



PATENTS AND COMPANIES
REGISTRATION AGENCY

2021 ANNUAL REPORT



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ACRONYMS

AfriPI	African Intellectual Property Rights and Innovation
ARIPO	African Regional Intellectual Property Organisation
BRRA	Business Regulatory Review Agency
CMO	Collective Management Organisation
EU	European Union
EUIPO	European Union Intellectual Property Office
GI	Geographical Indication
GSB	Government Service Bus
ICT	Information Communication Technology
ICTAZ	Information Communication Technology Association of Zambia
IFC	International Finance Corporation
IFRRO	International Federation for Reprographic Rights Organisation
IP	Intellectual Property
IPRs	Intellectual Property Rights
JETS	Junior Engineers Technicians and Scientists
MCTI	Ministry of Commerce Trade and Industry
MoU	Memorandum of Understanding
MPRS	Movable Property Registry System
NIPP	National Intellectual Property Policy
NTBC	National Technology Business Centre
PACRA	Patents and Companies Registration Agency
RICE	Roundtable of International Copyright Education
RSC	Regulatory Services Centre
RTSA	Road Transport and Safety Agency
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund Agency
WIPO	World Intellectual Property Organisation
WTO	World Trade Organisation
ZAM	Zambia Association of Manufacturers
ZAMCOPS	Zambia Music Copyright Protection Society
ZARRSO	Zambia Reprographic Rights Society
ZICTA	Zambia Information Communication Technology Authority

MESSAGE BY THE PERMANENT SECRETARY



I am delighted to present the 2021 Annual Report for the Patents and Companies Registration Agency. In the year under review, the Agency focused on providing a customer centred service aimed at promoting entrepreneurship, innovation and creativity in line with the 2021 – 2026 Strategic Plan.

The year 2021 was significant for the Agency as the Traditional Knowledge, Genetic Resources and Expressions of Folklore Act No. 16 of 2016 was operationalised in July following the issuance of Statutory Instrument No. 61 of 2021. The operationalisation of the Act will lead to the protection of traditional knowledge, expressions of folklore and genetic resources against misappropriation, misuse and exploitation beyond the traditional context.

In addition, the revised National Intellectual Property Policy (NIPP) and its implementation plan was launched by the Minister of Commerce, Trade and Industry in April 2021.

The Agency also commenced the implementation of activities in the Policy such as stakeholder engagements and awareness programmes.

Further, the Agency commenced the review of corporate laws in a quest to facilitate the growth of Medium, Small and Micro Enterprises (MSMEs) and align the laws with modern business trends. The legal reforms are also meant to identify provisions of the Acts that need to be amended in order to foster industrialisation and job creation.

During the period under review, the Minister of Commerce, Trade and Industry signed the Kampala Protocol on Voluntary Registration of Copyright and Related Rights. The Protocol will be beneficial to Zambian creators of literary and artistic works in the voluntary registration and notification of copyrights and related rights among contracting member states of the African Regional Intellectual Property Organisation (ARIPO).

Lastly, I wish to express my gratitude to the Government of the Republic of Zambia, cooperating partners and other stakeholders, without whose support the successes by the Agency would not have been attained.



Chawe P.M. Chuulu
PERMANENT SECRETARY

BOARD MEMBERS



Prof. Mpazi Sinjela
Board Chairperson



Mr. George Mpundu Kanja
Vice Chairperson



Mr. Mushuma Mulenga
Permanent Secretary - MCTI



Mr. Joe Hantebe Simachela
Member



Mr. Rocky Sombe
Member



Mr. Samson Longwe
Member



Mrs. Brigitte Nangoyi Muyenga
Member



Mr. Anthony Bwembya
Registrar & CEO

MESSAGE BY THE ACTING REGISTRAR AND CHIEF EXECUTIVE OFFICER



I am delighted to share with you the milestones recorded by the Agency in 2021 despite the COVID-19 Pandemic which affected operations of most businesses worldwide. Below are some of the notable achievements.

1. Implementation of the new Strategic Plan

The Agency rolled out its 2021-2026 Strategic Plan which seeks to promote a conducive environment for innovative, customer-centred business and intellectual property rights registration. The Strategic Plan focuses on three (3) thematic areas namely:

- (i) Business entity and security interest registrations;
- (ii) Innovation and creativity promotion; and
- (iii) Excellence in service delivery.

2. Business Registration and Annual Return Filing

During the period under review, the Agency registered 33,163 businesses, reflecting a 15.3% increase as compared to 28,757 registered in 2020. Further, a total of 80,168 businesses filed their annual returns compared to 75,652 filed in 2020 representing a 6% increase in compliance levels. The increase in registrations and compliance levels can be attributed to the various government economic empowerment programmes.

3. Intellectual Property Protection

The Agency recorded a total of 1,696 trademark registrations and 1,594 trademark renewals. Further, 10 patents were granted, while 58 patents were renewed during the same period. In addition, the Agency registered 51 industrial designs and renewed 7 industrial designs in the year 2021.

4. Government Service Bus

In line with Government's policy to have all its services under one platform, the Agency migrated 17 of its services to the Government Service Bus (GSB). The Agency is optimistic that the migration of services to the GSB will result in increased registration of businesses. The GSB provides for a single sign on for users and multiple payment options including mobile payment platforms.

5. Conclusion

In conclusion, I wish to express my gratitude to the Ministry of Commerce, Trade and Industry (MCTI), for the support rendered to the institution in the year 2021. May I also, on behalf of Management and Staff, express gratitude to the Board of Directors for their guidance. I also wish to take recognition of Management and Staff's commitment to the fulfilment of our Institution's mandate during the year 2021.

Wilson Banda

ACTING REGISTRAR AND CHIEF EXECUTIVE OFFICER

PACRA MANAGEMENT



Mr. Anthony Bwembya
Registrar & CEO



Mr. Wilson Banda
Deputy Registrar - Commercial



Mr. Ben Mulenga
Chief Financial Officer



Mr. Benson Mpalo
Deputy Registrar - Intellectual Property



Mr. Kaseke Chinyemba
Information & Communication Technology Manager



Mr. Thomas Kaunda
Chief Internal Auditor



Mr. Clyde H. Siamachoka
Human Resources and Administration Manager



Mrs. Belinda Musopelo Siankumo
Board Secretary and Legal Counsel

1.0 ABOUT PACRA

The Patents and Companies Registration Agency (PACRA), hereinafter referred to as the “Agency”, is a statutory body under the Ministry of Commerce, Trade and Industry. The Agency is established under the Patents and Companies Registration Agency Act, No. 4 of 2020 with the principal mandate to provide business and intellectual property registration services. Additionally, the Agency is responsible for the management of the movable assets collateral registry as well as accreditation of insolvency practitioners.

1.1 VISION

“An innovative customer-centred business and intellectual property registration Agency”.

1.2 MISSION

“To provide business and intellectual property registration services for economic growth and national development”.

1.3 FUNCTIONS OF THE AGENCY

The functions of the Agency are to –

- i. Administer the Trade Marks Act Cap. 401, the Copyright and Performance Rights Act Cap. 406, the Companies (Certificates Validation) Act Cap. 414, the Registration of Business Names Act No. 16 of 2011, the Moveable Property (Security Interests) Act No. 3 of 2016, the Layout-designs of Integrated Circuits Act No. 6 of 2016, the Protection of Traditional Knowledge, Genetic Resources and Expressions of Folklore Act No. 16 of 2016, the Industrial Designs Act No. 22 of 2016, the Patents Act No. 40 of 2016, the Corporate Insolvency Act No. 9 of 2017 and the Companies Act No.10 of 2017;
- ii. Receive and investigate complaints of alleged or suspected breach of the Acts referred to above and subject to the directives of the Director of Public Prosecutions, prosecute offences under those Acts, as the case may be;
- iii. Collect, collate and disseminate information on the law relating to the Acts referred to above;
- iv. Advise Government on all matters pertaining to the Acts referred to above; and
- v. Do all such other things as are necessary or incidental to the performance of its functions under the Patents and Companies Registration Agency Act No. 4 of 2020.

1.4 SERVICES OFFERED BY THE AGENCY

The following are the services provided by the Agency:

- i. Registration of trademarks;
- ii. Granting of patents;
- iii. Registration of industrial designs;
- iv. Registration of copyright and related rights;
- v. Incorporation of companies;
- vi. Registration of business names;
- vii. Registration of security interests in movable assets;
- viii. Accreditation of corporate insolvency practitioners;
- ix. Protection of traditional knowledge, genetic resources and expressions of folklore; and
- x. Protection of layout designs of integrated circuits.

1.5 CORE VALUES

The Agency is guided by the following core values, in its quest to be effective in the delivery of its mandate:

- i. Integrity;
- ii. Excellence;
- iii. Accountability;
- iv. Transparency;
- v. Creativity; and
- vi. Courtesy.

1.6 STRATEGIC GOALS

The Agency, pursuant to the 2021-2026 Strategic Plan, has the following strategic goals:

- i. Organisational capacity - improve work culture, develop human capital, improve infrastructure and equipment;
- ii. Internal processes - enhance operational systems;
- iii. Finance/stewardship - enhance financial capacity; and
- iv. Customer - improve customer service.

2.0 STATEMENT ON CORPORATE GOVERNANCE

2.1 Governing Body

The governing body of the Agency is the Board which is constituted in section 6 of the Patents and Companies Registration Agency Act, No. 4 of 2020.

2.2 Role of the Board

The Board performs the following key functions:

- i. To provide strategic policy direction to the Agency;
- ii. To promote good governance of the Agency;
- iii. To formulate policies, programmes and strategic plans of the Agency;
- iv. To approve annual budgets, work plans, activity reports and financial statements of the Agency;
- v. To monitor and evaluate the performance of the Agency against budgets and plans; and
- vi. To appoint the Registrar of the Agency, who shall be the Chief Executive Officer of the Agency and responsible, under the direction of the Board, for the day-to-day administration of the Agency.

2.3 Composition of the Board

The Board consists of the following part-time Members who are appointed by the Minister, in accordance with the Patents and Companies Registration Agency Act, No. 4 of 2020:

- i. a representative of the Ministry responsible for commerce;
- ii. a representative of the Attorney General;
- iii. an accountant;
- iv. a representative of the Zambia Association of Chambers of Commerce and Industry;
- v. one person with expertise in matters of intellectual property; and
- vi. two persons with experience and knowledge relevant to the mandate of the Agency.

During the 2021 financial year, the Board consisted of the following Members up to October 2021 when the Board was dissolved:

- | | | |
|----------------------------------|---|---------------------|
| 1. Professor Mpazi Sinjela | - | Chairperson |
| 2. Mr. George Mpundu Kanja | - | Vice Chairperson |
| 3. Mr. Mushuma Mulenga | - | Member |
| 4. Mrs. Brigitte Nangoyi Muyenga | - | Member |
| 5. Mr. Rocky Sombe | - | Member |
| 6. Mr. Joe Hantebe Simachela | - | Member |
| 7. Mr. Samson Longwe | - | Member |
| 8. Mr. Anthony Bwembya | - | (ex officio Member) |

2.4 Committees of the Board

From January to October 2021, the Board continued with the following Committees constituted pursuant to section 11 of the Patents and Companies Registration Agency Act:

a) The Audit and Risk Management Committee

The functions of the Committee are to –

- (i) review internal controls, audit systems, risk management and governance policies;
- (ii) recommend the appointment of the Chief Internal Auditor to the Board;
- (iii) make recommendations to the Board in relation to the appointment of the external auditor;
- (iv) review the results on internal and external audits and the systems for ensuring compliance with laws and ethical standards and the results of management's investigations and follow-up;
- (v) monitor the integrity of the financial statements of the Agency;
- (vi) monitor and review the effectiveness of the Agency's internal audit function; and
- (vii) perform any other function related to the above.

b) The Finance and Projects Committee

The functions of the Committee are to –

- (i) monitor and review the Agency's financial performance;
- (ii) review annual and supplementary budgets;
- (iii) review quarterly and annual financial reports and audited financial accounts;
- (iv) review the effectiveness of financial systems and the findings of regulatory agencies that impact on financial matters;
- (v) review accounting, financial management and investment policies and strategies and implementation guidelines;
- (vi) oversee the implementation of capital projects; and
- (vii) perform any other function related to the above.

c) The Administration and Operations Committee

The functions of the Committee are to –

- (i) review operational plans and provide strategic direction for the Agency;
- (ii) monitor operational performance, review management reports and annual reports;
- (iii) review the organisational structure, executive succession plans and staff conditions of service;
- (iv) recommend the appointment of the Registrar and Chief Executive Officer and senior management to the Board; and
- (v) perform any other function related to the above.

2.5 Board and Committee Meetings

The Following Board and Committee meetings were held in the 2021 financial year:

(1) Board Meetings

The Board held three (3) ordinary meetings and five (5) special meetings. The attendance of the meetings was as follows:

No.	Name	Position	Ordinary Meetings	Meetings Attended	Special Meetings	Meetings Attended
1	Prof. Mpazi Sinjela	Chairperson	3	3	5	5
2	Mr. George Mpundu Kanja	Vice Chairperson	3	3	5	4
3	Mr. Mushuma Mulenga	Member	3	3	5	5
4	Mrs. Brigitte Nangoyi Muyenga	Member	3	3	5	5
5	Mr. Rocky Sombe	Member	3	3	5	5
6	Mr. Joe Hantebe Simachela	Member	3	3	5	5
7	Mr. Samson Longwe	Member	3	2	5	5
8	Mr. Anthony Bwembya	ex officio Member	3	3	5	5

(2) Committee Meetings

(a) Audit and Risk Management Committee

The Audit and Risk Management Committee held four (4) ordinary meetings and three (3) special meetings and the attendance was as follows:

No.	Name	Position	Ordinary Meetings	Meetings Attended	Special Meetings	Meetings Attended
1	Mrs. Brigitte Nangoyi Muyenga	Chairperson	4	4	3	3
2	Mr. George Mpundu Kanja	Member	4	4	3	3
3	Mr. Musonda Chikwanda	Member	4	4	3	3
4	Mr. Anthony Bwembya	Ex officio Member	4	4	3	3

(b) Administration and Operations Committee

The Administration and Operations Committee held four (4) ordinary meetings and two (2) special meetings and the attendance was as follows:

No.	Name	Position	Ordinary Meetings	Meetings Attended	Special Meetings	Meetings Attended
1	Mr. George Mpundu Kanja	Chairperson	4	4	2	2
2	Mrs. Brigitte Nangoyi Muyenga	Member	4	4	2	2
3	Mr. Samson Longwe	Member	4	3	2	2
4	Mr. Anthony Bwembya	Ex officio Member	4	4	2	2

(c) Finance and Projects Committee

The Finance and Projects Committee held four (4) ordinary meetings and the attendance was as outlined below. No special meetings were held until the Board and its Committee was dissolved.

No.	Name	Position	Scheduled Meeting	Meetings Attended	Special Meetings	Meetings Attended
1	Mr. Rocky Sombe	Chairperson	4	4	0	0
2	Mr. Mushuma Mulenga	Member	4	3	0	0
3	Mr. Joe Hantebe Simachela	Member	4	4	0	0
4	Mr. Jack Sievu	Member	4	4	0	0
5	Mr. Anthony Bwembya	Ex officio Member	4	4	0	0

3.0 LAW AND POLICY REFORMS

3.1 Intellectual Property Laws

The Regulations under the Traditional Knowledge, Genetic Resources and Expressions of Folklore Act No. 16 of 2016 were issued and gazetted on 11th May, 2021. This means the Act is now fully operational. Traditional Communities and individuals holders are now able to apply for the registration of their traditional knowledge and expressions of folklore. It also means access to genetic resources and associated traditional knowledge or expressions of folklore can only be done with Prior Informed (PIC) Consent and subject to mutually agreed terms (MAT). This will ensure that traditional knowledge, expressions of folklore and genetic resources are safeguarded and protected against misappropriation and further ensure fair and equitable distribution of the benefits derived from the exploitation of these resources.

3.2 Corporate Laws

In 2021, the Agency commenced the review of the Corporate Insolvency Act, No. 9 of 2017, the Companies Act, No. 10 of 2017, the Movable Property (Security Interest) Act, No. 3 of 2016 and the Registration of Business Names Act, No. 16 of 2011. The purpose of the review was to identify provisions in the Acts that need to be amended in order to align them to modern business trends.

As part of the review, the Agency engaged various stakeholders who included statutory and professional bodies, law firms, banks as well as the general public.

3.3 Launch of the Revised National Intellectual Property Policy and Implementation Plan

The revised National Intellectual Property Policy (NIPP) and its implementation plan were launched by the Minister of Commerce, Trade and Industry during the commemoration of the World Intellectual Property Day in April 2021. The overall objective of the Policy is to facilitate the creation of an environment that stimulates and fosters the generation, protection, enforcement, management and increased exploitation of Intellectual Property Rights (IPRs). The revised Policy also provides a framework within which various Government agencies and key stakeholders will collaborate in promoting innovation and creativity in order to accelerate socio-economic development.

4.0 STAKEHOLDER ENGAGEMENTS AND AWARENESS CAMPAIGNS

4.1 Universities and Colleges Workshop

In the period under review, the Agency with support from the World Intellectual Property Organisation (WIPO) and the International Federation for Reprographic Rights Organisation (IFRRO) organised a workshop for universities and colleges based on the Copperbelt province. The workshop was held in November 2021 and was attended by nine (9) universities and twenty-eight (28) colleges and polytechnic schools.

The aim of the workshop was to raise awareness on Intellectual Property Rights and the role of Collective Management Organisation such as the Zambia Reprographic Rights Society (ZARRSO). Participants were informed about the Opinion of the Attorney General which opined that it is mandatory under the Copyright and Performance Rights Act for learning institutions to obtain a copyright license from ZARRSO where they use copyrighted works as part of their study material to students on a multiple scale.

4.2 National Innovation Fair

The Agency in collaboration with the Ministry of Technology and Science, National Technology Business Centre (NTBC), and United Nations Development Program (UNDP) hosted the second National Innovation Fair in November 2021. The aim of the Fair was to identify home grown innovations across Zambian communities and support the most promising initiatives with the highest potential for social-economic impact. Other partners included the Zambia Information Communication and Technology Authority (ZICTA) and the United Nations Population Fund Agency (UNFPA).

The Fair targeted local technology-based start-ups and innovations that would assist in solving societal challenges including the Covid 19 pandemic. The Fair attracted 3200 submissions from all the ten provinces with 45 shortlisted to showcase their innovations during the Fair.

The top twenty most promising and impact driven projects were selected by a panel of judges to undergo a business acceleration programme designed by the UNDP Accelerator Lab with its partners. The top ten innovators were awarded K100, 000 each to support the scale up of their innovations while the eleventh to the twentieth positions received K50, 000 each.

4.3 Collateral Registry Training Workshops

The Agency conducted training workshops for money lenders and other financial service providers in Lusaka, Kabwe, Livingstone and Mansa. The sensitisation programmes were aimed at enlightening money lenders and other financial service providers on the provisions of the Movable Property (Security Interest) Act. Participants were also trained on the usage of the Collateral Registry system.

