end.

7. Directors' Pensions

Members of the Board were not entitled to any form of defined pension benefits from the Agency.

8. Health, Safety and Environmental Issues

The Agency is committed to ensuring the health, safety and welfare at work of its employees and for protecting other persons against risks to health and safety arising out of, and in connection with, the activities at work of those employees.

9. Corporate Governance

The Directors continue to be committed to high standards of corporate governance, which is fundamental to discharging their leadership responsibilities. The Directors apply integrity, principles of good governance and accountability.

10. Number of employees

The average number of persons employed by the Agency and their remuneration during the financial year was as follows: -

Month	Salaries and allowances		Number of employees	
	2016 K'000	2015 K'000	2016	2015
January	1,606	1,151	177	162
February	1,323	1,169	176	165
March	1,259	1,252	179	168
April	1,577	1,482	179	168
May	1,216	1,123	180	167
June	1,265	1,135	179	173
July	1,306	1,251	179	177
August	1,749	1,554	181	176
September	1,260	1,292	182	180
October	1,178	1,257	181	178
November	1,147	1,290	183	176
December	2,182	2,140	183	177

In addition to the numbers above, the Agency does engage students on attachment to expose them to practical experience.

11. Research and development

During the year, the Agency did not incur any costs on research and development (2015: Nil).

12. Gifts and donations

During the year, the Agency made donations of K1,312.00 (2015: K32,481.00) to charitable organisations.

13. Property, plant and equipment

The Agency made additions to its tangible fixed assets by purchasing property and equipment amounting to K2.759 million (2015: K8.9 million) during the year. In the opinion of the directors, the carrying value of property and equipment is not less than its recoverable amount.

14. **Other material facts, circumstances and events**

The directors are not aware of any material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of the Agency's financial position or the results of its operations.

15. **Annual financial statements**

The annual financial statements set out on pages 41 to 68 have been approved by the directors.

16. Auditors

The auditor, Mark Daniels, have indicated their willingness to continue in office.

By order of the Board

Secretary

Statement of directors' responsibilities

Section 17 of the PACRA Act, No 15 of 2010 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Agency as at the end of the financial year and of its surplus or deficit. It also requires the Directors to ensure that the Agency keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Agency. They are also responsible for safeguarding the assets of the Agency.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the law. The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Agency and of its surplus or deficit in accordance with International Financial Reporting Standards. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement.

Nothing has come to the attention of the Directors to indicate that the Agency will not remain a going concern for at least twelve months from the date of this statement.

Board Chairperson

Board Secretary

Report of the Independent Auditors

To the Members of the Patents and Companies Registration Agency

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Patents and Companies Registration Agency (PACRA), which comprise the statement of financial position as at 31st December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the financial statements give a true and fair view of the financial position of the Patents and Companies Registration Agency as at 31st December 2016 and of its financial performance and cash flows for the year ended and have been properly prepared in accordance with the International Financial Reporting Standards

Basis for 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 Agency in accordance with the International Ethics Standards Board for Accountants' Code of Ethics (IESBA Code), and we have fulfilled our other ethical responsibilities' in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. 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 have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PATENTS AND COMPANIES REGISTRATION AGENCY (CONTINUED)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 Agency'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 Agency or to cease operations, or have no realistic alternative but to do so. Those charged with Governance are responsible for overseeing the Agency's reporting process.

Auditor's Responsibility 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 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 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 Agency's internal control.
- 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 Agency'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 Agency 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 entities or business activities within the Agency to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Agency 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.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PATENTS AND COMPANIES REGISTRATION AGENCY (CONTINUED)

Report on other Legal and Regulatory Requirements

In our opinion, the financial statements of **Patents and Companies Registration Agency** as of 31st December 2016 have been properly prepared in accordance with the PACRA Act, and the accounting and other records and registers have been properly kept in accordance with the Act.

