



**PATENTS AND COMPANIES  
REGISTRATION AGENCY**

# **2022 ANNUAL REPORT**



**Industrial  
Designs**

**Traditional Knowledge**

**Trademarks**

**Security Interest in  
Movable Property**

**Insolvency Practitioners**

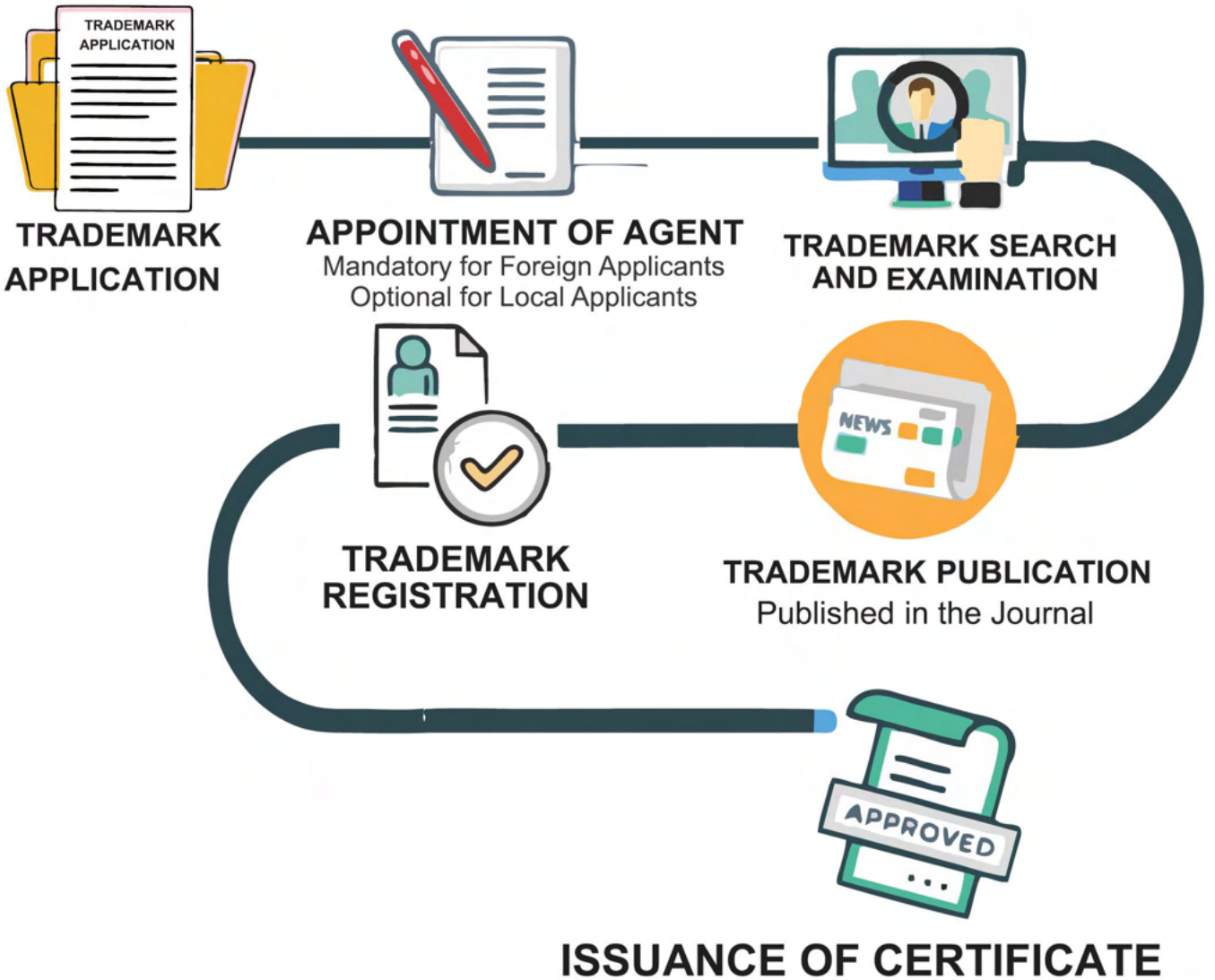
**Companies Business Names**

**Layout Designs of Integrated Circuits**

**Patents Genetic  
Resources**

**Expressions of  
Folklore**

# HOW TO REGISTER A TRADEMARK IN ZAMBIA



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**PACRA**



**2022 PACRA ANNUAL  
REPORT**

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## ACRONYMS

<b>AFRIPI</b>	-African Intellectual Property Rights and Innovation Project
<b>ARIPO</b>	-African Regional Intellectual Property Organisation
<b>BRRA</b>	-Business Regulatory Review Agency
<b>CESTO</b>	-Common Examiners Support Tool
<b>CFT</b>	-Combating Financing of Terrorism
<b>CMO</b>	-Collective Management Organisation
<b>CSOs</b>	-Civil Society Organisations
<b>EITI</b>	-Extractive Industries Transparency Initiative
<b>EU</b>	-European Union
<b>EUIPO</b>	-European Union Intellectual Property Office
<b>ESSAMLG</b>	-Eastern and Southern African Anti-Money Laundering Group
<b>FATF</b>	-Financial Action Task Force
<b>FCO</b>	-Foreign Companies
<b>GI</b>	-Geographical Indication
<b>GSB</b>	-Government Service Bus
<b>ICT</b>	-Information Communication Technology
<b>ICTAZ</b>	-Information Communication Technology Association of Zambia
<b>IPR</b>	-Intellectual Property Rights
<b>IFC</b>	-International Finance Cooperation
<b>IFRRO</b>	-International Federation for Reprographic Rights Organisation
<b>IPR</b>	-Intellectual Property Rights
<b>JETS</b>	-Junior Engineers Technicians and Scientists
<b>LCO</b>	-Local Company
<b>MCTI</b>	-Ministry of Commerce Trade and Industry
<b>MoU</b>	-Memorandum of Understanding
<b>MSME's</b>	-Micro Small Medium Enterprises
<b>MPRS</b>	-Movable Property Registry System

<b>NACP</b>	-National Anti Corruption Policy
<b>NIPP</b>	-National Intellectual Property Policy
<b>NORCODE</b>	-Norwegian Copyright Development Association
<b>NSTC</b>	-National Science and Technology Centre
<b>NTBC</b>	-National Technology Business Center
<b>OEI</b>	-Open Extractive Industries
<b>PACRA</b>	-Patents and Companies Registration Agency
<b>PWYPZ</b>	-Publish What You Pay Zambia
<b>RICE</b>	-Roundtable of International Copyright Education
<b>RSC</b>	-Regulatory Services Center
<b>RTSA</b>	-Road Transport and Safety Agency
<b>SCP</b>	-Standing Committee on the Law of Patents
<b>TISCs</b>	-Technology Innovation Support Centre
<b>WIPO</b>	-World Intellectual Property Organisation
<b>WTO</b>	-World Trade Organisation
<b>ZAM</b>	-Zambia Association of Manufacturers
<b>ZAMCOPS</b>	-Zambia Music Copyright Protection Society
<b>ZARRSO</b>	-Zambia Reprographic Rights Society
<b>ZICTA</b>	-Zambia Information Communication Technology Authority
<b>ZEITI</b>	-Zambia Extractive Industries Transparency Initiative

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**MESSAGE BY THE PERMENENT SECRETARY**