As a result of the training workshops, the number of financing statements registered in the Collateral Registry exceeded the 2021 annual target by 3%.

4.4 Commemoration of the World IP Day

The Agency joined the rest of the world in commemorating the World Intellectual Property Day on 26th April 2021 under the theme: ***“SMEs & IP: Taking your ideas to market.”*** The event was officiated by the Minister of Commerce, Trade and Industry, and was attended by various stakeholders. During the commemoration, the Revised National Intellectual Property Policy and its Implementation Plan were launched. A sensitisation seminar on IPRs and SMEs was also held as part of the commemoration to sensitise SMEs on the importance of translating their ideas into products. The topics of discussions

included: the role of IPRs in promoting innovation, creativity and commercialisation for SMEs, managing the value of IP asset as an SME and enforcement of IPRs mechanisms available.

4.5 Partners Against Piracy

The Agency in collaboration with the Ministry of Tourism and Arts, Ministry of Information and Broadcasting Services, Multi-choice Zambia, the National Arts Council, law enforcement agencies and creative industry leaders launched an Anti-Piracy Campaign called Partners against Piracy. This campaign is an initiative that directs resources in the fight against infringement of Copyright and Related Rights in Zambia.

The campaign, which is a joint initiative between government agencies, distributors, content creators and rights holders is aimed at educating and informing the public on the effects of piracy to the creative industry. The campaign also highlights the dangers that piracy has on the economy through revenue loss to the Government and to the right holders.

5.0 PARTNERSHIP AGREEMENTS

5.1 Ministry of Tourism and Arts

The Agency signed a Memorandum of Understanding with the Ministry of Tourism and Arts aimed at fostering collaboration and promotion of intellectual property awareness for the purposes of promoting mutual benefits in the protection and usage of tourism and arts. Further, parties pledged to support consultations by experts in the field of intellectual property and the tourism sector in utilising intellectual property as a tool to generate economic value for their creative works. In addition, parties will develop programmes aimed at mutual promotion and attendance at fairs, exhibitions and workshops that will be focused on specific areas of common interest.

5.2 Information and Communications Technology Association of Zambia (ICTAZ)

The Agency entered into a partnership agreement with the Information and Communications Technology Association of Zambia (ICTAZ) during the year under review. ICTAZ is an Association that provides for the registration of Information and Communications Technology (ICT) professionals and regulates their professional conduct in the interest of the ICT sector.

The partnership agreement was signed in November 2021 to share information relating to registered entities in the ICT sector. It is envisaged that the partnership agreement will enhance the regulation and compliance with the legal requirements of statutes administered by the two institutions. The Agency, in collaboration with ICTAZ, will be conducting joint awareness campaigns relating to their mandates as regulatory bodies.

5.3 Zambia Association of Manufacturers (ZAM)

The Agency signed a Memorandum of Understanding with Zambia Association of Manufacturers (ZAM) aimed at promotion and registration of Intellectual Property Rights (IPRs) within the manufacturing sector.

Under this partnership, the Agency and ZAM will work towards fostering close co-operation in matters of intellectual property within the manufacturing industry. The MoU also seeks to work towards mutually supportive programmes to exchange information and best practices in the sphere of manufacturing and intellectual property as a development tool. The parties will also exchange statistical information and data concerning intellectual property rights as it relates to the manufacturing sector.

In addition, the Agency will avail Intellectual Property experts and materials to train manufacturers on the benefits of protecting their IPRs whenever the need arises.

5.4 Road Transport and Safety Agency

The Memorandum of Understanding (MoU) between the Agency and Road Transport Safety Agency (RTSA) was finalised in December 2021. The MoU is aimed at linking the Motor Vehicle Registration System to the Movable Property (Security Interest) Registration System in order to prevent any fraudulent change of ownership of a motor vehicle that is encumbered. Once implemented, the RTSA database will get notified and updated every time a security interest in a motor vehicle is registered with PACRA.

In view of the above, the integration of the Movable Property (Security Interest) Registration System and the Motor Vehicle Registration System will instil confidence in the financial sector thereby accelerating the adoption and usage of the Collateral Registry by financial service providers and the general public.

5.5 Data Validation and Verification Project

Following the signing of the Cooperation Agreement between the Agency and the World Intellectual Property Organisation (WIPO), the data validation and verification project commenced in January 2021. The project involved the validation, verification and creation of digital bibliographic data and image files for industrial property records that reproduce pre-existing paper files.

The bibliographic data was captured and delivered in a specified format and manually captured into the Industrial Property Administration System (IPAS). A total of 42,501 files were verified and checked for quality and 4,743 logos were scanned and uploaded in IPAS during the duration of the project. It is expected that the project will help to enhance the overall accuracy, completeness and consistency of intellectual property data of the Agency.

5.6 Engagement of Local Authorities

The Agency continued to engage the Local Authorities countrywide in order to strengthen the existing partnership agreements. The engagements focused on the need for the Local Authorities to ensure that the registered businesses provide the latest copy of the annual returns and a certificate of registration or incorporation from PACRA when making an application for a Trading Licence or permit.

The Agency has 64 partnership agreements with local authorities aimed at making it easier for SMEs in far flung areas to formalise their businesses and comply with the requirement for filing annual returns thereby reducing the cost of doing business.

6.0 INFORMATION DISSEMINATION

6.1 Jets and Production Unit Exposition

The Agency participated in the joint Junior Engineers, Technicians and Scientists (JETS) and Production Unit Expo held in Lusaka, organised by the National Science Centre and the Ministry of Education. The Expo was aimed at marking the official opening of the National Science Centre, whose mandate includes facilitating research works specifically for primary and secondary schools.

The Agency was part of the adjudication team that selected and identified innovations with potential to be protected through Intellectual Property Rights (IPRs). Further, innovators were sensitised on the importance and benefits of protecting their innovations before losing novelty (for inventions) as a result of exhibition to the public.

6.2 Government Service Bus

During the year under review the following seventeen (17) services offered by the Agency were added to the Government Service Bus (GSB) and Payment Gateway platform:

- i. Application for change of company name
- ii. Request for annual return invoice
- iii. Alteration in capital
- iv. Notice of appointment or cessation as receiver, liquidator, or Business Rescue Administrator
- v. Application for de-registration of a company
- vi. Request for a certificate of status
- vii. Annual return – receipt of statement of accounts (for companies in liquidation or receivership)
- viii. Application for conversion of a company
- ix. Compliance status and registration of user
- x. Notice of Statement of company affairs
- xi. Notice to dispose of company
- xii. Notice of alteration of registered particulars
- xiii. Notice of cessation of business of foreign company
- xiv. Notice of winding up company
- xv. Registration of a business name
- xvi. Incorporation of a company
- xvii. Cessation of a business

The inclusion of the above services brings the total number of online services offered on the GSB to twenty-one (21). Other services which can be accessed from the GSB include request for computer printout, name clearance, notice of reservation of a name and filing of annual returns. The GSB offers a wide range of online and mobile money payment platforms which enable users of the system to make cashless payments for services.

6.3 Solwezi Regulatory Services Centre

The Solwezi Regulatory Services Centre (RSC) was officially launched in collaboration with the Business Regulatory Review Agency (BRRA) in May 2021. The opening of the Solwezi Centre brought the total number of RSCs to six (6) countrywide. Other RSCs are Livingstone, Kabwe, Kitwe, Lusaka and Chipata. RSCs are one stop shops for trade and facilitation where various Government Agencies can be accessed under one roof to provide business regulatory services to the business community. It is envisaged that with the increase in economic activities in North Western Province, the business community will benefit from the Centre.

7.0 INTERNATIONAL MEETINGS

7.1 WIPO Assemblies

The Agency participated virtually in the Sixty-Second Session of the World Intellectual Property Organisation (WIPO) Assemblies held in Geneva, Switzerland, in October 2021. During the meetings, the Agency held a side meeting with the Department for Africa and Least Developed Countries of WIPO and agreed on the programmes and activities which WIPO would support under the 2022 budget. The Department is responsible for providing and managing advisory services, capacity building and technical assistance programs of WIPO. Key among the programs which WIPO will provide support to Zambia in 2022 are sensitisation programs for Lecturers and researchers as well as judges and magistrates.

7.2 African Regional Intellectual Property Organisation (ARIPO) Administrative Council and Council of Ministers

The Agency took part in the Forty-fifth Session of the Administrative Council and the 18th Session of Council of Ministers of the African Regional Intellectual Property Organization (ARIPO) which were held in Victoria Falls, Zimbabwe in December 2021.

During the session of the Administrative Council, the Council was apprised of growth in membership with the Republic of Seychelles becoming the new and 21st member of ARIPO effective 1st October 2021.

At the Council of Ministers, Zambia was represented by the Honourable Minister of Commerce, Trade and Industry, Mr. Chipoka Mulenga. Zambia was among the countries that gave statements during the session. In his statement the Hon. Minister conveyed his appreciation to ARIPO for the support the organisation has provided to Zambia over the years in the areas of capacity building, information infrastructure, and collaborations in Intellectual Property policies and innovations. The Minister also took the opportunity to sign the Kampala Protocol on Voluntary Registration of Copyright and Related Rights. On signing of the Protocol the Minister stated that the Protocol will help promote the creative industry not only in Zambia but Africa as a whole and urged creators and artists to take advantage of the protocol once it enters into force.

7.3 Geographical Indications Conference for ARIPO Member States

The Agency participated in a Regional Conference on Geographical Indications for ARIPO member states that was held in November 2021 at the ARIPO Secretariat in Harare, Zimbabwe.

The Conference was organised by ARIPO in collaboration with the Africa Intellectual Property Rights and Innovation Project (AfrIPI), a European Union (EU) funded project implemented by the European Union Intellectual Property Office (EUIPO).

The objective of the Conference was to define a strategy amongst ARIPO member states with regards to setting up a Geographical Indication (GI) legal framework on a regional or national level.

7.4 IP and Creativity for the Youth

The Agency participated in the United States Copyright Office and the World Intellectual Property Organization (WIPO) roundtable series on copyright education for youth enrolled in primary and secondary schools titled "*The Roundtables on International Copyright Education: IP and Creativity for the Youth (RICE)*." The monthly roundtables commenced in June 2021 and were attended by officials from Intellectual Property offices, ministries responsible for education and learning institutions. The Agency is expected to present a country report on the status of IP and education in February 2022.

8.0 HUMAN RESOURCES AND ADMINISTRATION

8.1 Staff Establishment 2021

Establishment	Male	Female	Total
Staff Complement as at 01.01.2021	93	79	172
Recruitments	4	1	5
Resignation	1	1	2
Death	0	1	1
End of Contracts	1	4	5
Retirements	0	0	0
Dismissals	2	0	2
Staff Complement as at 31.12.2021	93	74	167

8.2 Staff Wellness

During the year under review, the Agency engaged Victoria Hospital who gave a free health talk on cancer and other communicable diseases. Further, the female employees took part in the October Breast Cancer Challenge which encouraged women to undertake breast cancer screening. The Agency will continue engaging health practitioners to address staff on various health issues in order to promote health and wellness.

8.3 COVID-19

The Agency recorded thirty (30) COVID-19 positive cases between January and December 2021. Twenty-eight (28) cases were reported in Lusaka while two (2) cases were reported from our Kasama and Choma Offices. All the affected officers have since recovered. Further, the Agency also attained 37% vaccination rate and continued to encourage all members of staff to ensure that they are fully vaccinated.

8.4 In-House Training

In an effort to improve service delivery, the Agency continued conducting training for its members of staff. During the year under review, members of staff were trained in the following areas:-

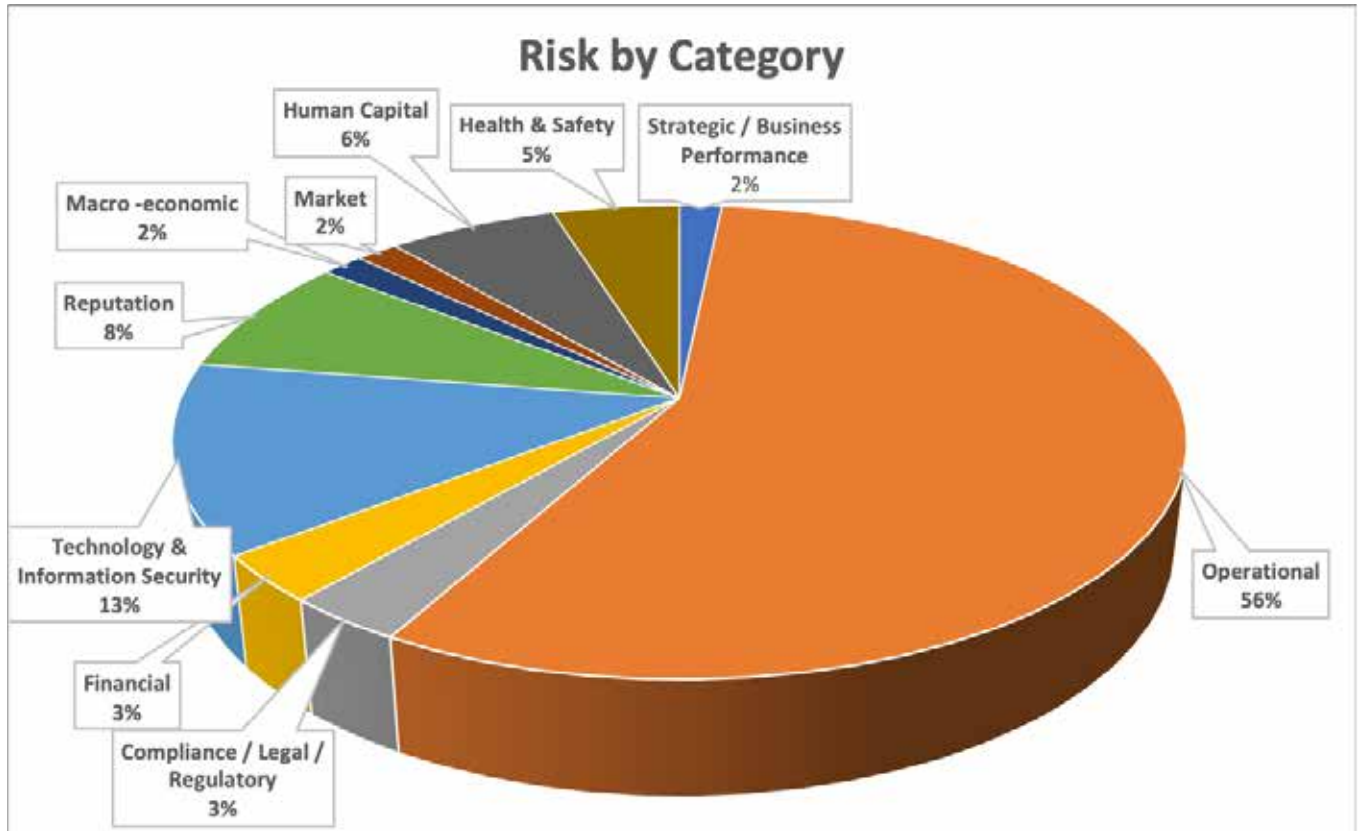
- i) Customer care;
- ii) Etiquette during virtual meetings;
- iii) Processing of applications in the new intranet system;
- iv) Usage of the Collateral Registry; and
- v) Risk management.

Further, the Agency continued to encourage staff to undertake short-term training offered by various stakeholders in different disciplines.

9.0 ENTERPRISE RISK MANAGEMENT

The Agency developed and implemented an Enterprise Risk Management programme. During the period, a total of sixty-two (62) risks were identified and the associated mitigation measures actively monitored. Out of the 62 risks reported, the highest number related to Operational risks (56%), followed by Technology and Information Security risks (13%). Human Capital and Reputation risks accounted for 8% each, whilst Health and Safety risks 5%. Compliance, Legal and Regulatory risks 3%, Financial risks 3%, Macro-economic and Market risks 2% each, whilst Strategic and Business Performance risks accounted for the remaining 2%.

The figures 1 below depicts the identified Agency risks analysed by category.



13.0 PHOTO FOCUS



Collateral Registry Workshop for Financial Institutions held at PACRA.



Launch of the IP Policy in April 2021 at Pamodzi Hotel Lusaka



Familiarisation tour by the Minister of Commerce Trade and Industry Hon. Chipoka Mulenga MP in September 2021.



Mr. Perry Mwaba - Inspector of Companies (left) on the ZDA's Investment Trends Program on ZNBC TV



Mr. Chewe Chilufya, Senior Inspector of Companies speaking at the launch of the Extractive Industries Transparency Initiative program in December 2021

11.0 STATISTICS

11.1 CALL CENTER INFORMATION

During the year under review, the Agency received a total of 31,644 calls between January and December. The majority of the calls related to registration of businesses followed by Intellectual Property Rights Registration. Other queries pertained to access of the system and payment options.