Mark Daniels
Chartered Accountants
Lusaka

30/3/2017

WKKKKasongo
Winston Kasongo AUD/F003127
Partner signing on behalf of the firm

Financial statements

Statement of comprehensive income

	Notes	2016 K'000	2015 K'000
Grant income	7	53,889	57,317
Other income	7	5,856	7,099
		59,745	64,416
Operating expenditure		(59,667)	(63,185)
Surplus before taxation		78	1,231
Income tax expense	4(h)	-	-
Surplus for the year		78	1,231

There were no items of other comprehensive income.

The notes on pages 45 to 68 form an integral part of these financial statements

Statement of financial position

	Notes	2016 K'000	2015 K'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	31,710	36,123
Intangible assets	10	5,506	5,677
		37,216	41,800
Current assets			
Trade and other receivables	11	11,901	6,199
Cash and cash equivalents	12	26,957	35,737
		38,858	41,936
Total assets		76,074	83,736
EQUITY AND LIABILITIES			
Capital and reserves			
Accumulated fund		45,531	49,199
Revaluation reserve		25,347	27,047
		70,878	76,246
Current liabilities			
Trade and other payables	13	5,196	7,490
		5,196	7,490
Total equity and liabilities		76,074	83,736

The financial statements on pages 41 to 68 were approved for issue by the Board members on 30/03/2017 and signed on its behalf by:

Chairperson **Chief Executive Officer**

Statement of changes in equity

	Revaluation reserves K'000	Accumulated fund K'000	Total K'000
At 1st January 2016	27,047	49,199	76,246
Prior year adjustment		(3,746)	(3,746)
Amortisation	(1,700)		(1,700)
Surplus for the period		78	78
Total comprehensive income		78	78
At 31st December 2016	**25,347**	**45,531**	**70,878**

Statement of cash flows

	Notes	2016 K'000	2015 K'000
Cash flow from operating activities			
Surplus for the year		78	1,231
(Profit)/loss on disposal of non-current assets		(77)	20
Prior year adjustments		(3,747)	2
Depreciation		4,353	4,156
Amortisation of software		1,635	
Amortisation		(1,700)	(1,700)
Interest received		(4,080)	-
Donated assets		-	32
(Increase)/decrease in receivables		(5,702)	180
GRZ balances		-	(10,292)
(Decrease)/Increase payables		(2,294)	4,381
Net cash used in operations		(11,534)	(1,990)
Returns on investments and serving of finance			
Interest received		4,080	-
Net cash inflow on returns on investments and serving of finance		4,080	-
Investing activities			
Proceeds from sale of assets		1,434	289
Purchase of property, plant and equipment	9	(1,295)	(5,271)
Purchase of intangible assets		(1,465)	(3,609)
Net cash used in investing activities		(1,326)	(8,591)
Decrease in cash and cash equivalents		(8,780)	(10,581)
Opening cash and cash equivalents		35,737	46,318
Closing cash and cash equivalents		26,957	35,737
Represented by:			
Cash and cash equivalents	12	26,957	35,737

Notes

1. **Basis of preparing financial statements**
The financial statements of PACRA have been prepared on the going concern basis and in accordance with the International Financial Reporting Standards (IFRS) and comply with the requirements of the PACRA Act. They have been prepared under the historical cost convention adjusted by the revaluation of tangible fixed assets. The financial statements are presented in Kwacha and all values are rounded to the nearest thousands (K'000) except where otherwise indicated.

2. **New standards and amendments**
Below is a summary of (a) new standards and amendments that are effective for the first time for periods commencing on or after 1st January 2016 (i.e. years ending 31st December 2016) and (b) forthcoming requirements, being standards and amendments that will become effective on or after 1st January 2016.