I am pleased to present to you the Annual Report for the Patents and Companies Registration Agency (PACRA) for the year 2022.

The year under review was remarkable for the Agency as it recorded excellent performance stemming from a changed and positive environment informed by various interventions which Government has put in place to unlock local rigidities relating to business registration, regulation and creativity and innovation. Notable among these, was the Agency's highest ever record of 48,305 business registrations compared to previous years. Further, there was an increase in the number of Intellectual Property Rights filed in 2022.

In line with the revised 2020 National Intellectual Property Policy, the Agency began setting up Technology Innovation Support Centres (TISCs) in Universities. The TISCs provide higher learning institutions access to quality technology information and related services. This information helps learning institution to create, protect, and manage their Intellectual Property and provide an opportunity for linkages with the industry for commercialisation.

To continue encouraging entrepreneurship, enterprise efficiency, flexibility and simplicity in forming and maintaining companies and access to credit, selected fees payable under the Companies Act and the Movable Property (Security Interest) Act were revised downwards and these new fees will take effect in 2023.

To align with Government policy on offering services through digital platforms, the Agency implemented a cashless method to pay for all its services. This measure aims to increase efficiency and reduce the risks associated with cash payments.

In conclusion, I commend PACRA for the 2022 remarkable performance and wish to acknowledge the continued improvement efforts being made so far. I further wish to express my sincere gratitude to our cooperating partners and other stakeholders for their continued support.

John A. Mulóngoti  
Permanent Secretary

**MINISTRY OF COMMERCE, TRADE AND INDUSTRY**



### **MESSAGE BY THE ACTING REGISTRAR AND CHIEF EXECUTIVE OFFICER**

The year 2022 was exciting as the Agency took several strides in enhancing its role in the promotion and protection of Intellectual Property and business registration. I am delighted to share with you the successes recorded by the Agency during the year under review.

#### **(1) Electronic Certificate for Trade Marks**

The Agency introduced electronic trade mark certificates in a bid to improve service delivery. The electronic certificates are equipped with security features that can be used to verify the authenticity of a Trademark registration.

#### **(2) TMview**

The Agency integrated its trade mark information into the TMview search tool. The TMview is a European Union Intellectual Property Office (EUIPO) search tool that enables the business community and members of the public to access trade mark information. The TMview provides access to more than 106.5 million trade marks from the EUIPO member states and other cooperating jurisdictions.