11.2 INTELLECTUAL PROPERTY REGISTRATION SERVICES

Table 1: Trade Marks 2018 to 2021

Year	Lodged	Registered	Renewed
2018	2,024	1,528	1,028
2019	1,952	1,875	1,043
2020	2,641	2,098	1,119
2021	2,122	1,682	1,840

Figure 1: Trademarks

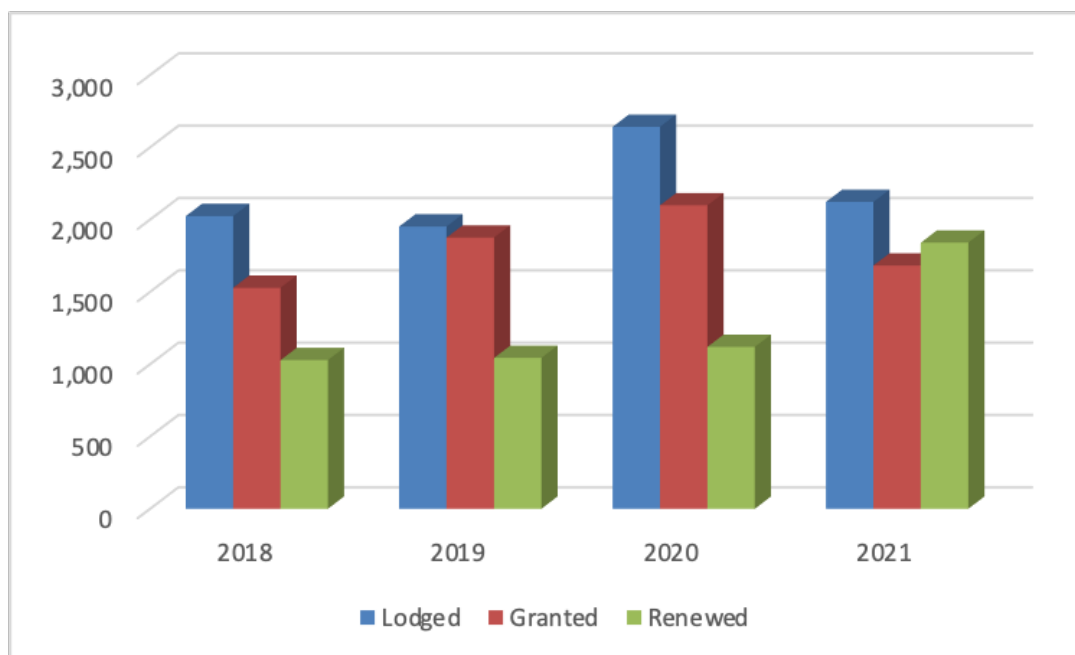


Table 2: Patents 2018 to 2021

Year	Applications	Granted	Renewed
2018	24	12	95
2019	23	9	116
2020	27	9	164
2021	26	10	94

Figure 2: Patents

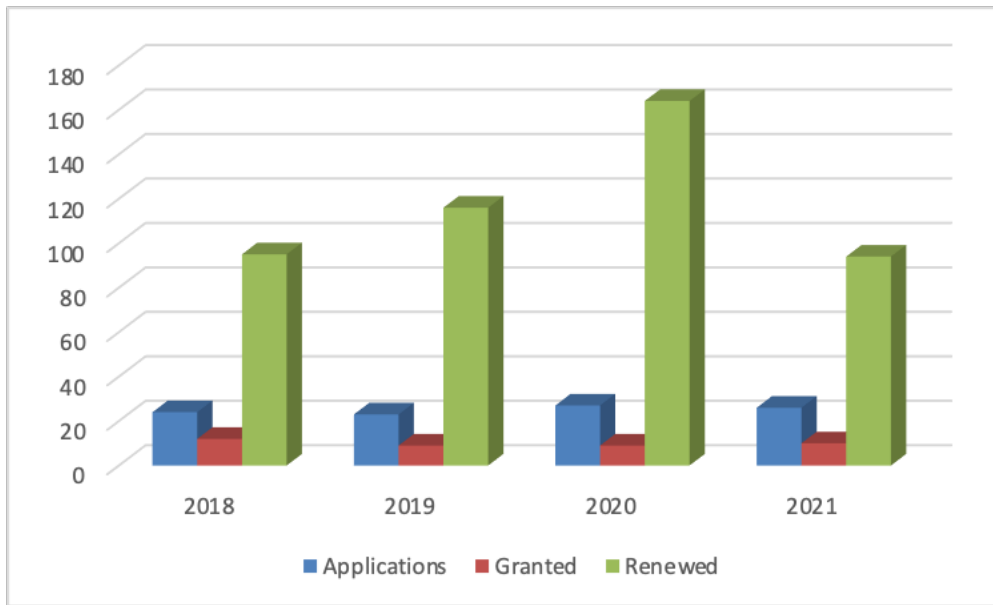


Table 3: Industrial Designs 2018 to 2021

Year	Lodged	Granted	Renewed
2018	39	20	8
2019	58	47	7
2020	124	68	16
2021	46	67	7

Figure 3: Industrial Designs

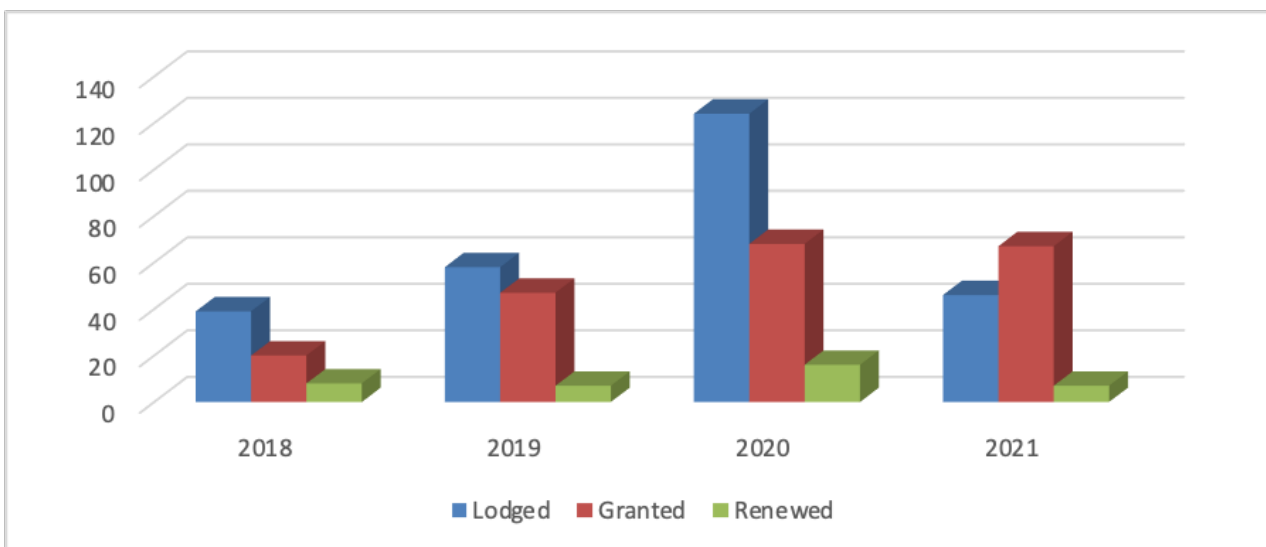


Table 4: Copyrights 2018 to 2021

Year	Lodged	Registered	Rejected
2018	187	96	45
2019	141	122	19
2020	112	112	0
2021	154	154	0

Figure 4: Copyrights

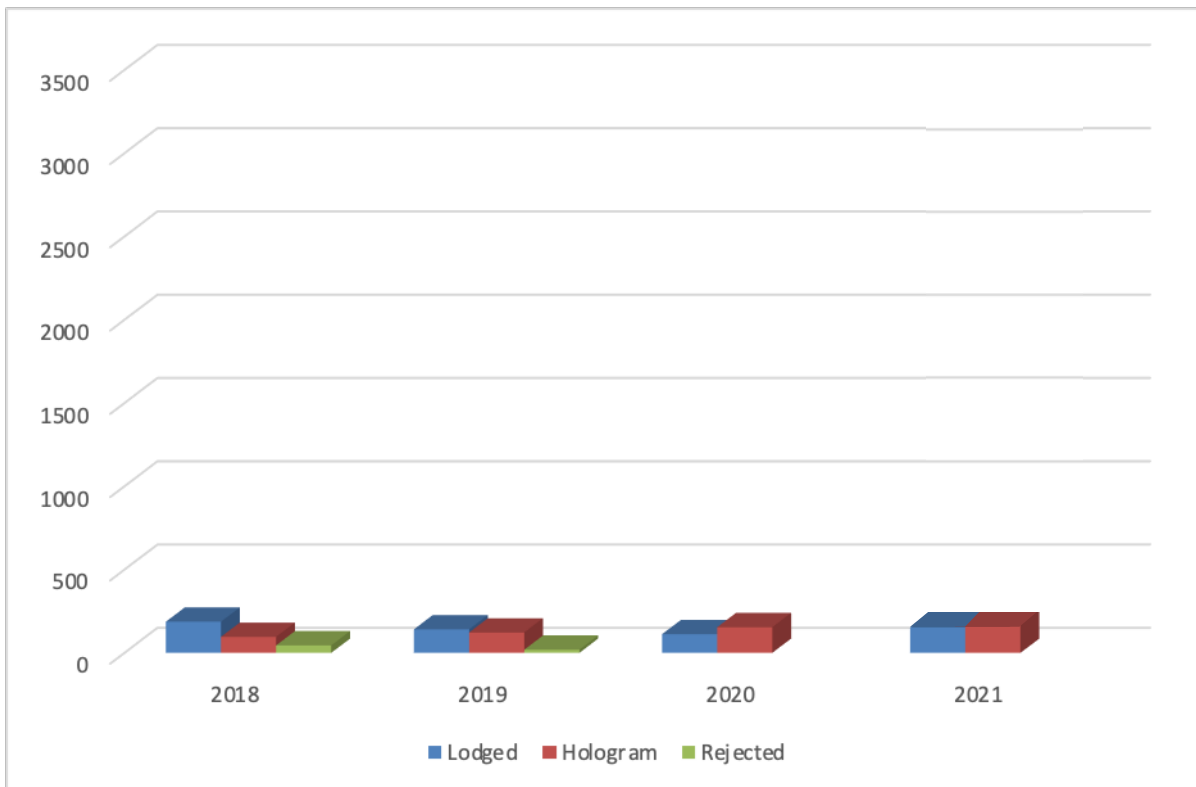


Table 5: Journal Publications 2018 to 2021

Year	Patents	Trademarks
2018	16	1,580
2019	23	1,794
2020	9	1,642
2021	20	2,167

Figure 5: Journal Publications

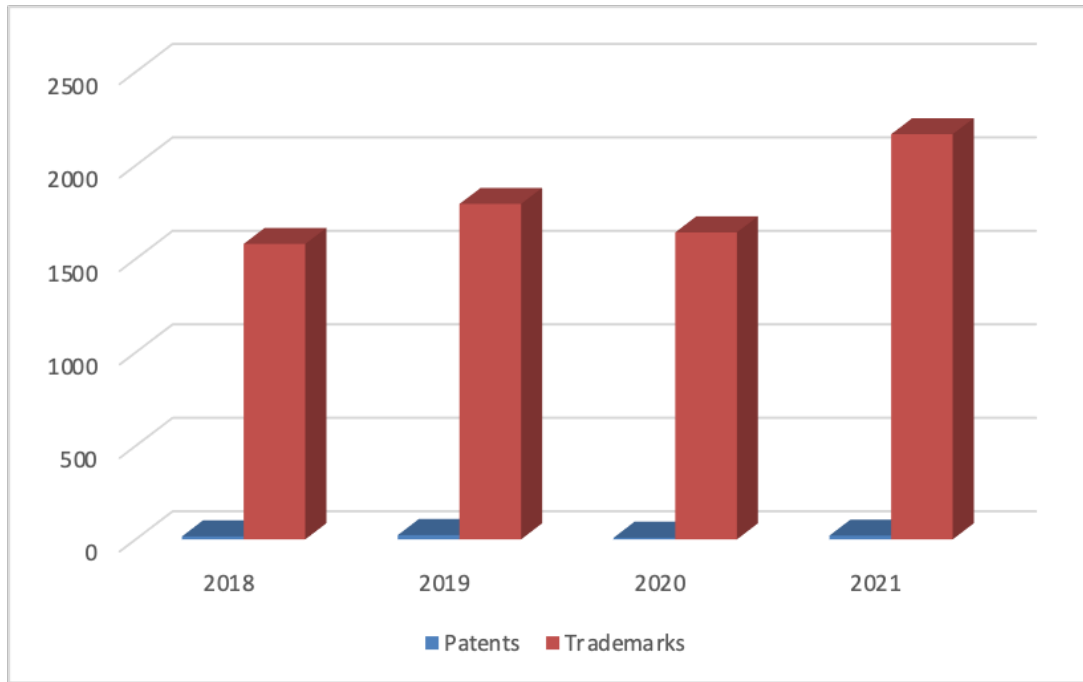
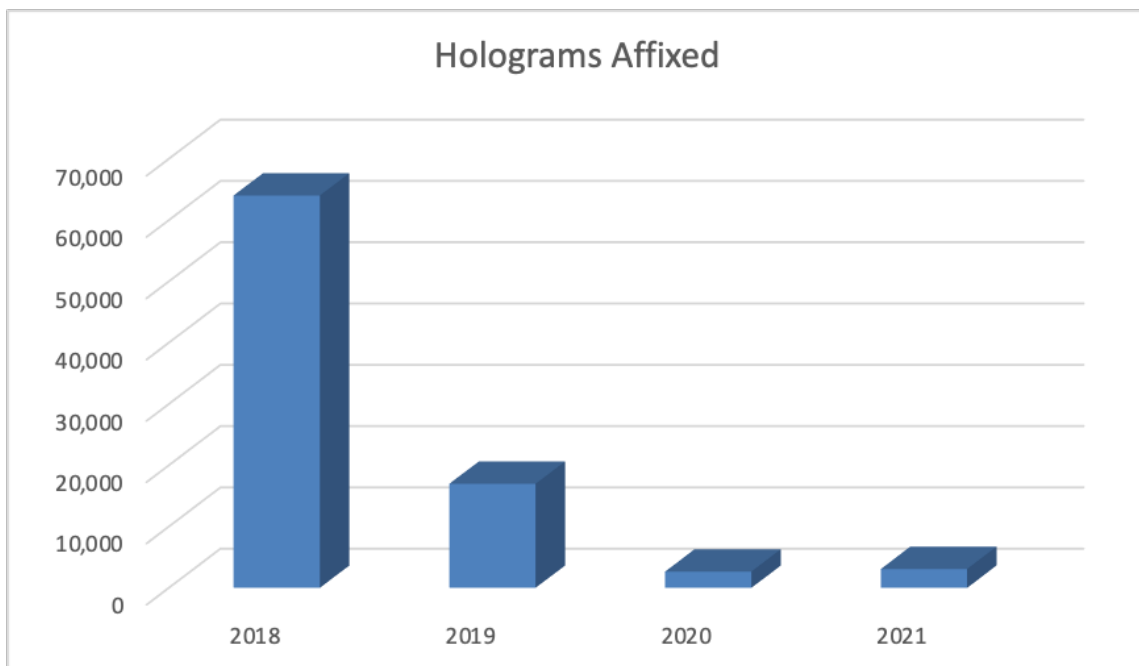


Table 6: Holograms Affixed 2018 to 2021

Year	Holograms Affixed
2018	64,016
2019	16,979
2020	2,652
2021	3,077

Figure 6: Holograms Affixed



11.3 COMPANIES AND BUSINESS NAMES STATISTICS

Table 7: Registration of Business by Province 2018 to 2021

Year	Business Name	Local Companies	Foreign Companies
2018	16,641	10,887	63
2019	18,729	10,153	69
2020	17,480	11,277	79
2021	18,416	14,669	78

Figure 7: Registration of Business 2018 to 2021

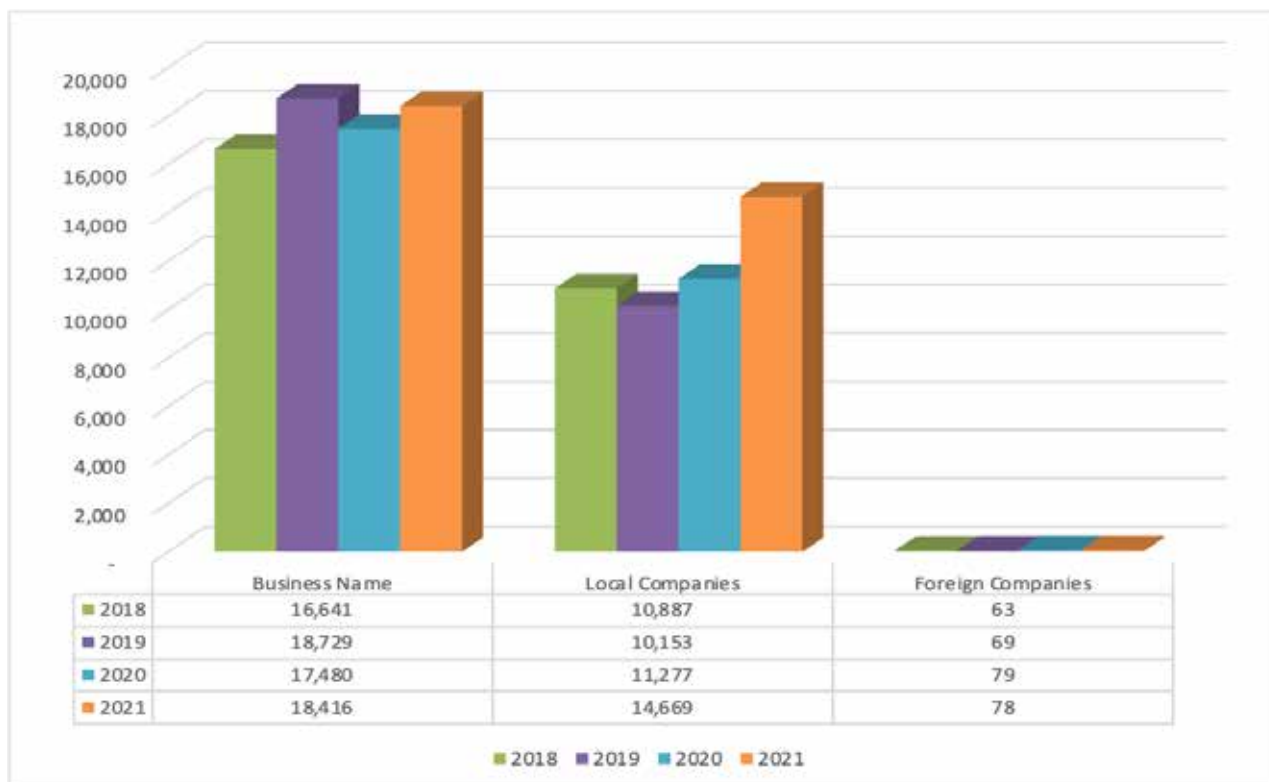


Table 8: Registration of Businesses by Province 2021

PROVINCE	Business Name	Local Company	Foreign Company
Lusaka Province	9,150	8,959	61
Copperbelt Province	2,595	3,193	4
Southern Province	1,460	579	1
Central Province	1,219	511	0
Eastern Province	831	280	0
Luapula Province	586	170	1
Northwestern Province	712	432	2
Northern Province	800	169	0
Western Province	724	207	0
Muchinga Province	338	168	0
Outside Zambia	0	0	3