(a) **New standards and amendments-applicable 1st January 2016**
The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1st January 2016

Notes (continued)

Title	Key requirement	Effective Date
IFRS 14 Regulatory Deferral Accounts	IFRS 14 is an interim standard which provides relief for first-time adopters of IFRS in relation to the accounting for certain balances that arise from rate-regulated activities ('regulatory deferral accounts'). The standard permits these entities to continue to apply their previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral accounts.	1st January 2016
Accounting for Acquisition of interests in Joint Operations- Amendment to IFRS 11	The amendments to IFRS 11 clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. This includes: -measuring identifiable assets and liabilities at fair value -expensing acquisition-related costs -recognising deferred tax, and -recognising the residual as goodwill, and testing this for impairment annually. Existing interests in the joint operations are not remeasured on acquisition of an additional interest, provided joint control is maintained. The amendments also apply when a joint operation is formed and an existing business is contributed.	1st January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation- Amendments to IAS 16 and IAS 38	The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate. The IASB has amended IAS 16 *Property, Plant and Equipment* to clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment. IAS 38 *Intangible Assets* now includes a rebuttable presumption that the amortisation of intangible assets based on revenue is inappropriate. This presumption can be overcome if either -The intangible asset is expressed as a measure of revenue (i.e. where a measure of revenue is the limiting factor on the value that can be derived from the asset), or -It can be shown that revenue and the consumption of economic benefits generated by the asset are highly correlated.	1st January 2016

Notes (continued)

Title	**Key requirement**	**Effective Date**
Equity method in separate financial statements- Amendments to IAS 27	The IASB has made amendments to IAS 27 *Separate Financial Statements* which will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates. IAS 27 currently allows entities to measure their investments in subsidiaries, joint ventures and associates either at cost or as a financial asset in their separate financial statements. The amendments introduce the equity method as a third option. The election can be made independently for each category of investment (subsidiaries, joint ventures and associates). Entities wishing to change to equity method must do so retrospectively.	1st January 2016
Agriculture: Bearer Plants- Amendments to IAS 16 and IAS 41	IAS 41 *Agriculture* now distinguishes between bearer plants and other biological asset. Bearer plants must be accounted for as property plant and equipment and measured either at cost or revalued amounts, less accumulated depreciation and impairment losses. A bearer plant is defined as a living plant that: -Is used in the production or supply of agricultural produce -Is expected to bear produce for more than one period, and -Has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Agricultural produce growing on bearer plants remains within the scope of IAS 41 and is measured at fair value less costs to sell with changes recognised in profit or loss as the produce grows.	1st January 2016
Annual improvements to IFRSs 2012-2014 cycle	The latest annual improvements clarify -IFRS 5-when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution' or vice versa, this does not constitute a change to a plan of sale or distribution and does not have to be accounted for as such -IFRS 7-specific guidance for transferred financial assets to help management determine whether the terms of a servicing arrangement constitute 'continuing involvement' and, therefore, whether the asset qualifies for derecognition -IFRS 7-that the additional disclosure relating to the offsetting of financial assets and financial liabilities only need to be included in interim reports if required by IAS 34 -IAS 19- that when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important and not the country where they arise	

Notes (continued)

Title	Key requirement	Effective Date
Annual improvements to IFRSs 2012-2014 cycle (continued)	-IAS 34-what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'; entities taking advantage of the relief must provide a cross-reference from the interim financial statements to the location of that information and make the information available to users on the same terms and at the same time as the interim financial statements.	1st January 2016
Disclosure Initiative-Amendments to IAS 1	The amendments to IAS 1 *Presentation of Financial Statements* are made in the context of the IASB's Disclosure Initiative, which explores how financial statement disclosures can be improved. The Amendments provide clarifications on a number of issues, including; -Materiality-an entity should not aggregate or disaggregate information in a manner that obscures useful information. Where items are material, sufficient information must be provided to explain the impact on the financial position or performance. -Disaggregation and subtotals- line items specified in IAS 1 may need to be disaggregated where this is relevant to an understanding of the entity's financial position or performance. There is also new guidance on the use of subtotals. -Notes-confirmation that the notes do not need to be presented in a particular order. -OCI arising from investments accounted for under the equity method-the share of OCI arising from equity- accounted investments is grouped based on whether the items will or will not subsequently be reclassified to profit or loss. Each group should then be presented as a single line item in the statement of other comprehensive income. According to the transitional provisions, the disclosures in IAS 8 regarding the adoption of new standards / accounting policies are not required for these amendments.	1st January 2016
Investment entities; Applying the consolidation exception-Amendments to IFRS 10, IFRS 12 and IAS 28	Amendments made to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in associates and joint ventures* clarify that: -The exception from preparing consolidated financial statements is also available to intermediate parent entities which are subsidiaries of investment entities. -An investment entity should consolidate a subsidiary which is not an investment entity and whose main purpose and activity is to provide services in support of the investment entity's activities. -Entities which are not investment entities but have an interest in an associate or joint venture which is an investment entity have a policy choice when applying the equity method of accounting. The fair value measurement applied by the investment entity associate or joint venture can either be retained, or a consolidation may be performed at the level of the associate or joint venture, which would then unwind the fair	1 January 2016