Figure 8: Registration of Businesses by Province 2021

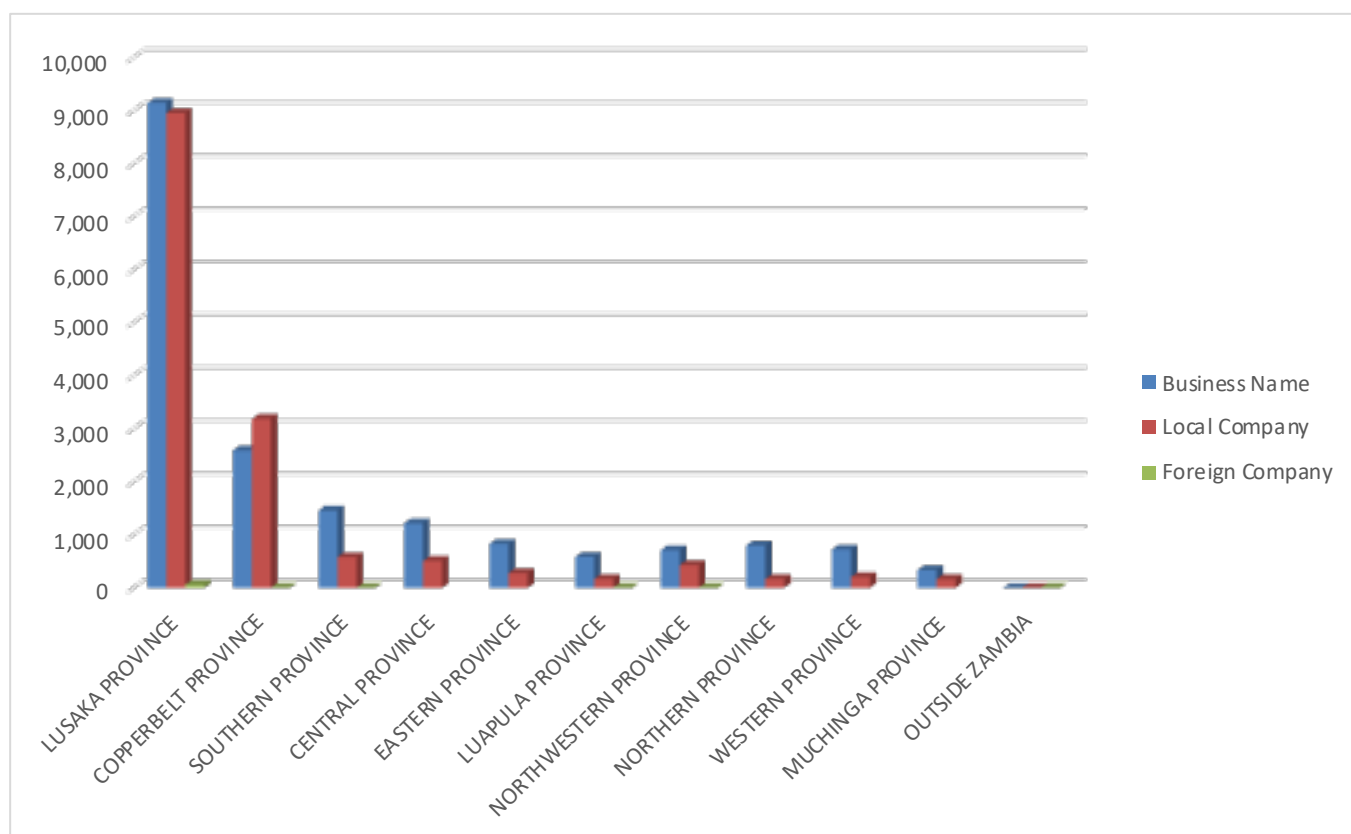


Table 9: Registration of Business by Sector 2021

Sector	Business Name	Local Company	Foreign Company
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	6,976	4,433	17
Construction	986	1,831	9
Agriculture, Forestry and Fishing	1,907	1,025	5
Other Service Activities	1,359	517	0
Education	829	0	0
Manufacturing	738	745	5
Financial and Insurance Activities	1,549	597	7
Accommodation and Food Service Activities	995	0	0
Professional, Scientific, and Technical Activities	493	592	12
Transportation and Storage	512	955	14
Other Sectors	0	0	0
Mining and Quarrying	0	1,099	16
Human Health and Social Work Activities	0	459	8
Information and Communication	0	0	6

Table 9: Registration of Business by Sector 2021

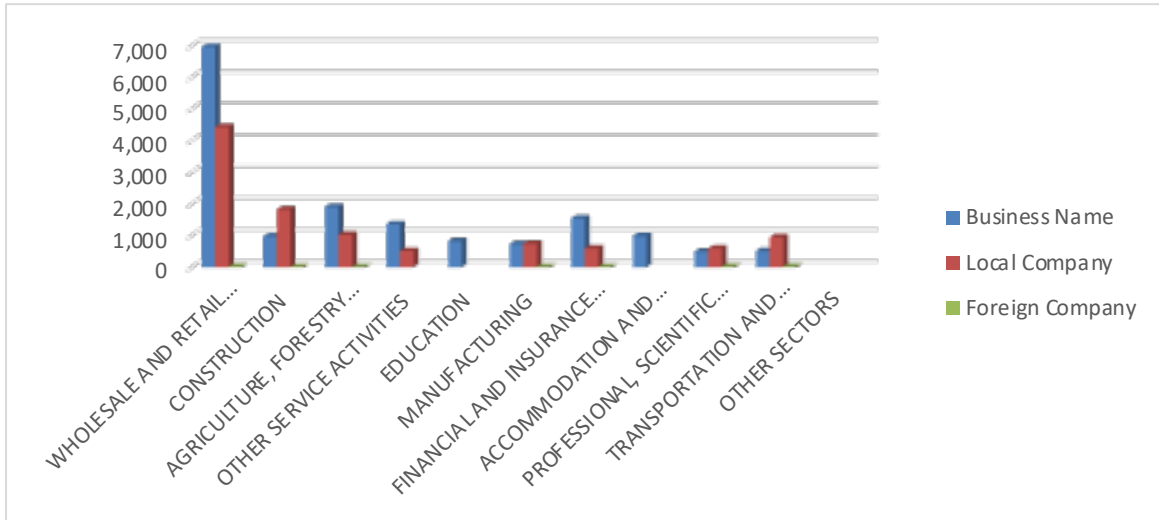


Table 10: Annual Returns 2018 to 2021

Year	Business Name	Local Companies	Foreign Companies
2018	28,978	31,919	254
2019	27,006	33,007	194
2020	35,944	39,708	253
2021	37,510	42,266	324

Figure 10: Annual Returns 2018 to 2021

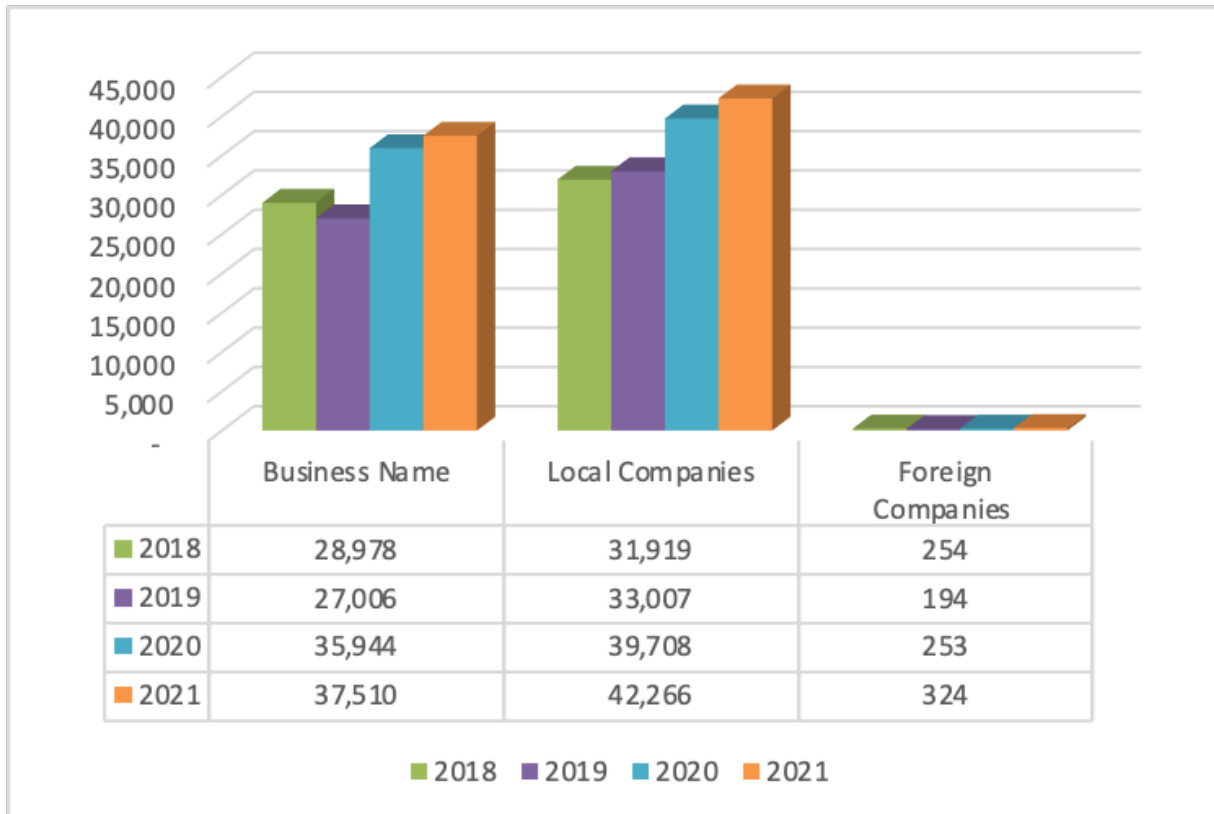


Table 11: Online Service 2018 to 2021

Year	Name Availability Searches	Registrations	Searches	Other Services
2018	2,955	2,067	4,930	1,835
2019	4,243	2,162	6,071	3,776
2020	27,258	12,521	22,393	21,461
2021	37,742	18,889	22,505	16,360

Figure 11: Online Service 2018 to 2021

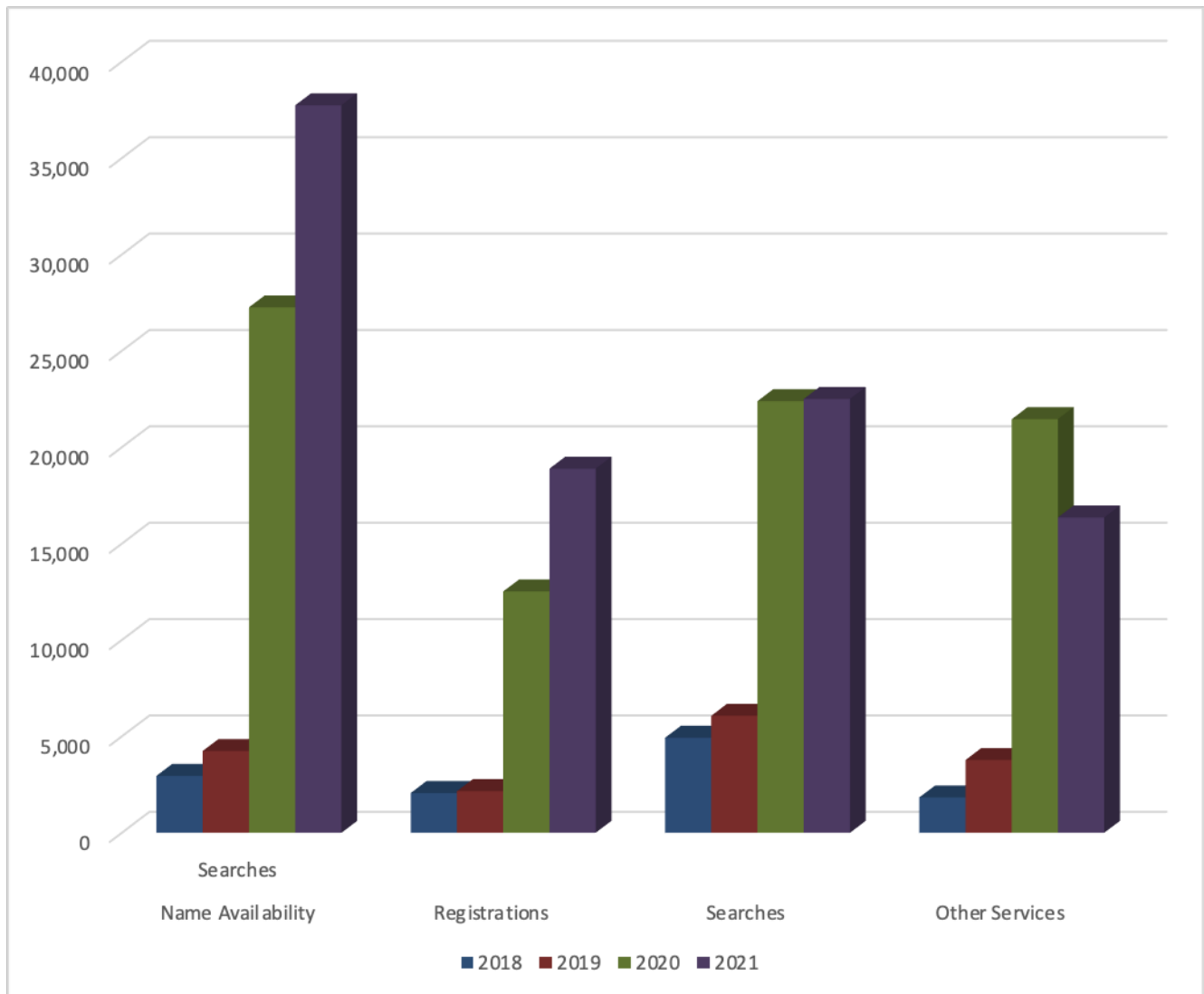


Table 12: Foreign Online Service Users

Nationality	Distributions (2018)	Distributions (2019)	Distributions (2020)	Distributions (2021)
India	39	83	202	127
South Africa	41	71	83	126
Zimbabwe	28	62	101	141
United Kingdom	26	38	71	72
China	12	21	71	52
United States	9	20	17	31
Canada	6	11	12	6
Pakistan	2	9	11	7
Kenya	11	8	20	32
Uganda	3	7	12	8
Other Countries	52	85	242	249

Figure 12: Foreign Online Service Users

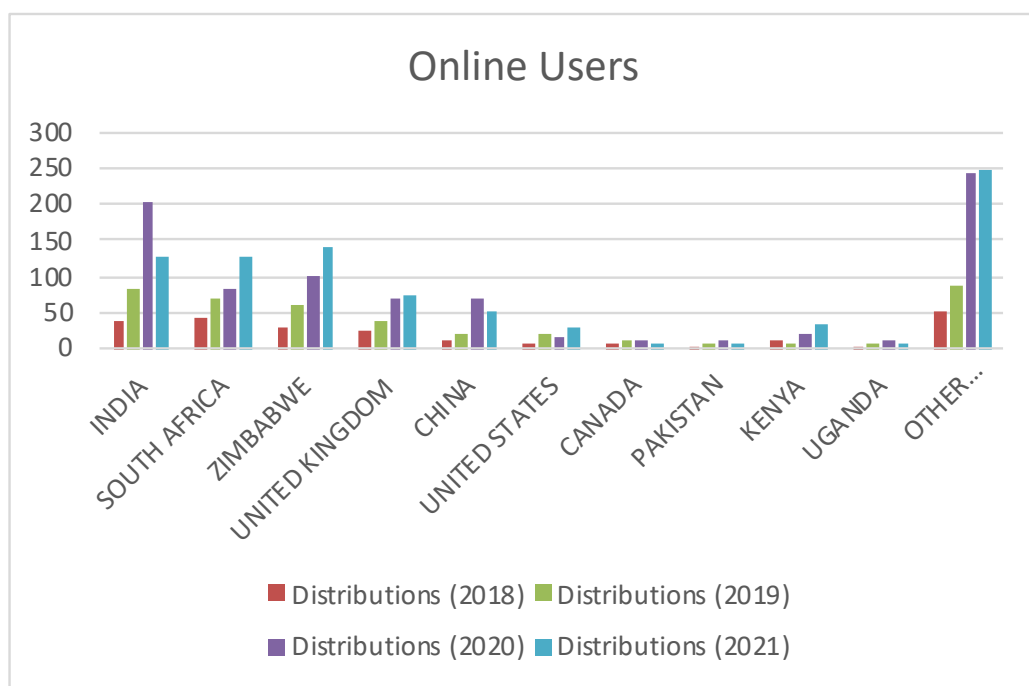
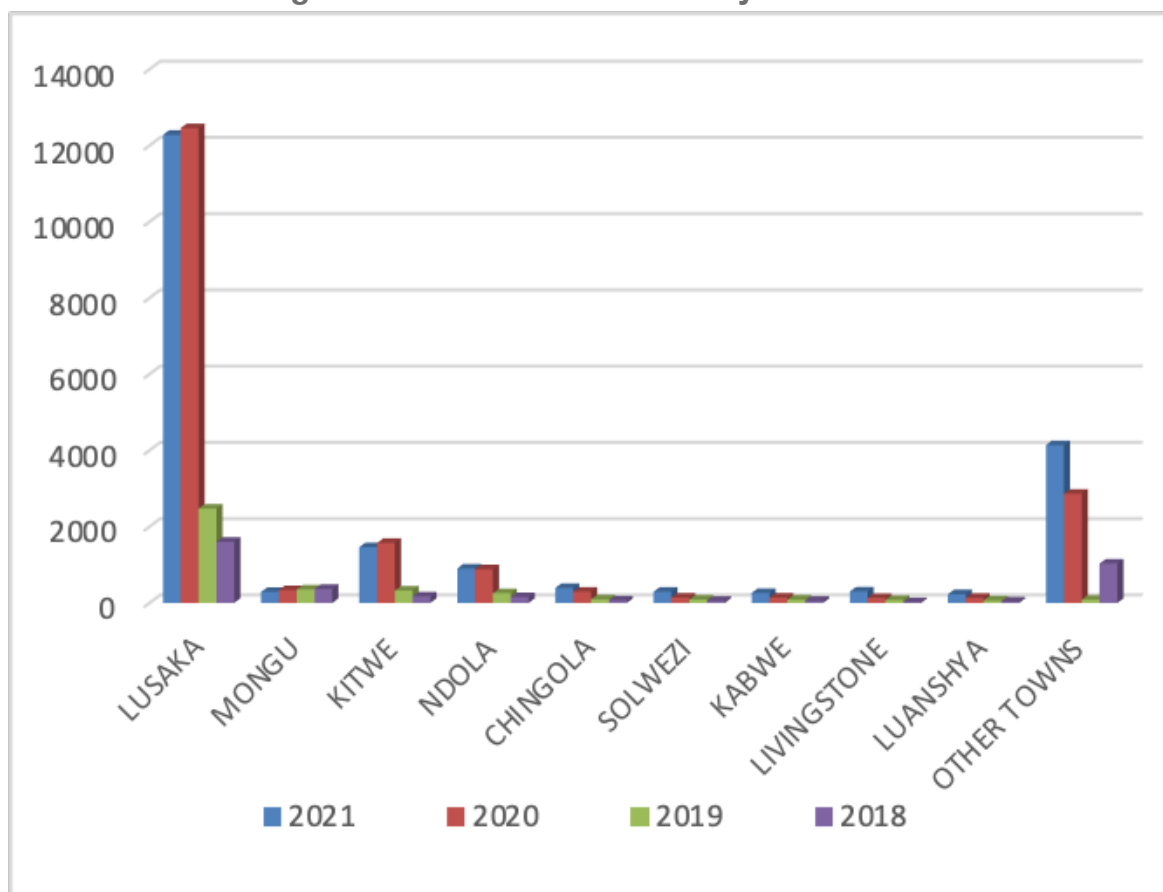


Table 13: Local Online Services Users by Town 2021

District	2018	2019	2020	2021
Lusaka	1602	2475	12454	12279
Mongu	367	352	337	288
Kitwe	168	325	1573	1460
Ndola	153	253	881	903
Chingola	66	94	297	394
Solwezi	57	90	141	297
Kabwe	55	87	139	262
Livingstone	21	79	129	301
Luanshya	35	66	132	230
Other Towns	1034	85	2863	4140

Figure 13: Local Online Users by Town 2021



11.4 MPRS STATISTICS

MPRS Service Applications 2021

Table 14: MPRS Service Applications 2021

SECTOR	2021	2020	2019	2018
Amendment of financing Statement	24	15	15	14
Discharge of Financing Statement	36	13	27	3
Enforcement	16	3	8	39
Obtain Certificate of Status	72	56	19	35
Registration of Financing Statement	1239	902	742	1,542
Search	443	197	138	1,055

Figure 14: MPRS Service Applications 2022

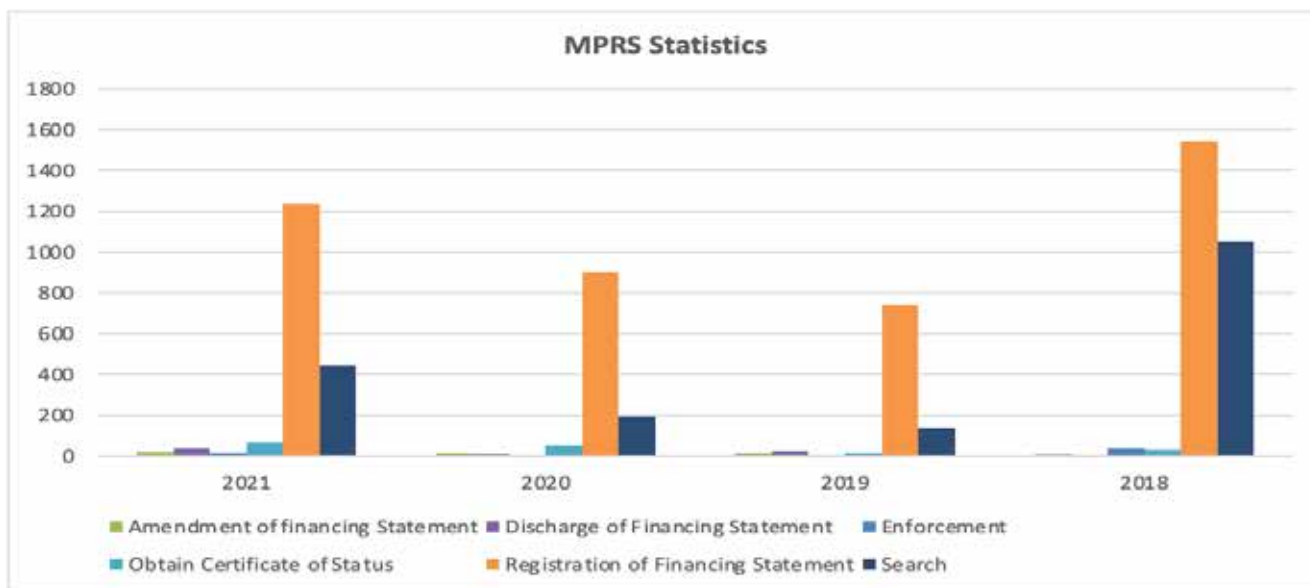


Table 15: Collaterals Used for Financing Statements 2018 to 2021

Collateral Types	2018	2019	2020	2021
Household goods	573	124	321	251
Motor Vehicles*	1715	129	184	78
Other Plant, Machinery and Equipment	419	90	247	201
All moveable assets	280	92	518	1908
Agriculture Equipment	141	69	30	31
Other Collateral	3,128	1,340	1072	1026

Figure 15: Collateral Used for Financing Statements 2018 to 2021

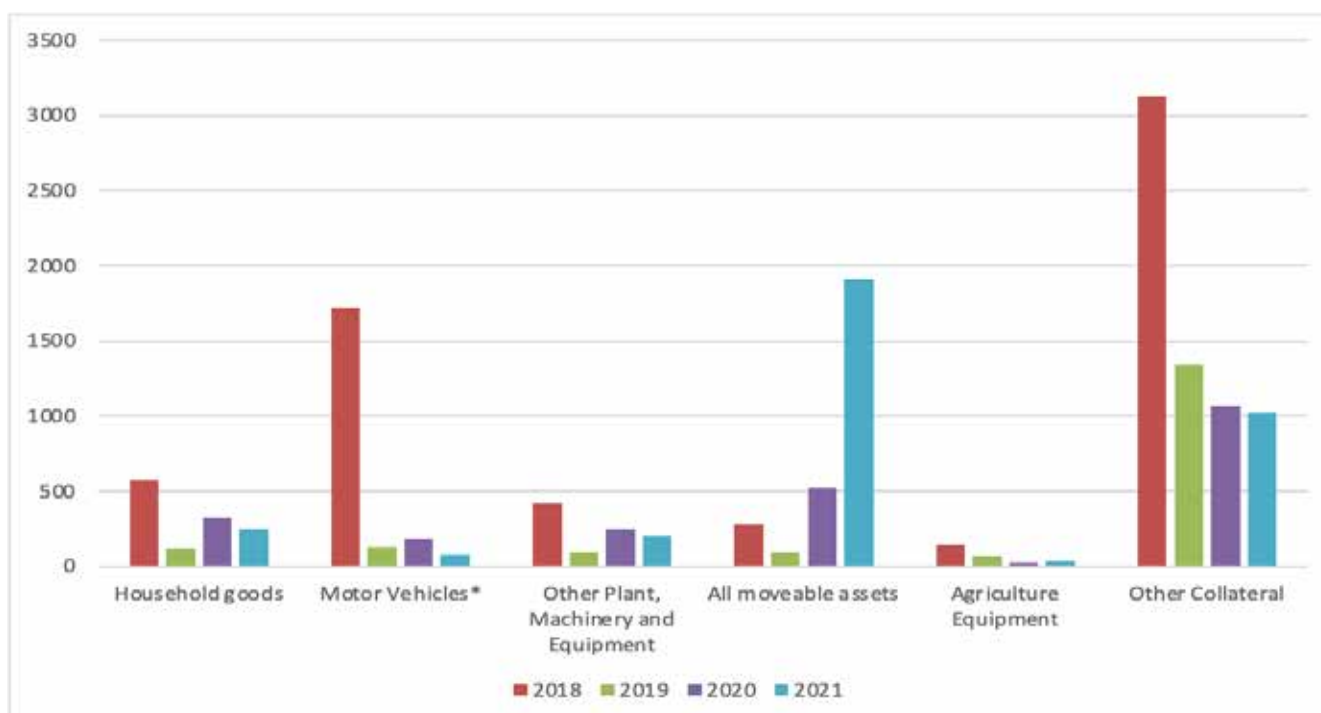


Table 16: Debtors by Province 2018 to 2021

Debtors By Province	2018	2019	2020	2021
Lusaka Province	1,141	526	569	622
Copperbelt Province	229	124	130	135
Southern Province	57	39	34	40
Central Province	55	24	88	294
Eastern Province	42	4	7	12
Muchinga Province	0	0	0	17
Northern Province	0	0	8	2
Outside Zambia	11	17	16	12
Northwestern Province	9	14	22	22
Luapula Province	0	2	4	6
Western Province	0	0	42	77

Figure 16: Debtors by Province 2018 to 2021

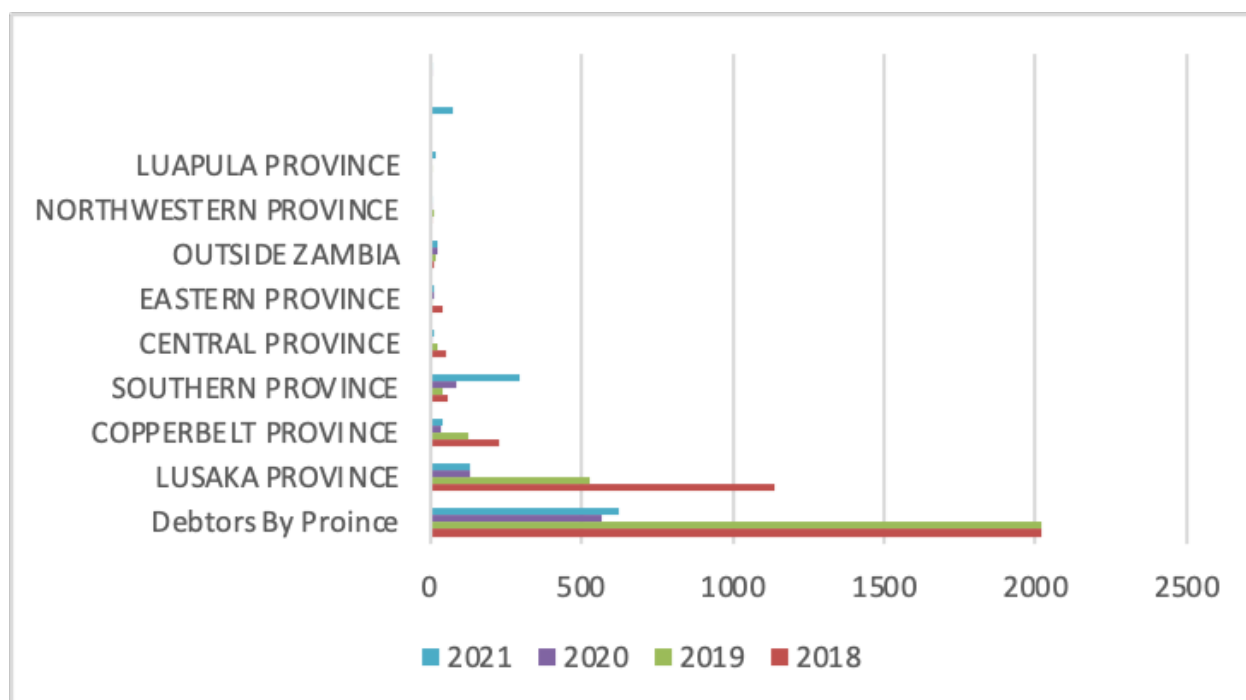
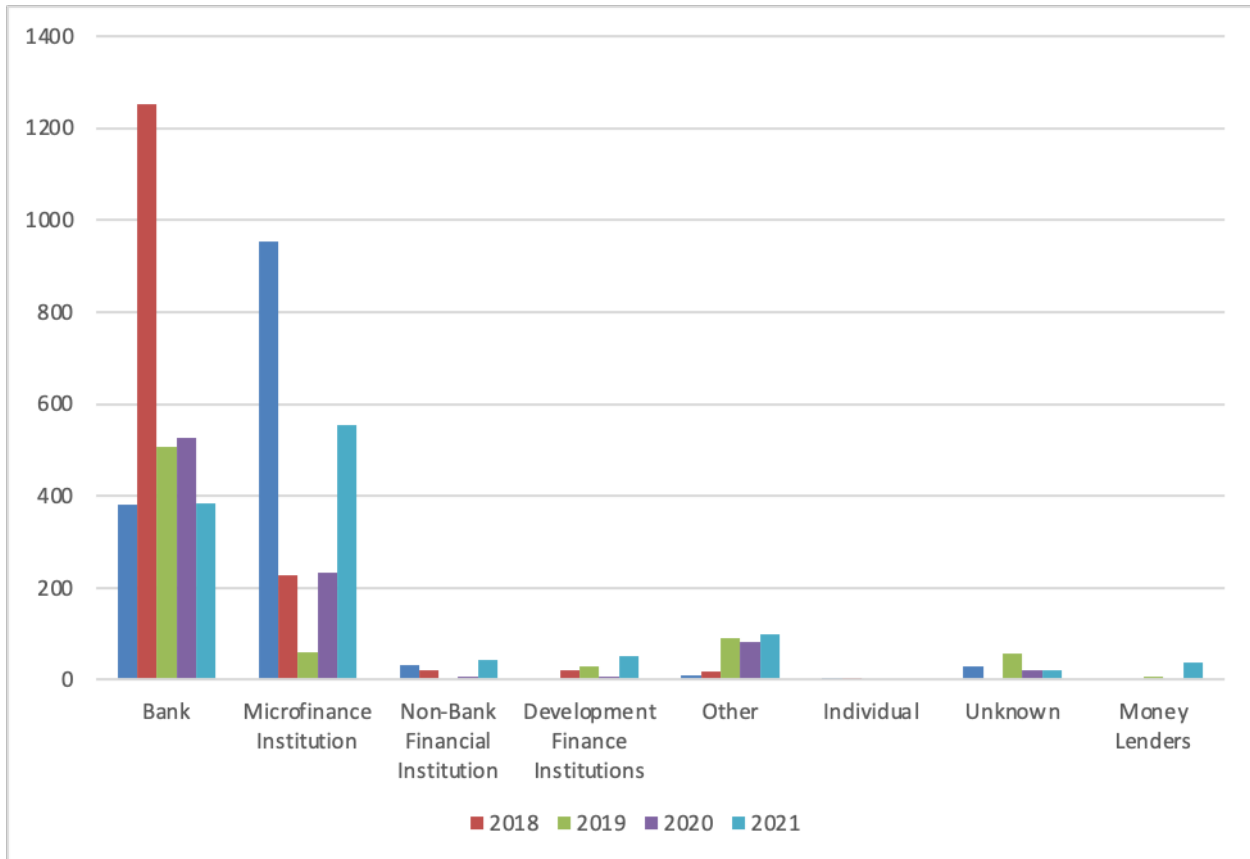


Table 17: Total Facilities provided by Lender Type 2018 to 2021

Secured Creditor Type	2018	2019	2020	2021
Bank	1,253	506	527	384
Microfinance Institution	228	59	233	553
Non-Bank Financial Institution	21	0	8	42
Development Finance Institutions	20	28	8	51
Other	18	91	83	99
Individual	5	0	0	0
Unknown	0	56	21	22
Money Lenders	0	8	0	37

Figure 17: Total Facilities provided by Lender Type 2018 to 2021





**PATENTS AND COMPANIES
REGISTRATION AGENCY**

*ESTABLISHED UNDER THE PATENTS
AND COMPANIES REGISTRATION
AGENCY ACT NO. 4 OF 2020*

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER 2021

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

ANNUAL REPORT AND FINANCIAL STATEMENTS
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PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

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REPORT OF THOSE CHARGED WITH GOVERNANCE OF THE AGENCY

Amounts in Zambian Kwacha

The Agency submits its report together with the financial statements for the Patents and Companies Registration Agency (“the Agency”) for the year ended 31st December 2021.

1. Background

The Patents and Companies Registration Agency (“PACRA”) is a Statutory Body established under *Patents and Companies Registration Agency Act No. 4 of 2020*.

2. Principal Activity

- (a). The Agency’s has the principal mandate of providing Business Registration and Intellectual Property protection services.
- (b). The Agency confers Intellectual Property Rights and serves as a legal repository for Business Registration and Intellectual Property information.

3. Registered Office and Physical Presence

- (a). The address of the Agency’s registered office and principal place of business is:

Patents and Companies Registration Agency
PACRA House, Longacres
Haile Selassie Avenue
Lusaka

- (b). PACRA has physical presence in all provincial centres as well as Kitwe and Livingstone and offers business registration services online at www.pacra.org.zm.
- (c). The Agency also has strategic partnerships with Local Authorities countrywide.

4. Vision and Mission**4.1. Vision**

“An Innovative customer-centred business and intellectual property registration Agency”.

4.2. Mission Statement

“To provide business and intellectual property registration services for economic growth and national development.”

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

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Functions of the Agency

The functions of the Agency are to – (a) Administer the Companies Act, the Corporate Insolvency 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 complaints of alleged or suspected breach of the Acts referred to in paragraph (a) and subject to the directives of the Director of Public Prosecutions prosecute offences under those Acts, as the case may be; (c) Collect, collate and disseminate information on the law relating to the Acts referred to in paragraph (a); and (d) Advise Government on all matters pertaining to the Acts referred to in paragraph (a).

5. Activities and Services

The following are the services currently provided by the Agency: Registration of Industrial Designs; Registration of Trade Marks; Granting of Patents; Registration of Copyright and Related Rights; Incorporation of Companies; Registration of Business Names; Registration of Security Interests in Movable Property;; Protection of Integrated Circuits; Accreditation of Corporate Insolvency Practitioners; and Protection of Traditional Knowledge, Genetic Resources and Expressions of Folklore.

6. Those Charged with Governance (TCWG”)

(a) Composition

The Agency is subject to legislative requirements regarding the composition, powers, functions, committee structure and responsibilities of Those Charged With Governance (“TCWG”). TCWG are accountable to Parliament through the Ministry of Commerce, Trade and Industry (MCTI). TCWG are responsible for providing strategic direction to the Agency and ensure that it is managed in an effective and efficient manner. These consist of non-executive directors who are appointed by the Minister responsible for Commerce, Trade and Industry in accordance with section 6 of the Patents and Companies Registration Agency Act, No. 4 of 2020. The composition of TCWG is as follows:

- (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

PATENTS AND COMPANIES REGISTRATION AGENCY

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There was no Board (Those Charged with Governance (“TCWG”)) at the end of the year as it was dissolved by the Minister on 29th October 2021. Prior to its dissolution the Board consisted of the following members:

(i).	Professor Mpazi Sinjela	-	Chairperson
(ii).	Mr. George Mpundu Kanja	-	Vice-Chairperson
(iii).	Mr. Mushuma Mulenga (PS MCTD)	-	Member
(iv).	Mrs. Brigitte Nangoyi Muyenga	-	Member
(v).	Mr. Rocky Sombe	-	Member
(vi).	Mr. Joe Hantebe Simachela	-	Member
(vii).	Mr. Samson Longwe	-	Member
(viii).	Mr. Anthony Bwembya	-	(ex officio Member)

Members of TCWG appointment dates, terms of office, committee membership and their biographies are available from the Agency, along with details of changes to membership. Their key responsibilities are set out in the *Patents and Companies Registration Agency Act No. 4 of 2020*.

(b) Interests in Capital Resources

None of TCWG held an interest in the Agency’s capital resources during the year.

(c) Emoluments for TCWG

Emoluments for TCWG during the year amounted to **K628,260** (2020:- K968,176).

7. Senior Management

The Senior Management team consisted of the following during the year under review:

(a).	Mr. Anthony Bwembya	-	Registrar and Chief Executive Officer (Resigned December 2021)
(b).	Mr. Wilson Banda	-	Deputy Registrar (Commercial)
(c).	Mr. Benson Mpalo	-	Deputy Registrar (Intellectual Property)
(d).	Mr. Ben Mulenga	-	Chief Financial Officer
(e).	Mr. Kaseke Chinyemba	-	Information and Communication Technology Manager
(f).	Mr. Clyde H. Siamachoka	-	Human Resources and Administration Manager
(g).	Mr. Thomas T. Kaunda	-	Chief Internal Auditor
(h).	Mrs. Belinda M. Siankumo	-	Board Secretary and Legal Counsel

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

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8. Capital and Resources

The Agency has no subscription capital; its capital resources comprise accumulated funds and unamortised deferred credits relating to capital and deferred revenue grants.