	value measurement.	

Notes (continued)

(b) **Forth coming requirements**

As at 31 May 2016, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending 31st December 2016

Title	Key requirement	Effective Date
IFRS 9 Financial instruments and associated amendments to various other standards	IFRS 9 replaces the multiple classifications and measurements models in IAS 39 *Financial Instruments; Recognition and measurement* with a single model that has initially only two classification categories: amortised cost and fair value. Classification of debt assets will be driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is a measured at amortised cost if; a) the objective of the business model is to hold the financial asset for the collection of the contractual cash flows, and b) the contractual cash flows under the instrument solely represent payments of principal and interest. All other debt and equity instruments, including investments in complex debt instruments and equity investments, must be recognised at fair value. All fair value movements on financial assets are taken through the statement of profit or loss, except for equity investments that are not held for trading, which may be recorded in the statement of profit or loss or in reserves (without subsequent recycling to profit or loss) For financial liabilities that are measured under the fair value option entities will need to recognise the part of the fair value change that is due to changes in their own credit risk in other comprehensive income rather than profit or loss. The new hedge accounting rules (released in December 2013) align hedge accounting more closely with common risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. With these amendments, IFRS 9 is now complete. The changes introduce:	I January 2018

Notes (continued)

Title	**Key requirement**	**Effective Date**
IFRS 9 Financial instruments and associated amendments to various other standard (continued)	-A third measurement category (FVOCI) for certain financial assets that are debt instruments -A new expected credit loss (ECL) model which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. A simplified approach is permitted for financial assets that do not have a significant financing component (eg trade receivables) On initial recognition, entities will record a day-1 loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For financial years commencing before 1 February 2015, entities could elect to apply IFRS 9 early for any of the following -The own credit risk requirements for financial liabilities -Classification and measurement (C&M) requirements for financial assets -C&M requirements for financial assets and financial liabilities, or -C&M requirements for financial assets and liabilities and hedge accounting. After 1 February 2015, the new rules must be adopted in their entirety.	
IFRS 15 Revenue from contracts with customers And associated amendments to various other standards	The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer-so the notion of control replaces the existing notion of risks and rewards. A new five-step process must be applied before revenue can be recognised -Identify contracts with customers -Identify the separate performance obligation -Determine the transaction price of the contract -Allocate the transaction price to each of the separate performance obligation, and -Recognise the revenue as each performance obligation is	1 January 2018

	satisfied.	

Notes (continued)

Title	Key requirement	Effective Date
IFRS 15 Revenue from contracts with customers And associated amendments to various other standards (continued)	Key changes to current practice are: -Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. -Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc.)-minimum amounts must be recognised if they are not at significant risk of reversal. -The point at which revenue is able to be recognised may shift; some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa -There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements, to name a few. -As with any new standard, there are also increased disclosures. These accounting changes may have flow-on effects on the entity's business practices regarding systems, processes and controls, compensation and bonus plans, contracts, tax planning and investor communications. Entities will have a choice of full retrospective application, or prospective application with additional disclosures.	
IFRS 16 Leases	IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The income statement will also be affected because the total expense is typically higher in the earlier years of a lease and lower in the later years. Additionally, operating expense will be replaced with interest and depreciation, so key metrics like EBITDA will change. Operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only the part of the payments that reflects interest can continue to be presented as operating cash flows. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.	1 January 2019 Early adoption is permitted only if IFRS 15 is adopted at the same time