9. Financial and Operational Highlights

(a) Operating Results

The operating surplus for the year ended 31st December 2021 amounted to **K0.242million** (2020: Surplus: K1.155million).

(b) Income

Total incoming resources for the year amounted to **K66.278million** (2020: K67.897million).

(c) Expenditure

Expenditure totalled **K66.035million** (2020: K66.826million). The main operating costs were depreciation and amortisation costs **K1.831million** (2020: K2.107million), costs of personnel of **K55.982million** (2020: K53.710million), and recurrent expenditures **K7.688million** (2020: K10.022million).

(d) Capital Expenditure

Capital expenditure amounted to **K0.674million** (2020: K0.982million).

10. Risk Factors

The Agency faces a number of operational, legal and financial risks in its operations:

(a) Operational Risk

Operational risk is the risk of losses from inadequate or failed internal processes and systems, caused by human error or external events. It has a broad scope and includes *transaction authorisation and processing; completeness of income recording; payments processing and the management of information, data quality and records*. The following are the main risks noted under this classification:

- (i). **Financial Crime Risk** - Financial crime risk is the risk that the Agency suffers losses as a result of internal and external fraud or intentional damage, loss or harm to people, premises or its moveable assets. The risk in the Agency is directly attributable to its *people risk and remote site location risks*.
- (ii). **Technology Risk** - Technology is a key business enabler in the Agency and requires an appropriate level of control to ensure that the most significant technology risks are effectively managed.
- (iii). **People Risk** - People risk arises from failures of the Agency to manage its key risks as an employer, including lack of appropriate people resource, failure to manage performance and reward, unauthorised or inappropriate employee activity and failure to comply with employment related requirements.

PATENTS AND COMPANIES REGISTRATION AGENCY

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(b) Legal Risk

The Agency is subject to a comprehensive range of legal obligations, covered by various statutes referred to under section 5 (1) (a) of the *Patents and Companies Registration Agency Act No. 4 of 2020*. As a result, it is exposed to many forms of legal risks, which may arise in a number of ways: its business may not be conducted in accordance with requirements of the *Act*; contractual obligations may either not be enforceable as intended or may be enforced against the Agency in an adverse way; the Agency may face risk where legal proceedings are brought against it, in the course of carrying out its mandate, etc. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered, even if the Agency is successful.

(c) Reporting Risk

- (i). **Financial Reporting Risk** - Financial reporting risk arises from a failure or inability to comply fully with regulations or codes in relation to the preparation, presentation or disclosure of financial information. Non-compliance could lead to damage to reputation or, in extreme cases, withdrawal of external funding.
- (ii). **Accounting Risks** - The Agency's future performance and results could be materially different from expected results depending on the outcome of certain potential risks and uncertainties, details of which are discussed above. The reported results of the Agency are also sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. Details of its critical accounting policies and key sources of accounting judgments are included on pages 59 to 78.
- (iii). **Financial Risks** - The Agency through its normal operations is exposed to a number of risks on its financial instruments, the most significant of which are *credit and liquidity*. *Market (currency and interest) risks* are generally low. The two main risks on its financial instruments are generally deemed to be within manageable limits. The Agency's financial risk exposures are discussed on pages 79 to 88 in Note 17 to the financial statements.

11. Risk Management and Control

As explained on Statement 11 above, the Agency through its normal operations is exposed to a number of risks, the most significant of which are *operational, legal and financial risks*. TCWG of the Agency are responsible for establishing and ensuring maintenance of adequate internal controls over financial reporting. However, all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

ANNUAL REPORT AND FINANCIAL STATEMENTS
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12. Corporate Governance

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

13. Compliance

The Agency's management are responsible for establishing and maintaining adequate internal controls over financial reporting. Under the supervision of the Chief Executive Officer/Registrar, the Agency's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRSs. TCWG have responsibility for monitoring compliance with the regulatory environment and the various internal control processes and procedures.

14. Pension Scheme

The Agency also has a pension scheme for all permanent and pensionable staff. It is a defined contribution plan for all qualifying employees, and is held separately from the Agency. The Agency has no liability other than in meeting monthly contributions into the scheme. TCWG were not entitled to any form of defined pension benefits from the Agency.

15. Related Party Transactions

The Agency has a common enterprise relationship with Government of the Republic of Zambia ("GRZ") and its departments. Other related party relationships and material balances that the Agency has with its related parties are listed in Note 18 to the financial statements.

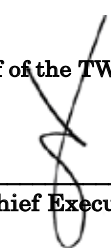
16. Post Balance Sheet Events

There have been no significant events between the year-end and the date of approval of these financial statements.

17. Auditors

In accordance with the provisions of the Patents and Companies Registration Agency Act No 4 of 2020, the auditors, Messrs EMM Corporate Partners, will retire, and having expressed their willingness to continue in office a resolution for their re-appointment will be proposed at the annual general meeting of the Agency.

On behalf of the TCWG:



Acting Chief Executive Officer

15th March 2022
Date

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

 ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the Auditors' report on page 48, is made with a view to distinguishing the respective responsibilities of those charged with governance ("TCWG") of the Agency and of the Auditors in relation to the financial statements for the year to 31st December 2021.

Statement of Responsibility for Financial Statements

In conformity with *International Financial Reporting Standards ("IFRSs")*, TCWG are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Agency and of the operating result for that year. *IFRSs* provide, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation. TCWG consider that, in preparing the financial statements on pages 54 to 58, and the additional information contained on pages 59 to 78, the Agency has used appropriate accounting policies, supported by reasonable judgements and estimates, and all accounting standards which it considers to be applicable.

Section 22 of the *Patents and Companies Registration Agency Act No. 4 of 2020* requires TCWG 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. TCWG have responsibility for ensuring that the Agency keeps accounting records which disclose with reasonable accuracy the financial position of the Agency and which enable it to ensure that the financial statements comply with generally accepted reporting standards. TCWG have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Agency and to prevent and detect fraud and other irregularities. TCWG accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with *IFRSs*. In preparing such financial statements, TCWG are required to: select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether the applicable accounting standards have been followed; and comply with *IFRSs*.

In the opinion of TCWG:

1. The statement of comprehensive income is drawn up so as to give a true and fair view of the results of the Agency for the year ended 31st December 2021;
2. Based on current records that it holds:
 - (a) The statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Agency as at 31st December 2021; and
 - (b) There are reasonable grounds to believe that the Agency will be able to pay its debts as and when they fall due.

The financial statements set out on pages 54 to 58 were approved on 15th March 2022 and signed by:



 Permanent Secretary, MCTI



 Acting Chief Executive Officer

EMM Corporate Partners

Chartered Accountants and Management Consultants



AUDIT. ASSURANCE. CONSULTING. TAX. RISK. IT.

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REPORT OF THE INDEPENDENT AUDITORS

TO THE MINISTER OF COMMERCE, TRADE AND INDUSTRY

Opinion on Financial Statements

We have audited the financial statements of the *Patents and Companies Registration Agency* (“the Agency”), which comprise the statement of financial position as at 31st December 2021, the statement of surplus and deficit, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is *Patents and Companies Registration Agency Act No. 4 of 2020* and *International Financial Reporting Standards (“IFRS”)* as issued by the International Accounting Standards Board (“IASB”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the *Patents and Companies Registration Agency* as at 31st December 2021, and its financial performance and their cash flows for the year then ended.

Separate Opinion in relation to IFRS as issued by the IASB

The Agency has prepared Financial Statements that comply with IFRS as issued by the IASB. In our opinion, the Financial Statements comply with IFRS as issued by the IASB.

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 entity within the meaning of relevant ethical requirements in accordance with the *International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”)* and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with those charged with governance, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters below, and we do not express an opinion on these individual matters.

EMM Corporate Partners

1. *Capital Work in Progress*

The Agency spent K2,355,460.08 from 2017 to 2020 in Partnership with Competition and Consumer Protection Commission ("CCPC"). However, the Partnership with CCPC ended in 2020 and the Agency has hence decided to redesign the building by having a fresh start with PJP restarting the process which PJP has estimated at K33,220,780 and has paid initial cost of K454,243.42. The Agency has restarted the process with PJP hence the prior works with CCPC has been discharged which we propose the cost incurred to be impaired. The method of valuing the Capital Work-in-Progress ("CWIP") work in progress was an audit issue as the value of historical payments is being used as a basis for estimating the work in progress value. There is currently no market-based evidence of fair value due to the actual level of works completed. These costs have been accounted for as CWIP, which is a long-term asset account in which the costs of long-term assets are recorded. The CWIP account will have a debit balance and will be reported on the statement of financial position as part of an entity's Property, Plant and Equipment. The costs are accumulated in the CWIP account until the asset is placed into service. When the asset is completed and placed into service, the CWIP account will be credited for the accumulated costs of the asset which will be debited to the appropriate property account. Amortisation begins after the asset has been placed into service.

We focused on this transaction because it is material to the financial statements as a whole, uncommon, and the fact that it is likely that when the property is commissioned, independent market valuations will have to be performed under the cost model. In addition, determining the assumptions that underlie the initial accounting and the useful lives associated with the property involves significant management judgment given the nature of the entity. Our audit procedures also included, among others, testing management's controls related to the classification of and disclosure of CWIP. We found that while the Agency valued the CWIP at historical cost, it did not obtain an estimate of the fair value. The audit initially suggested that, given the lapse of time, an impairment adjustment may be required for this CWIP within the next financial year, if the status quo remains. Further, as there is currently no strong basis for making a reliable estimate of the amount obtainable from the sale of property in an arm's length transaction between knowledgeable and willing parties and this situation is only likely to improve with time as more arm's length transactions occur. Management noted our concerns but were not in agreement of providing for impairment of the whole amount incurred to date, but agreed to expense the cost of services that have been re-incurred such as design costs, should the situation remain unchanged in the current accounting period (2022). This is because delays and revisions to specifications mean the ultimate value of CWIP may be less than the carrying value in the financial statements and an impairment loss is likely in the carrying value of CWIP. Because of this agreement with management to reinforce existing policies and procedures to ensure CWIP is properly valued and recorded, no impairment adjustment was deemed necessary by the audit for the financial period to 31st December 2021. Subsequently, the position will be reviewed and I or once an impairment is made, if the project on which the CWIP is based resumes, the impairment loss can be reversed to the extent it does not exceed the amount of the initial impairment loss recognised.

2. *IFRS 9: Financial Instruments - Valuation of Investments*

The Agency's disclosures about its structured financial instruments are included in Accounting Policy 7(b). Because the valuation of the entity's financial instruments is based on amortised cost, there is low significant measurement uncertainty involved in this valuation. Amortised Cost means the amount at which the financial item on and off balance are measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method

EMM Corporate Partners

of any difference between that initial amount and the maturity amount. Our audit procedures included, among others, testing management's controls related to the classification and valuation of investments and assessment of any impairment losses likely to occur. Based on the procedures we performed on this matter, we are satisfied that income has been correctly recognised and reported.

3. *IFRS 9: Financial Instruments - Valuation of Other Financial Assets*

The Agency applied IFRS 9 "financial instruments" for its financial instruments. TCWG are required to review the classifications of assets and align the classifications to the requirements of the reporting standards. TCWG also reviewed the fair valuations and impairment models. Due to the subjective nature of judgements required in estimating the timing and valuation of impairment and in estimating the fair value of assets, this was considered a key audit matter, especially given the initial application of IFRS 9. We reviewed the classification of all financial assets to ensure compliance with IFRS 9. We reviewed the valuation and verified the calculation of the fair values. We also verified the inputs used in the valuations. In considering the reasonableness of the impairment provision, we reviewed the assumptions used in impairment calculations. We further assessed their recoverability through testing of current year and subsequent receipts. Based on the procedures we performed on this matter, we are satisfied that the impairment provision is reasonable and the financial assets were properly classified and valued.

Going Concern

1. *General Assessment*

The financial statements of the Agency have been prepared using the going concern basis of accounting. The use of this basis is appropriate unless the Agency either intends to liquidate or to cease operations, or has no realistic alternative but to do so. Those Charged with Governance ("TCWG") has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the entity. TCWG have assessed, in the light of current and anticipated economic conditions, the Agency's ability to continue as a going concern. TCWG confirm they are satisfied that the Agency has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing the financial statements. As part of our audit of the financial statements, we have concluded that the Agency's use of the going concern basis of accounting in the preparation of the entity's financial statements is appropriate.

2. *Impact of COVID 19*

ISA 570 - Going Concern requires the audit to review and report within the report on the date the accounts are issued, on any significant events occurring prior to the reporting date. These responsibilities are also placed on the audit by regulators including the *International Federation of Accountants* ("IFAC") and the *Zambia Institute of Chartered Accountants* ("ZICA"), in light of the Coronavirus COVID 19 pandemic facing the global economy and specific circumstances of individual reporting entities. In that regard the audit has considered the impact of COVID 19 and resulting government restrictions on business and social operations. The Audit recognises that sustained effect of the virus and the associated implementation of government measures to control the pandemic may create conditions that affect the operations of the Agency. As at the date of this report, no direct implications have been estimated and quantified by the audit as a result of the global pandemic.

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

TCWG are responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, 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. TCWG are responsible for overseeing the Agency's financial reporting process. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

1. 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.
2. 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.
3. Conclude on the appropriateness of TCWG'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, then we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Agency to cease to continue as a going concern.

EMM Corporate Partners

4. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by TCWG.
5. 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.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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.
7. We are required to communicate with TCWG 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.
8. We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In carrying out our audit we are required to consider whether the Agency has kept the accounting and other records, and has issued all reports in such form and manner as required by the *Patents and Companies Registration Agency Act, No. 4 of 2020*.

We confirm that, in our opinion, the Agency has complied with the record-keeping and reporting requirements, so far as appears from our examination of those records and reports.

Other Information

TCWG and the Chief Executive Officer/Registrar are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Report of TCWG described in this set of financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

EMM Corporate Partners

Opinion on Other Matters

In our opinion:

1. The parts of the Financial Report to be audited have been properly prepared in accordance with Minister directions made under the *Patents and Companies Registration Agency Act, No. 4 of 2020*;
2. In the light of the knowledge and understanding of the Agency and its environment obtained during the audit, we have not identified any material misstatements in the financial statements; and
3. The information given in the reports prepared for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we Report by Exception

Other than the matters raised in the letter of recommendations, and cited in this report where necessary for the attention of those charged with governance, we have nothing to report in respect of the following matters which we report to you if, in our opinion:

1. Adequate accounting records have not been kept or adequate for our audit; or
2. The financial statements and the parts of the annual report to be audited are not in agreement with the accounting records and returns; or
3. We have not received all of the information and explanations we require for our audit; or
4. The Financial Statement does not reflect compliance with guidance.

The engagement partner responsible for the audit resulting in this independent auditor's report is:



Elasto Mambo
PC/MPC: 0001016



EMM CORPORATE PARTNERS
Chartered Accountants and Management Consultants

17th March 2022

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF SURPLUS OR DEFICIT

<i>Amounts are Stated in Zambian Kwacha</i>	Note	2021	2020
Operating Income			
Grant Income	1.	64,956,717	66,177,782
Investment Income	2.	1,260,000	1,719,683
		66,216,717	67,897,465
Non-Operating Income			
Other Income	3.	61,074	83,724
		61,074	83,724
Total Incoming Resources		66,277,790	67,981,189
Expenditure			
Costs of Operating Activities	4.	533,496	905,854
Impairment Loss on Financial Assets	5.	-	80,272
Depreciation and Amortisation	7. & 8.	1,831,791	2,107,757
Employee Costs and Benefits	Schedule I	55,982,453	53,710,190
Recurrent Costs	Schedule II	7,688,147	10,022,010
Total Expenditures		66,035,888	66,826,084
Operating Surplus		241,902	1,155,105
Total Operating Surplus attributable to:			
Controlling Interests		241,902	1,155,105
Non-controlling Interests		-	-
		241,902	1,155,105

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts are Stated in Zambian Kwacha</i>	2021	2020
Surplus for the Period	241,902	1,155,105
Other Comprehensive Income:		
<u>Items that will not be subsequently reclassified to Surplus or Deficit:</u>	-	-
	-	-
<u>Items that may be subsequently reclassified to Surplus or Deficit:</u>	-	-
	-	-
Total Comprehensive Income for Period	241,902	1,155,105
Total Comprehensive Income attributable to:		
Controlling Interests	241,902	1,155,105
Non-controlling Interests	-	-
	241,902	1,155,105

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF CHANGES IN FUNDS

	Revaluation Reserve	Revenue Reserves	Total Funds
Balance as at 1 January 2020	28,747,485	12,356,248	41,103,734
Amortisation of Revaluation Reserve	(5,101,662)	5,101,662	-
Total Comprehensive income	-	1,155,105	1,155,105
At 31 December 2020	23,645,823	18,613,016	42,258,839
Balance as at 1 January 2020	23,645,823	18,613,016	42,258,839
Amortisation of Revaluation Reserve	(5,101,662)	5,101,662	-
Total Comprehensive income	-	241,902	241,902
At 31 December 2021	18,544,161	23,956,580	42,500,741

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**STATEMENT OF CASH FLOWS**

<i>Amounts are Stated in Zambian Kwacha</i>	Notes	2021	2020
Cash Inflow From Operating Activities			
Operating Surplus		241,902	1,155,105
Amortisation of Capital Grants	16.	(662,022)	(662,022)
Grants Receivable		-	(127,013)
Prior Year Adjustment on Fixed Assets		-	58,387
Interest Received	3.	(1,226,000)	(1,659,683)
Impairment Provision - Financial Assets	5.	-	80,272
Depreciation and Amortisation	7. & 8.	1,831,791	2,107,757
Gain on Disposals		(14,402)	(38,677)
Change in Inventory		(53,562)	29,006
Changes in Accounts Receivable		(85,727)	86,263
Changes in Other Receivables		822,496	(1,228,368)
Change in Amounts Owed to Third Parties		1,127,199	1,336,761
Change in Other Financial Liabilities		1,280,367	(109,564)
Change in Employee-Related Obligations		550,649	(2,733,430)
Net Cash Inflow From Operating Activities		3,812,691	(1,705,205)
Returns on Investment and Servicing of Finance			
Interest Received	3.	1,226,000	1,659,683
		1,226,000	1,659,683
Investing Activities			
Payments to Acquire Tangible Fixed Assets	7.	(674,288)	(914,852)
Proceeds from Disposal of Assets		14,403	38,677
Net Cash Outflow on Investing Activities		(659,885)	(876,176)
Net Increase in Cash and Cash Equivalents		4,378,806	(921,697)
Cash and Cash Equivalents at start of year		16,034,362	16,956,059
Cash and Cash Equivalents at end of year		20,413,168	16,034,362
Represented By:			
Cash at Bank and in Hand	12.	7,170,007	3,323,958
Short-Term Bank Deposits	12.	13,243,161	12,710,404
		20,413,168	16,034,362

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF FINANCIAL POSITION

<i>Amounts are Stated in Zambian Kwacha</i>	Notes	2021	2020
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	7.	25,938,086	26,320,059
Intangible Assets	8.	-	775,531
Total Non-Current Assets		25,938,086	27,095,590
Current Assets			
Inventory	9.	272,010	218,447
Receivables at Amortised Cost	10.	102,147	16,421
Other Financial Assets	11.	5,255,250	6,077,746
Cash and Cash Equivalents	12.	20,413,168	16,034,362
Total Current Assets		26,042,575	22,346,975
Total Assets		51,980,661	49,442,565
FUNDS AND LIABILITIES			
Funds			
Revenue Reserves		23,956,580	18,613,016
Revaluation Reserves		18,544,161	23,645,823
Total Equity		42,500,741	42,258,839
Current Liabilities			
Amounts Owed to Third Parties	13.	2,861,968	1,734,769
Employee-Related Payables	14.	5,196,825	4,646,176
Other Financial Liabilities	15.	1,421,126	140,759
Capital Grants	16.	-	662,022
Total Current Liabilities		9,479,919	7,183,727
Total Equity and Liabilities		51,980,661	49,442,566

The financial statements set out on pages 54 to 58 were approved on 15th March 2022 and signed on its behalf by:



Permanent Secretary, MCTI



Acting Chief Executive Officer

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basis of preparation and accounting policies used in preparing the financial statements for the year ended 31st December 2021 are set out below:

1. Basis of Preparation

The financial statements for the year ended 31st December 2021 are prepared on a going concern basis and in accordance with *International Financial Reporting Standards* issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the *International Financial Reporting Interpretations Committee (“IFRIC”)* of the IASB. The financial statements have also been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements comprise a statement of surplus or deficit, a statement of comprehensive income, a statement of financial position, a statement of changes in equity, a statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of surplus or deficit. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense s (including reclassification adjustments) that are not recognised in the statement of surplus or deficit, as required or permitted by IFRS. Reclassification adjustments are amounts reclassified to surplus or deficit in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Agency in their capacity as owners are recognised in the statement of changes in equity.