Notes (continued)

Title	**Key requirement**	**Effective Date**
Recognition of Deferred Tax Assets for Unrealised Losses- Amendment to IAS 12	Amendments made to IAS 12 in January 2016 clarify he accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that: -A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period. -An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit. -Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type. -Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profit that is used to evaluate the recoverability of those assets	1 January 2017
Disclosure Initiative- Amendments to IAS 7	Going forward, entities will be required to explain changes in their liabilities arising from financing activities. This includes changes arising from cash flows (e.g. drawdowns and repayments of borrowings) and non-cash changes such as acquisitions, disposals, accretions of interest and unrealised exchange differences. Changes in financial assets must be included in this disclosure if the cash flows were, or will be, included in cash flows from financing activities. This could be the case, for example, for assets that hedge liabilities arising from financing liabilities. Entities may include changes in other items as part of this disclosure, for example by providing a net debt' reconciliation. However, in this case the changes in the other items must be disclosed separately from the changes in liabilities arising from financing activities. The information may be disclosed in tabular format as a reconciliation from opening and closing balances, but a specific format is not mandated	

Notes (continued)

Title	Key requirement	Effective Date
Sale or contribution of assets between an investor and its associate or joint venture- Amendments to IFRS 10 and IAS 28	The IASB has made limited scope amendments to IFRS 10 *Consolidated financial statements* and IAS 28 *Investments in associates and joint ventures.* The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations) Where the non-monetary assets constitute business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's investment in the associate or joint venture. The amendments apply prospectively. **In December the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method	n/a**

3. **Principal accounting policies**

The principal accounting policies applied by the Agency in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) **Revenue**

Revenue represents receipts from grants, interest earnings and miscellaneous income is accounted for on an accrual basis.

(b) **Property, plant and equipment**

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the income statement and depreciation based on the asset's original cost, net of any related deferred income tax, is transferred from the revaluation surplus to retained earnings.

Notes (continued)

3. Principal accounting policies (continued)

Depreciation is calculated to write off the cost of property, plant and equipment on a straight line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Description	Useful life	Depreciation rate
Leasehold land and buildings	50 years	2%
Furniture and fittings	4 years	25%
Computer equipment and software	4 years	25%
Motor vehicles	4 years	25%

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement in the other operating income. When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to retained earnings.

(c) Leased assets

Where property, plant and equipment are financed by leasing agreements which give rights approximating to ownership (finance leases) the assets are treated as if they had been purchased and the capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements; the capital element is applied to reduce the outstanding obligations and the interest element is charged to the income statement over the period of the lease so as to produce a constant periodic rate of interest on the remaining balance of the liability under the lease agreement for each accounting period.

(d) Financial assets

The Agency classifies its investments into the following categories: financial assets at fair value through profit or loss, debtors and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition and re-evaluates this at every reporting date.

(i) *Financial assets at fair value through income*

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified into the 'financial assets at fair value through income' category at inception if acquired principally for the purpose of selling in the short term, if it forms part of a portfolio of financial assets in which there is evidence of short term profit taking, or if so designated by management.

Notes (continued)

3. Principal accounting policies (continued)

(d) Financial assets (continued)

Financial assets designated as at fair value through profit or loss at inception are those that are:

- held in internal funds to match investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- managed and whose performance is evaluated on a fair value basis. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

(ii) *Debtors and receivables*
Debtors and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the company intends to sell in the short term or that it has designated as at fair value through income or available for sale. Debtors and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of debtors and receivables is established when there is objective evidence that the Agency will not be able to collect all amounts due according to their original terms.