The Agency presents the statement of surplus or deficit using the classification by function of expenses. The Agency believes this method provides more useful information to the users of its financial statements as it better reflects the way operations are run from a business point of view. The statement of financial position format is based on a current/non-current distinction.

2. Measurement Basis

The financial statements have been prepared on a historical cost basis, except for the following:

- (a). *Certain financial assets and liabilities,*
- (b). *certain classes of property, plant and equipment and investment property –measured at fair value*
- (c). *Assets held for sale –measured at fair value less costs to sell, and*

Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

fair value of an asset or a liability, the entity uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the entity (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- (a). *Level 1 fair value measurements* are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b). *Level 2 fair value measurements* are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c). *Level 3 fair value measurements* are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the entity at the end of the reporting period during which the change occurred.

3. Statement of Compliance

As explained above, the financial statements have been prepared in accordance with *International Financial Reporting Standards* applicable for the reporting period to 31st December 2021.

4. Adoption of New and Revised International Financial Reporting Standards ("IFRSs")

(a). Application of New and Amended IFRS requirements

For the preparation of financial statements, the following amendments to Standards are mandatory for the first time for the financial year beginning on or after 1st January 2021:

(i). *Impact of the initial application of Interest Rate Benchmark Reform*

In the prior year, the Agency adopted the Phase 1 amendments Interest Rate Benchmark Reform—Amendments to IFRS 9/IAS 39 and IFRS 7. These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges

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during the period of uncertainty before the hedged items or hedging instruments are amended as a result of the interest rate benchmark reform. The amendments are relevant for the following types of hedging relationships and financial instruments of the Agency, all of which extend beyond 2021:

- Fair value hedges where LIBOR-linked derivatives are designated as a fair value hedge of fixed rate debt in respect of the GBP LIBOR risk component
- Cash flow hedges where LIBOR-linked derivatives are designated as a cash flow hedge of LIBOR-linked bank borrowings
- Bills of exchange and lease liabilities which reference LIBORs and are subject to the interest rate benchmark reform

As a result of the Phase 2 amendments:

- When the contractual terms of the Agency's bank borrowings are amended as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the basis immediately preceding the change, the Agency changes the basis for determining the contractual cash flows prospectively by revising the effective interest rate. If additional changes are made, which are not directly related to the reform, the applicable requirements of IFRS 9 are applied to the other changes.
- When a lease is modified as a direct consequence of the interest rate benchmark reform and the new basis for determining the lease payments is economically equivalent to the previous basis, the Agency remeasures the lease liability to reflect the revised lease payments discounted using a revised discount rate that reflects the change in the basis for determining the contractual cash flows.
- When changes are made to the hedging instruments, hedged item and hedged risk as a result of the interest rate benchmark reform, the Agency updates the hedge documentation without discontinuing the hedging relationship.
- For the Agency's fair value hedges of a non-contractually specified benchmark component of interest rate risk, on transition to the alternative benchmark rate, if that risk rate is not separately identifiable at the date of designation, it will be deemed to have met the separately identifiable requirement at that date, if the Agency reasonably expects the term specific interest rate component will be separately identifiable within a period of 24 months from the date the alternative benchmark rate is first designated, regardless of the term for which the risk is designated in that hedge. The 24-month period applies on a rate-by-rate basis

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(ii). Impact of the initial application of COVID- 19- Related Rent Concessions beyond 30 June 2021 Amendment to IFRS 16

- In the prior year, the Agency early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.
- In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.
- In the current financial year, the Agency has applied the amendment to IFRS 16 (as issued by the Board in May 2021) in advance of its effective date. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession applying IFRS 16 as if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:
 - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
 - Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022).
 - There is no substantive change to other terms and conditions of the lease

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b). Amendments to Existing Standards Not Yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods. At the date of authorisation of these financial statements, the Agency has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. These standards are not expected to

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have a material impact on the Agency in the current or future reporting periods and on foreseeable future transactions:

- *IFRS 17 (including the June 2020 amendments to IFRS 17)*
- *Amendments to IFRS 10 and IAS 28-Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*
- *Amendments to IAS 1 -Classification of Liabilities as Current or Non-current*
- *Amendments to IFRS 3 - Reference to the Conceptual Framework*
- *Amendments to IAS 16 -Property, Plant and Equipment—Proceeds before Intended Use*
- *Amendments to IAS 37 -Onerous Contracts—Cost of Fulfilling a Contract*
- *Annual Improvements to IFRS -Standards 2018-2020 Cycle: Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture*
- *Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies*
- *Amendments to IAS 8 - Definition of Accounting Estimates*
- *Amendments to IAS 12- Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

TCWG do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Agency in future periods, except as noted below:

(i). IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes *IFRS 4 Insurance Contracts*. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount,

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timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the Board issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the Board issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

(ii). Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the Board; however, earlier application of the amendments is permitted. TCWG of the Agency anticipate that the application of these amendments may have an impact on its financial statements in future periods should such transactions arise.

(iii). Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of

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any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

(iv). Amendments to IFRS 3 Business Combinations—Reference to the Conceptual Framework

IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

(v). Amendments to IAS 16 Property, Plant and Equipment—Proceeds before Intended Use

IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The Agency measures the

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cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the Agency’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The Agency shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

(vi). Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets—Onerous Contracts—Cost of Fulfilling a Contract

IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).

The amendments specify that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments apply to contracts for which the Agency has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the Agency first applies the amendments. Comparatives are not restated. Instead, the Agency shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

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- (vii). **Annual Improvements to IFRS Standards 2018- 2020**—Amendments to *IFRS 1-First-time Adoption of International Financial Reporting Standards*, *IFRS 9-Financial Instruments*, *IFRS 16-Leases*, and *IAS 41 – Agriculture*.

The Annual Improvements include amendments to four Standards:

- ***IFRS 1 First-time Adoption of International Financial Reporting Standards***

IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16 (a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16 (a). The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

- ***IFRS 9 Financial Instruments***

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

- ***IFRS 16 Leases***

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

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- **IAS 41 Agriculture**

IAS 41 "Agriculture" sets out the accounting for agricultural activity – the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). The standard generally requires biological assets to be measured at fair value less costs to sell.

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual reporting periods beginning on or after 1 January 2022, with earlier application permitted.

(viii). Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies

IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

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**(ix). Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—
Definition of Accounting Estimates**

IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

(x). Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences

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may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:

- (a) Right-of-use assets and lease liabilities
- (b) Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.

The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

(c). New Standards and Interpretations

There are no other *IFRSs* or *IFRIC interpretations* that are not yet effective and that would be expected to have a material impact on the Agency in the current or future reporting periods and on foreseeable future transactions. The Agency does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Agency in future periods.

(d). Adoption of International Public Sector Accounting Standards in 2022

(i). Overview

From 1 January 2022, the entity will be applying IPSAs in preparation of its financial statements. IPSAS are a set of accounting standards issued by the International Public Sector Accounting Standards Board (“IPSASB”) with specific focus on the accounting and financial reporting requirements of governments, other public sector entities and Not-For-Profit Organisations. The development of the IPSAS has its origins in the accounting profession as a way to enhance the accountability and transparency of public sector financial reporting and strengthen Public confidence in public sector financial management. The IPSASB is an independent standard setting Board supported by the International Federation of Accountants (“IFAC”). The IPSASB issues IPSAS, guidance and other resources for use by the public sector around the world.

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(ii). Objective

IPSAS aims to improve the quality of general purpose financial reporting by public sector entities, leading to better informed assessments of the resource allocation decisions made by governments, thereby increasing transparency and accountability.

(iii). Scope

- Government Ministries, Provinces and Spending Agencies will be required to prepare financial statements under the accruals IPSAS framework. The coverage includes Central Government, Local authorities and related government entities such as Agencies, Boards, Commissions and other related bodies;
- All non-governmental public sector entities and not-for-profit organizations whose line of business is non-commercial in nature are required to use IPSAS for their general purpose financial reporting,

(iv). Effective Date

- Government Ministries, Provinces and Spending Agencies for financial statements for periods ending on or after 31st December, 2022;
- Non-governmental public sector entities and not-for-profit organizations for financial statements for periods ending on or after 31st December, 2020.
- Earlier application is encouraged.

(v). Convergence with IFRS

IPSAS are based on the *International Financial Reporting Standards (IFRS)*, formerly known as *IAS*. IFRS are issued by the *International Accounting Standards Board (IASB)*. IPSASB adapts *IFRS* to a public sector context when appropriate. In undertaking that process, the IPSASB attempts, wherever possible, to maintain the accounting treatment and original text of the IFRS unless there is a significant public sector issue which warrants a departure. The convergence is summarised below:

No.	Title	Based on
IPSAS 1	Presentation of Financial Statements	IAS 1
IPSAS 2	Cash Flow Statements	IAS 7
IPSAS 3	Accounting Policies, Changes in Accounting Estimates and Errors	IAS 8
IPSAS 4	The Effects of Changes in Foreign Exchange Rates	IAS 21
IPSAS 5	Borrowing Costs	IAS 23
IPSAS 6	Consolidated and Separate Financial Statements	IAS 27
IPSAS 7	Investments in Associates	IAS 28
IPSAS 8	Interests in Joint Ventures	IAS 31

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No.	Title	Based on
IPSAS 9	Revenue from Exchange Transactions	IFRS 15
IPSAS 10	Financial Reporting in Hyperinflationary Economies	IAS 29
IPSAS 11	Construction Contracts	IFRS 15
IPSAS 12	Inventories	IAS 2
IPSAS 13	Leases	IAS 17
IPSAS 14	Events After the Reporting Date	IAS 10
IPSAS 15	Financial Instruments: (superseded by IPSAS 28 and IPSAS 30)	-
IPSAS 16	Investment Property	IAS 40
IPSAS 17	Property, Plant and Equipment	IAS 16
IPSAS 18	Segment Reporting	IAS 14
IPSAS 19	Provisions, Contingent Liabilities and Contingent Assets	IAS 37
IPSAS 20	Related Party Disclosures	IAS 24
IPSAS 21	Impairment of Non-Cash-Generating Assets	IAS 36
IPSAS 22	Disclosure of Financial Information About the Government Sector	n/a
IPSAS 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)	n/a
IPSAS 24	Presentation of Budget Information in Financial Statements	n/a
IPSAS 25	Employee Benefits	IAS 19
IPSAS 26	Impairment of Cash-Generating Assets	IAS 36
IPSAS 27	Agriculture	IAS 41
IPSAS 28	Financial Instruments: Presentation	IAS 32
IPSAS 29	Financial Instruments: Recognition and Measurement	IAS 39
IPSAS 30	Financial Instruments: Disclosures	IFRS 7
IPSAS 31	Intangible Assets	IAS 38
IPSAS 32	Service Concession Arrangements: Grantor	IFRIC 12
IPSAS 33	First-time Adoption of Accrual Basis IPSASs	(IFRS 1)
IPSAS 34	Separate Financial Statements	IAS 27
IPSAS 35	Consolidated Financial Statements	IFRS 10
IPSAS 36	Investments in Associates and Joint Ventures	IAS 28
IPSAS 37	Joint Arrangements	IFRS 11
IPSAS 38	Disclosure of Interests in Other Entities	IFRS 12
IPSAS 39	Employee Benefits	IAS 19
IPSAS 40	Public Sector Combinations	IFRS 3
IPSAS 41	Financial Instruments	IFRS 9
IPSAS 42	Social Benefits	N/A

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5. Foreign Currencies

In preparing the financial statements, transactions in foreign currencies are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the period in which they arise.

6. Property, Plant and Equipment
(a) Cost and Valuation

Property, plant and equipment, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Any revaluation increase arising on revaluation of property is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in income, in which case the increase is credited to income to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such property is recognised in income to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued assets is recognised in income. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. Further, as the asset is put to use, the difference between the depreciation on the revalued amount and the depreciation on the cost is transferred from the revaluation reserve to retained earnings.

(b) Subsequent Expenditure

The Agency recognises, in the carrying amount of a tangible fixed asset, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Agency and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(c) Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, with full year depreciation being charged in the year of acquisition at the following rates:

Buildings	2%
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Motor Vehicles	25%
Office and Laboratory Equipment	25%
Furniture and Fittings	25%
Computer Equipment	25%

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

(d) De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is de-recognised.

(e) Impairment

At each reporting date, the Agency assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Agency makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

7. Financial Instruments

(a) Composition

The Agency's financial instruments consist of cash and equivalents, accounts and sundry receivables, accounts payables, employee benefits provision, accrued liabilities and provisions due to sundry suppliers and government departments and/or authorities to whom statutory deductions are due.

Cash and cash equivalents, accounts receivable, payables, and accrued liabilities are reflected in the statement of financial position at cost, which approximates to fair value due to the short-term nature of these instruments.

(b) Financial Assets

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(i). **Classification**

The Agency's principal financial assets are cash and cash equivalents and accounts receivable from revenue arising from rendering of services and sundry receivables from administrative advances, prepayments and deposits:

- **Cash and cash equivalents** include cash in hand and deposits held at call with banks, including bank overdrafts. Bank overdrafts are shown as net of cash balances within current assets on the statement of financial position.
- **Accounts receivables and sundry receivables** are stated in the balance sheet at original amount less an allowance for any uncollectible amounts. An estimate for impairment is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All the Agency's financial assets are measured subsequently in their entirety at either amortised cost or fair value.

(ii). **Impairment**

The Agency recognises a loss allowance for expected credit losses on receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Agency's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(iii). **De-recognition**

The Agency derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

(c) **Financial Liabilities**

(i). **Classification and Measurement**

Financial liabilities are classified according to the substance of the contractual arrangements entered into:

- **Payables and accruals** are stated at their nominal value.
- **Provisions** are recognised when the Agency has a present legal or constructive obligation as a result of a past event, and it is probable that the Agency will be

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required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

- When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(ii) Retirement Benefit Plans

- **National Pension Scheme** – Employees of the Agency are members of the government-managed defined contribution scheme, the National Pension Scheme. The Agency is required to contribute to the scheme 10% of each employee’s compensation, split evenly between the employer and the employee. The only obligation of the Agency with respect to the retirement benefit plan is to make the specified contributions.
- **Retirement Benefits Cost** - Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.
- **Other Employee Benefits** - The estimated monetary liability for employees’ accrued gratuity pay entitlement at the balance sheet date is recognised as an expense accrual.

(iii) Contingent Liabilities: Contingent liabilities are initially measured at fair value. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation recognised in accordance with *IFRS 15 Revenue*.

(iv) De-recognition

The Agency derecognises financial liabilities when, and only when, the Agency’s obligations are discharged, cancelled or they expire.

(d) Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and net amounts reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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(e) Fair Values of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities are, in the opinion of TCWG, not significantly different from their respective fair values due to generally short periods to maturity dates. Liabilities in respect of retirement benefit contributions, which are of a long-term nature are reflected at cost as the benefit plan operated by the Agency is a defined contribution scheme, under which the Agency's liability is limited to shortfalls between total contributions paid and amounts payable as at the reporting date.

8. Grants

Grants are not recognised until there is reasonable assurance that the Agency will comply with the conditions attaching to them and that the grants will be received. Grants whose primary condition is that the Agency should purchase, or otherwise acquire non-current assets are recognised as capital grants in the statement of financial position and transferred to income on a systematic and rational basis over the useful lives of the related assets. Other grants are recognised as deferred revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Agency with no future related costs are recognised in income in the period in which they become receivable.

9. Taxation

No allowance is made for income or deferred taxes as the Agency is exempt from taxation under *Cap 715 of the Laws of Zambia*.

10. Capital Management

Capital resources comprise accumulated funds and unamortised portions of grant balances. The Agency's objectives for the management of capital are to safeguard its ability to continue as a going concern. The Agency considers its cash and cash equivalents to be the manageable capital from its financial resources. The Agency's policy is to maintain sufficient cash balances to cover operating and administration costs over a reasonable future period. The Agency currently has no externally-imposed capital requirements except to maintain sufficient cash balances.

11. Revenue
(a) Composition

- (i). **Principal revenue** comprises revenue grants and amortised portions of deferred revenue. The Agency is a grant aided body, fully funded by the Government of the Republic Of Zambia. In addition to Government funding, the Act permits the Agency to seek funding from donors and other multilateral institutions.
- (ii). **Other income** comprises non-operating income from room rentals and asset disposals.

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(b) Recognition

Appropriations in aid are recognised when received from government. All other income is accrued in line with IFRS 15.

12. Administrative Costs

Operating and administrative costs are accrued as incurred.

13. Financial Risks

The Agency's activities expose it to a variety of financial risks. The most important types of risk are *credit risk, and liquidity risk*. Policies and exposures on risks and financial instruments are discussed in Note 17 to the financial statements.

14. Critical Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies above and/or the notes to the financial statements on Pages 59 to 78. However, the key areas are summarised below.

(a). Areas of judgement that have the most significant effect on the financial statements:

- (i). Grant accounting and amortisation
- (ii). Estimation of asset lives and carrying values
- (iii). Determination of fair values of non-current assets
- (iv). Provisions and contingencies

(b). Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are:

- (i). Review of asset carrying values and impairment charges and reversals
- (ii). Estimation of employee related provisions and post-retirement benefits

15. Comparatives

Where necessary, corresponding figures have been reclassified to conform to changes in the presentation of the current period.

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	2021	2020	
1. Grant Income			
Appropriation in Aid	64,294,695	63,294,695	
Other Revenue Grants	-	2,221,065	
Amortisation of Capital Grants	662,022	662,022	
	64,956,717	66,177,782	
2. Investment Income			
Interest on Deposits	1,012,760	1,460,030	
Interest on Staff Loans	213,240	199,653	
Rental Income	34,000	60,000	
	1,260,000	1,719,683	
3. Other Income			
Profit on Sale of Non-Current Assets	14,402	38,677	
Sale of Tender Documents	-	8,000	
Sundry Income	46,671	37,048	
	61,074	83,724	
4. Costs of Operating Activities			
Mobile Registrations	15,790	69,941	
Monitoring of Regional Offices	136,883	174,309	
Prosecutions and Collaborations	30,350	39,505	
Review and Development of Laws	153,335	197,157	
Regional Office Audits	59,654	81,271	
Transfers	137,483	343,672	
	533,496	905,854	
5. Impairment Loss on Financial Assets			
	Trade	Other	Total
	Receivables	Assets	
Balance at 1 January 2020	9,333,332	-	9,333,332
Impairment Loss	-	80,272	80,272
Written Off during Year	(9,333,332)	-	(9,333,332)
Balance at 31 December 2020	-	80,272	80,272
Balance at 1 January 2021	-	80,272	80,272
Impairment Loss	-	-	-
Written Off during Year	-	-	-
Balance at 31 December 2021	-	80,272	80,272

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6. Taxation

In stating operating results, no provision is made for tax as the Agency is tax -exempt.

7. Property, Plant and Equipment

	Land & Buildings	Motor Vehicles	Furniture & Equipment	Capital Work In Progress	Total
Cost					
At 1 January 2021	25,375,107	5,259,118	8,188,014	2,355,460	41,177,700
Additions	5,548	-	214,496	454,243	674,288
Disposals	-	-	(105,681)	-	(105,681)
At 31 December 2021	25,380,656	5,259,118	8,296,829	2,809,704	41,746,307

Depreciation

At 1 January 2021	2,651,051	4,239,073	7,967,518	-	14,857,641
Charge for the Period	404,274	515,352	136,635	-	1,056,260
Eliminated on Disposal	-	-	(105,681)	-	(105,681)
At 31 December 2021	3,055,324	4,754,424	7,998,472	-	15,808,220

Carrying Amounts

At 31 December 2020	22,724,057	1,020,045	220,497	2,355,460	26,320,059
At 31 December 2021	22,325,331	504,694	298,358	2,809,704	25,938,086

	Land & Buildings	Motor Vehicles	Furniture & Equipment	Capital Work In Progress	Total
Cost					
At 1 January 2020	25,375,107	5,633,782	9,438,529	1,440,608	41,888,026
Additions	-	-	-	914,852	914,852
Disposals	-	(374,664)	(1,250,515)	-	(1,625,179)
At 31 December 2020	25,375,107	5,259,118	8,188,014	2,355,460	41,177,700

Depreciation

At 1 January 2020	2,246,777	4,049,725	9,129,141	-	15,425,643
Charge for the Period	404,274	564,012	147,279	-	1,115,564
Eliminated on Disposal	-	(374,664)	(1,250,515)	-	(1,625,179)
Prior Year Adjustment	-	-	(58,387)	-	(58,387)
At 31 December 2020	2,651,051	4,239,073	7,967,518	-	14,857,641

Carrying Amounts

At 31 December 2019	23,128,330	1,584,057	309,388	1,440,608	26,462,383
At 31 December 2020	22,724,057	1,020,045	220,497	2,355,460	26,320,059

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	2021	2020
8. Intangible Assets		
(a) Analysis of Balances		
Cost	10,312,158	10,312,158
Less: Impairment Provision	-	-
	10,312,158	10,312,158
(b) Amortisation		
At the beginning of the Period	9,536,627	8,635,635
Charge for the Period	775,531	992,193
Change in Estimate	-	(91,201)
At the End of the Period	10,312,158	9,536,627
Net Book Value	-	775,531
9. Inventory		
Office Consumables	272,010	218,447
	272,010	218,447
10. Receivables at Amortised Cost		
(a) Net Receivables	102,147	16,421
(b) Analysis of Trade Receivables		
Gross Amounts Receivable	102,147	16,421
Less: Impairment Provision	-	-
	102,147	16,421
(c) Movement in Impairment Provision		
At the beginning of the Period	-	9,333,332
Written off during the Period	-	(9,333,332)
At the End of the Period	-	-
11. Other Financial Assets		
Grants Receivable	-	127,013
Staff Receivables	5,312,228	6,021,505
Sundry Debtors	23,294	9,500
Provision for Impairment	(80,272)	(80,272)
	5,255,250	6,077,746

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	2021	2020
12. Cash and Cash Equivalents		
(a) Operations Accounts		
Chinsali	200	1,560
Chipata	1,077	867
Choma	18	84
Kabwe	2,139	2,789
Kasama	296	51
Kitwe	6,675	1,140
Livingstone	248	6,786
Lusaka	2,027,102	1,290,482
Mansa	-	1,000
Mongu	151	651
Ndola	2,309	2,361
Solwezi	-	800
	2,040,215	1,308,570
(b) General Accounts		
Collection Account	2,455,329	720,871
Finance Bank	1,690	221
Natsave Bank	1,999	1,032
Revolving Account	2,647,228	1,196,654
	5,106,245	1,918,777
(c) Restricted Accounts		
CEEC/PACRA	9,842	21,340
PACRA RUFEP	-	57,959
	9,842	79,298
(d) Petty Cash		
Chipata	1,480	1,652
Choma	-	7
Kabwe	1,364	1,895
Kasama	511	-
Kitwe	1,945	2,082
Livingstone	1,390	1,705
Lusaka	5,246	7,806
Mansa	213	1,748
Mongu	890	3
Ndola	665	404
Solwezi	-	10
	13,704	17,313

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	2021	2020
<i>Note 12 Cont'd</i>		
(e) Held to Maturity Investments		
Fixed Deposits	13,243,161	12,710,404
	20,413,168	16,034,362
13. Amounts Owed to Third Parties		
Trade Creditors	474,654	900,920
Moveable Property Prepayments	215,573	163,493
Prepaid Income	2,171,741	670,356
	2,861,968	1,734,769
14. Employee-Related Payables		
Leave Pay Provision	3,900,955	3,636,108
PAYE	1,256,397	971,083
NHIS	39,472	38,986
	5,196,825	4,646,176
15. Other Financial Liabilities		
Sundry Creditors	1,242,443	119,176
GRZ Transit Account	178,683	21,583
	1,421,126	140,759
16. Capital Grant		
Balance at the start of the Year	662,022	1,324,044
Transferred to Income	(662,022)	(662,022)
	-	662,022

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17. Financial Instruments

The Agency faces exposure to the following financial risks:

(a). Total Financial Instruments

	31 December 2021			
	Receivables	Assets at Fair Value through P & L	Assets at Amortised Cost	Total
<u>Assets as per statement of financial position</u>				
Loans and Receivables:				
-Trade and Other receivables	5,357,397	-	-	5,357,397
-Cash and Equivalents	7,170,007	-	13,243,161	20,413,168
Total	12,527,404	-	13,243,161	25,770,565
		Liabilities at Fair Value through P & L	Other Financial Liabilities at Amortised Cost	Total
<u>Liabilities as per statement of financial position</u>				
Other Financial Liabilities		-	1,421,126	1,421,126
Trade and Other Payables		-	8,058,793	8,058,793
Total		-	9,479,919	9,479,919

Note 17 Cont'd

	31 December 2020			
	Receivables	Assets at Fair Value through P & L	Assets at Amortised Cost	Total
<u>Assets as per statement of financial position</u>				
Loans and Receivables:				
-Trade and Other receivables	6,094,167	-	-	6,094,167
-Cash and Equivalents	3,323,958	-	12,710,404	16,034,362
Total	9,418,124	-	12,710,404	22,128,528
		Liabilities at Fair Value through P & L	Other Financial Liabilities at Amortised Cost	Total
<u>Liabilities as per statement of financial position</u>				
Other Financial Liabilities		-	140,759	140,759
Trade and Other Payables		-	6,380,946	6,380,946
Total		-	6,521,705	6,521,705

(b). Credit Risk

The Agency takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Agency by failing to pay amounts in full when due. The maximum exposure

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to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As shown below, exposure to credit risk is represented by cash balances and amounts due on accounts receivables:

Category	Rating	ECL	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
2021					
Bank and Cash	Performing	12-Month ECL	7,170,007	-	7,170,007
Fixed Deposits	Performing	12-Month ECL	13,243,161	-	13,243,161
Receivables	Performing	Simplified Approach	102,147	-	102,147
Other Financial Assets	Performing	Simplified Approach	5,335,522	(80,272)	5,255,250
			25,850,837	(80,272)	25,770,565
2020					
Bank and Cash	Performing	12-Month ECL	3,323,958	-	3,323,958
Fixed Deposits	Performing	12-Month ECL	12,710,404	-	12,710,404
Receivables	Performing	Simplified Approach	16,421	-	16,421
Other Financial Assets	Performing	Simplified Approach	6,158,018	(80,272)	6,077,746
			22,208,800	(80,272)	22,128,528

The Agency's primary credit exposure from illiquidity of cash and cash equivalents amounted to **K20.413million** (2020: K16.034million).

At the balance sheet date, other significant concentrations of credit risks lay in sundry receivables, which at the reporting date amounted to **K5.366million** (2020: K6.174million), gross of provisions. The nature of services offered by the Agency means it does not have significant credit risk exposure to a single counterparty.

For trade receivables, the Agency has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Agency determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

(c). Currency risk

The Agency is exposed to very low foreign currency exchange risks as its dealings are almost entirely in Zambian Kwacha.

(d). Liquidity Risk and Interest Rate Risk

The Agency's activities expose it to a variety of financial risk: market risk (including interest and liquidity risk). This is monitored on a daily basis by management and controlled as far as

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reasonably possible to minimise the risk of mismatches between current liabilities and current assets.

The table below summarises the Agency's interest and liquidity risks:

	Up to 1 Month	1-3 Months	4-12 Months	1-5 Years	Total
At 31 December 2021					
Non-Interest Bearing	789,993	2,369,980	6,319,946	-	9,479,919
	789,993	2,369,980	6,319,946	-	9,479,919
At 31 December 2020					
Non-Interest Bearing	598,644	1,795,932	4,789,151	-	7,183,727
	598,644	1,795,932	4,789,151	-	7,183,727

(e) Fair Value Estimation

The different levels of determining fair value, by valuation method, have been defined as follows: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly prices) or indirectly derived from prices); and Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). The Agency had no financial instruments carried at fair value, by valuation method.

18. Related Parties

(a) Identity of Related Parties

The Agency has a common enterprise relationship with Government of the Republic of Zambia. Other related parties include TCWG of the Agency and the Agency's key management team (Page 43).

(b) Control and Governance of the Agency

The Agency has a common enterprise relationship with Government of the Republic of Zambia ("GRZ") and falls under the auspices of the Ministry of Commerce, Trade and Industry. Internal supervision of its management and control of the affairs of the Agency, however, is vested in TCWG of the Agency. Identities of TCWG are shown on page 43.

(c) Key Management of the Agency

The key executives of the Agency i.e. officers other than TCWG with the ability, directly or indirectly, to control or exercise significant influence over the Agency in making financial and operating decisions, are listed on Page 43.

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(d) Transactions with Related Parties

None of TCWG, key executives or parties related to them has undertaken any material transactions with the Agency. However, the GRZ and its departments are regarded as a single related party. The list of related party transactions is summarised below:

	2021	2020
(i) Key Management Compensation	40,695,789	39,942,653
(ii) Remuneration to TCWG	628,260	968,176
(iii) Loans to Senior Management	694,833	773,611

19. Capital Management

The Agency's objectives when managing capital are to safeguard the Agency's ability to continue as a going concern in order to provide returns to controlling interests and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Agency monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The gearing ratios at 31 December 2021 were as follows:

	2021	2020
Debt	-	-
Cash	(20,413,168)	(16,034,362)
Net Debt	(20,413,168)	(16,034,362)
Equity	40,500,741	42,258,839
Net debt to equity ratio	-48.03%	-37.94%

20. Capital Commitments

The Agency had no capital commitments as at the year-end (2020: Nil).

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Amounts in Zambian Kwacha

21. Contingent Liabilities

No material or significant contingent liabilities have been identified that are not disclosed in these financial statements. However, the Agency was defendant or plaintiff in a number of court proceedings. Although its Legal Counsel is of the view that the likelihood of loss is generally very low to lowly moderate, the ultimate outcome of the matters cannot presently be determined and, accordingly, no provision for any effects on the Agency that may result has been made in the financial statements.

22. Events Subsequent to Reporting Date

IAS 10 requires the Agency to disclose the date on which the accounts are authorised for issue by TCWG. The annual report and accounts were authorised by TCWG for issue on the date of the signature of TCWG and the date of the auditor's report.

- (a). **General:** The Agency has evaluated subsequent events through to the date the financial statements were available for issuance, and has determined that there has not arisen since the end of the period any transaction or event of a material and unusual nature likely, in the opinion of management, to affect substantially the operations of the Agency, the results of those operations or the state of affairs of the Agency in subsequent financial periods.
- (b). **Impact of Covid-19 Virus:** The Agency has considered the impact of Coronavirus Covid 19 and resulting government restrictions on business and social operations. The Agency recognises that sustained effect of the virus and the associated implementation of government measures to control the pandemic may create conditions that affect the ability of the business to continue operations. As at the date of this report, no direct implications have been estimated and quantified by the business as a result of the global pandemic.

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

APPENDIX I- EMPLOYEE COSTS AND BENEFITS

<i>Amounts are Stated in Zambian Kwacha</i>	2021	2020
<u>Wages and Salaries</u>		
Basic Pay	23,885,368	23,345,519
Acting Allowance	36,693	262,111
Car Allowance	1,156,442	1,039,809
Education Allowance	2,743,117	2,436,856
Entertainment Allowance	14,925	16,321
Fuel Allowance	3,388,669	3,249,989
Holiday Allowance	850,589	859,371
Housing Allowance	5,862,698	5,913,515
Overtime Allowances	304,812	272,338
Security Allowance	301,575	315,298
Servants Allowance	213,499	220,248
Transport Allowance	1,868,676	1,937,932
Utilities Allowance	68,726	73,346
	40,695,789	39,942,653
<u>Benefits</u>		
Gratuity	4,207,293	4,219,617
Leave Pay	4,981,978	4,547,083
Medical Scheme	1,654,333	1,225,915
NAPSA Employer Contributions	1,591,480	1,581,998
NHIS	233,221	231,749
Pension	1,269,333	1,281,158
Subscriptions-Club and Gym	47,800	125,364
Subscriptions-Professional	232,300	137,384
	14,217,737	13,350,270
<u>Other Employee Costs</u>		
Education Costs	-	144,821
Staff Training and Welfare	105,000	272,446
Bonus Costs	963,928	-
	1,068,928	417,267
	55,982,453	53,710,190

PATENTS AND COMPANIES REGISTRATION AGENCY

(ESTABLISHED UNDER THE PATENTS AND COMPANIES REGISTRATION AGENCY ACT NO. 4 OF 2020)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

APPENDIX II – RECURRENT COSTS

<i>Amounts are Stated in Zambian Kwacha</i>	2021	2020
Advertising & Promotions	197,975	874,329
Administrative Council and Meetings	118,597	36,603
Administrators and Union Assemblies	-	1,940
Audit Fees	114,641	265,009
Bank Charges	135,527	169,402
Board and Committee Expenses	628,260	968,176
Budget Preparation	86,803	31,489
Cleaning Expenses	236,989	350,698
Committee Expenses	86,554	162,379
Development of Working Manuals	53,475	57,336
Electricity and Water	227,644	304,424
Expended Assets	32,250	-
ICT Spares and Accessories	11,640	62,553
Insurance	565,659	632,602
International Day Celebrations	74,345	64,438
IT Systems Maintenance and Back Up	71,669	30,893
Motor Vehicle Expenses	560,198	761,703
Office Administration	82,734	106,110
Penalties	-	3,036
Postage, Telephone & Internet	1,122,154	1,122,423
Print & Stationery	1,200,514	902,521
Refreshments	179,873	177,474
Regional Preventive Maintenance	49,173	51,650
Rent and Rates	419,443	295,639
Repairs & Maintenance	308,849	280,758
Review of Organisation Structure	-	3,953
RUFEP Project Costs	57,959	187,525
Security Expenses	270,106	328,529
Software Licenses	447,391	436,026
Stakeholder Engagement & Workshops	216,292	583,942
Strategic Planning	4,796	620,250
Trade Fairs and Shows	2,800	-
Website and Data Links	81,563	117,839
Workers Compensation	42,276	30,361
	7,688,147	10,022,010

PACRA OFFICES

HEAD OFFICE

Plot No. 8471, PACRA House,
Haile Selassie Avenue, Longacres,
P.O. Box 32020, LUSAKA
Tel: (+260) 211 255127/255151
Fax: (+260) 211 255426
Email: pro@pacra.org.zm

LUSAKA ONE STOP SHOP

Kwacha House Annex,
Ground Floor
Cairo Road,
Email: pacralusakaoss@pacra.org.zm

COPPERBELT REGIONAL OFFICE

Kitwe One Stop Shop
First Floor West Wing, Nchanga House
Corner Enos Chomba Road and President Avenue, KITWE
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Fax: (+260) 02-221580
Email: pacrakitwe@pacra.org.zm

SOUTHERN PROVINCE REGIONAL OFFICE

One-Stop-Shop Building (Tourism Centre)
Next to Livingstone Museum,
LIVINGSTONE
Tel: (+260) 213-324236
Fax: (+260) 213-324228
Email: pacralivingstone@pacra.org.zm

EASTERN PROVINCE REGIONAL OFFICE

Second Floor Natsave/ZESCO building,
Behind ZANACO branch,
Off Pererenyatwa Road, CHIPATA
Tel: (+260) 06-222274
Fax: (+260) 06-222275
Email: pacrachipata@pacra.org.zm

WESTERN PROVINCE REGIONAL OFFICE

Plot No. 304, Lusaka Road,
Directly Opposite Catholic Diocese Administrative Offices,
MONGU
TEL: (+260) 07-221940 or 221549
Email: pacramongu@pacra.org.zm

NORTHERN PROVINCE OFFICE

Workers' Compensation Fund Control Board-
Compensation House Room G-03
Zambia Road, KASAMA
Tel: (+260) 04-221292
Fax: (+260) 04-221241
Email: pacrakasama@pacra.org.zm

NORTH-WESTERN REGIONAL

Old Civic Centre Building, Behind The
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