(iii) *Held-to-maturity financial assets*
Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities other than those that meet the definition of debtors and receivables that the Agency's management has the positive intention and ability to hold to maturity. These assets are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Agency will not be able to collect all amounts due according to their original terms

(iv) *Available-for-sale financial assets*
Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Financial assets are derecognised when the rights to receive cash flows from them have expired or where they have been transferred and the Agency has also transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Debtors and receivables and held-to-maturity financial assets are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity.

Notes (continued)

3. Principal accounting policies (continued)

(d) Financial assets (continued)

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as net realised gains or losses on financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Agency's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active, the Agency establishes fair value by using valuation techniques.

(e) **Impairment of assets**

(i) *Financial assets carried at amortised cost*

The Agency assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Agency about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delinquency in payments;
- it becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganisation; or
- observable data indicating that there is a measurable decrease in the estimated future cash flow from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the Agency, including:
    - adverse changes in the payment status of issuers or debtors in the Agency; or
    - National or local economic conditions that correlate with defaults on the assets in the Agency.

Notes (continued)

3. Principal accounting policies (continued)

(e) **Impairment of assets (continued)**

The Agency first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Agency determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a Group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has been incurred on debtors and receivables or Held-to-maturity investments carried at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a held-to-maturity investment or a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

(ii) *Financial assets carried at fair value*
The Agency assesses at each balance sheet date whether there is objective evidence that an available-for-sale financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not subsequently reversed. The impairment loss is reversed through the income statement, if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(iii) *Impairment of other non-financial assets*
Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Notes (continued)

3. Principal accounting policies (continued)

(f) **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and balances held with banks.

(g) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method

(h) **Taxation**

The Patents and Companies Registration Agency is a statutory body exempt from income tax

(i) **Foreign currencies**

(i) *Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the Agency operates (the 'functional currency'). The financial statements are presented in Zambian Kwacha, which is the Agency's presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the date of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equity at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available for sale financial assets, are included in fair value reserve in equity.

(j) **Employee benefits**

(i) *Pension obligations*

Employees are registered with the statutory defined contribution pension scheme. A defined contribution scheme is a pension plan under which the Agency pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods. Furthermore, the Agency makes mandatory contributions to the National Pension Scheme Authority. These contributions constitute net periodic costs and are charged to the profit and loss account as part of staff costs in the year to which they relate. The Agency has no further obligation once the contributions have been paid.

Notes (continued)

3. Principal accounting policies (continued)

(ii) **Gratuity obligations**

Under the terms of some employment contracts the Agency is obliged to pay 35% of earnings for employees serving under such employment contracts as gratuity. Provision is made in the financial statements on an accrual basis as such contracts are served out.

(k) **Provisions**

Restructuring costs and legal claims

Provisions for restructuring costs and legal claims are recognised when: the Agency has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

4 Critical accounting estimates and judgments

The Agency makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5 Financial risk management

During the year the Agency managed its risk within the following policies

Financial risk management objectives and policies

The Agency's principal financial liabilities comprise loans still outstanding and other payables. The main purpose of these financial liabilities is to finance the Agency's operations and to provide guarantees to support its operations. The Agency has loans, other receivables, cash and short-term deposits that arise directly from its operations.

The Agency is exposed to market risk, credit risk and liquidity risk.

The Agency's senior management oversees the management of these risks. The Agency's senior management ensures that the Agency's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Agency policies and Agency risk appetite. It is the Agency's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below.

Notes (continued)

Financial risk management objectives and policies (continued)

Market risk

Market risk is the risk that fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk, such as equity price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Agency is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Liquidity risk

The Agency monitors its risk to a shortage of funds and managers liquidity risk through proper management of working capital and monitoring forecast cash flows to ensure that adequate cash resources are available to meet cash commitments.

The Agency's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Agency's reputation.

Capital management

The primary objective of the Agency's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise stakeholder value.

The Agency manages its capital structure and makes adjustments to its in light of changes in economic conditions.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31st December 2016 and 2015.

Notes (continued)

6. **Revenue**

Revenue represents receipts from grants, interest earnings and miscellaneous income.

	Notes	2016 K'000	2015 K'000
(i) **Grant income**			
Ministry of finance		53,889	57,317
		53,889	**57,317**
(ii) **Other Income**			
Interest		4,080	-
ARIPO		-	290
PSD Project		-	3,670
Collateral registry		-	735
Amortisation		1,700	1,700
Miscellaneous income		-	704
Profit on disposal of assets		76	-
		5,856	7,099
Total		59,745	64,416

7. **Surplus for the year**

The surplus for the year is stated after charging

	2016	2015
Total remuneration	39,133	35,474
Depreciation	4,353	4,156
Directors remuneration	1,001	791

Notes (continued)

8. Property, plant and equipment

(a) Summary

	Leasehold land, buildings K'000	Motor vehicles K'000	Office furniture and equipment K'000	Total K'000
Cost or valuation				
At 1 January 2015	24,812	5,840	4,748	35,400
Adjustments	75	-	1,258	1,333
Additions	138	957	4,176	5,271
Disposals	-	(510)	(54)	(564)
At 31 December 2015	25,025	6,287	10,128	41,440
Transfers				
Additions	350	-	944	1,294
Disposals	-	(379)	(2,063)	(2,442)
At 31st December 2016	25,375	5,908	9,009	40,292
Depreciation				
At 1 January 2015	406	839	663	1,908
Prior year adjustment	(182)	(9)	25	(166)
Charge for the year	427	1,521	1,848	3,796
Disposals	-	(202)	(21)	(223)
At 31 December 2015	651	2,149	2,515	5,315
Charge for the year	384	1,673	2,295	4,352
Disposals	-	(187)	(898)	(1,085)
At 31st December 2016	1,035	3,635	3,912	8,580
Net book value				
At 31st December 2016	24,340	2,273	5,097	31,710
At 31 December 2015	24,724	4,138	7,613	36,125

(b) In the opinion of the Directors there are no major components of property, plant and equipment which have different useful lives that would require to be depreciated separately and allocated separate residual values.

The Directors consider that the carrying value of property, plant and equipment approximates to its fair value

	2016 K'000	2015 K'000

9. **Intangible asset**

	2016 K'000	2015 K'000
At start of year	5,675	461
Revaluation	-	2,011
Additions	1,465	3,609
Amortisation	(1,634)	(408)
At end of year	5,506	5,675

The intangible asset represents the cost of software that is amortised over the useful life of the asset.

10. **Trade and other receivables**

	2016 K'000	2015 K'000
Trade receivables	4,671	499
Staff loans and advances	7,230	5,700
	11,901	6,199
Less:		
Provision for impairment losses	-	-
	11,901	6,199

The Directors consider that the carrying amounts of trade and other receivables approximate their fair values.

In determining the recoverability of a trade receivable the Agency considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Performance of trade receivables are reviewed by management on an on-going basis.

Maturity analysis of staff loans and advances	2016 K'000	2015 K'000
Amounts falling due within one year	722	2,258
Amounts falling due after more than one year	6,508	3,442
	7,230	5,700

Interest is charged on staff loans at 7% pa

11. **Cash and cash equivalents**

	2016 K'000	2015 K'000
Cash and bank balances	26,957	35,737
	26,957	35,737

Notes (continued)

	2016 K'000	2015 K'000
12. Trade and other payables		
Trade payables	1,025	2,965
Other payables	1,450	1,846
Provision for leave pay	2,721	2,678
	5,196	7,489

Trade and other payables principally comprise amounts outstanding in respect of trade purchases and on-going costs, as well as amounts accrued in respect of operating costs.

No interest is charged on trade payables. The Agency ensures that all payables are paid within the credit time frame.

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

13. **Financial instruments**

The Agency's financial risk management policies and objectives have been described in detail under note 6 to the financial statements.

(a) **Categories of financial instruments**	2016 K'000	2015 K'000
Financial assets:		
-Trade receivables	7,230	5,700
-Sundry receivables	4,671	499
-Bank and cash	26,957	35,737
	38,858	41,936
Financial liabilities:		
-Trade payables	1,025	2,965
-Other payables	4,171	4,524
	5,196	7,489

(b) **Exposure to credit risk**

The Agency's maximum exposure to credit risk is analysed below

	2016 K'000	2015 K'000
-Trade receivables	7,230	5,700
-Sundry receivables	4,671	499
-Bank and cash	26,957	35,737
	38,858	41,936

Notes (continued)

(c) **Liquidity risk management**

The following table below details the Agency's remaining contractual maturity for its non-derivative financial assets and liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities.

At 31st December 2016	1 to 12 months K'000	1to 5 years K'000	Total K'000
Financial liabilities			
-Trade and other payables	5,196	-	5,196
	5,196	-	5,196
Financial assets			
-Staff receivables	722	6,508	7,230
-Sundry receivables	4,671	-	4,671
-Bank and cash balances	26,957	-	26,957
	32,350	6,508	38,858
At 31 December 2015			
Financial liabilities			
-Trade and other payables	7,490	-	7,490
	7,490	-	7,490
Financial assets			
-Staff receivables	2,258	3,441	5,700
-Sundry receivables	499	-	499
-Bank and cash balances	35,737	-	35,737
	38,494	3,441	41,936

Notes (continued)

14. **Related party transactions**

In the context of the Agency, related party transactions include any transactions made by any of the following:

(a) The Government of the Republic of Zambia
(b) The Board of Directors and Key management of the Agency

The following transactions were carried out with related parties:

	2016 K'000	2015 K'000
i) Grant income from GRZ		
Funding	53,889	57,317
	53,889	57,317
ii) Key management compensation		
Salaries and other short-term employment benefits	7,102	6,473
Defined contribution pension schemes	361	355
	7,463	6,728
iii) Directors' remuneration		
Fees for services as a director	1,001	791
Other emoluments (included in key management compensation above)	-	-
	1,001	791
iv) Loans to key management personnel		
At the start of year	2,202	2,144
Loans advanced	1,630	904
Loans (repaid)	(1,365)	(846)
At the end of year	2,467	2,202

Notes (continued)

	2016 K'000	2015 K'000
15. **Capital commitments**		
Capital expenditure contracted for during the reporting period but not yet incurred is as follows:		
Property, plant and equipment	-	-
	-	-

16. **Contingent liabilities**
There were no contingent liabilities as at the period-end (2015:Nil)

17. **Events subsequent to balance sheet date**
There has not arisen since the end of the financial year any item, transactions or event of a material and unusual nature likely, in the opinion of the directors of the Agency, affect substantially the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

18. **Comparative figures**
Comparative figures are restated where necessary to afford a reasonable comparison.

Detailed operating Statement

	2016	2015
Revenue	**K'000**	**K'000**
Grants	53,889	57,317
Other income	5,856	7,099
Operating income	59,745	64,416
Expenditure		
Information provision and dissemination	539	2,082
International meetings and conferences	808	1,336
Transport management	629	842
Asset management	6,570	5,705
Events	427	1,492
Corporate social responsibility	18	39
Contributions and subscriptions	145	432
Capacity building	1,840	4,445
Budget preparation	97	36
MSME development	180	-
Law reform	548	700
Health management	888	710
Cross cutting issues	426	508
Personnel emoluments	39,134	35,474
Monitoring, compliance and awareness	1,009	1,526
Financial management and accounting	128	167
Board administration	1,001	791
Human resource management	662	1,649
General administration	3,609	4,232
Information and communication technology management	222	448
Internet and data links	787	552
Loss on disposal of fixed assets	-	19
	59,667	63,185
Surplus before tax	78	1,231

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Services Offered:

- Company Incorporation
- Business Name Registration
- Registration of Security Interests in Movable Property
- Trade Mark Registration
- Industrial Designs Registration
- Granting of Patents
- Protection of Traditional Knowledge, Genetic Resources and Expressions of Folklore
- Protection of Layout Designs of Integrated Circuits
- Protection of Copyright and Performance Rights

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