The TMview search tool helps local entrepreneurs and businesses to effectively and conveniently access trade marks sitting on the PACRA database to determine if a mark would be available for registration. The TMview also shows the status of current applications.

#### **(3) Cashless Payments**

In line with Government's policy of providing e-payment options for services, the Agency implemented a cashless payment system to improve service delivery and reduce the risks associated with cash payments. To mitigate this measure, the Agency has provided multiple e-payment platforms.

#### **(4) Business Registrations**

The Agency in 2022 exceeded its annual registration target of 28,620 by registering 48,305 businesses. This reflected a 45.7% increase compared to 33,163 businesses registered in 2021. The 48,305 registrations in 2022 included 30,333 business names, 17,972 limited companies and 80 foreign companies. Further, under the Collateral Registry, 1,777 financing statements were registered against a target of 1,200. This reflected a 43% increase compared to 1,239 registered in 2021.

I wish to thank the Minister and Permanent Secretary of our mother Ministry, the Ministry of Commerce, Trade and Industry and the various stakeholders for their continued support. Lastly, I would like to extend gratitude to Management and Staff for their hard work and commitment in fostering the mandate of the Agency.



Wilson Banda

**ACTING REGISTRAR AND CHIEF EXECUTIVE OFFICER**



**Mr. Wilson Banda**  
**Acting Registrar & Chief Executive Officer**



**Mr. Chewe Chilufya**  
**Acting Deputy Registrar - Commercial**



**Mrs. Mwewa Mpumpu**  
**Acting 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) herein after referred to as the “Agency” is a statutory body under the Ministry of Commerce, Trade and Industry. The Agency was established under the Patents and Companies Registration Agency Act No. 15 of 2010 which was repealed and replaced by the Patents and Companies Registration Agency Act No. 4 of 2020. The principal mandate of the Agency is to provide business and intellectual property registration services. Additionally, the Agency is responsible for the management of the 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 –

- (a) 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 Movable 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;
- (b) 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;
- (c) Collect, collate and disseminate information on the law relating to the Acts referred to above;
- (d) Advise Government on all matters pertaining to the Acts referred to above; and

- (e) 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:

- (a) Registration of trade marks;
- (b) Granting of patents;
- (c) Registration of industrial designs;
- (d) Registration of copyright and related rights;
- (e) Incorporation of companies;
- (f) Registration of business names;
- (g) Registration of security interests in movable assets;
- (h) Accreditation of corporate Insolvency Practitioners;
- (i) Protection of traditional knowledge, genetic resources and expressions of folklore; and
- (j) Protection of layout designs of integrated circuits.

#### 1.5 CORE VALUES

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

- (a) Integrity;
- (b) Excellence;
- (c) Accountability;
- (d) Transparency;
- (e) Creativity; and
- (f) Courtesy.

#### 1.6 STRATEGIC GOALS

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

- (a) Organisational capacity: Improve work culture, develop human capital, improve infrastructure and equipment
- (b) Internal processes: Enhance operational systems
- (c) Finance/stewardship: Enhance financial capacity
- (d) Customer: Improve customer service



## 2.0 STATEMENT ON CORPORATE GOVERNANCE

### 2.1 GOVERNING BODY

The governing body of the Agency is the Board constituted in accordance with 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:

- (a) promote good governance of the Agency;
- (b) formulate policies, programmes and strategies of the Agency;
- (c) approve the annual work plan and activity reports of the Agency;
- (d) approve the annual budget estimates and financial statements of the Agency;
- (e) monitor and evaluate the performance of the Agency against budgets and plans;
- (f) appoint the Registrar, Deputy Registrar, Secretary and other key staff of the Agency; and
- (g) do all such things connected with, or incidental to, the above functions.

### 2.3 COMPOSITION OF THE BOARD

The Board consists of the following part-time members appointed by the Minister, in accordance with section 6 (1) of the Patents and Companies Registration Agency Act:

- (a) a representative of the Ministry responsible for commerce;
- (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 Chamber of Commerce and Industry;
- (e) one person with expertise in matters of Intellectual Property; and
- (f) two other persons with experience and knowledge in matters relevant to the Patents and Companies Registration Agency Act.

**NOTE:** During the 2022 financial year, there were no new Board Members appointed since the dissolution of the Board in October 2021.

### 3.0 ACTIVITIES UNDERTAKEN BY THE AGENCY IN 2022

#### 3.1 LAW AND POLICY REFORMS

##### 3.1.1 Stakeholders' engagement on the draft Copyright and Related Rights Bill

The Agency held a consultative meeting with Collective Management Organisations (CMOs) and other key stakeholders on the draft Copyright and Related Rights Bill from 1<sup>st</sup> to 4<sup>th</sup> November 2022 in Lusaka. The objective of the meeting was to present the layman's draft Bill to the stakeholders and to receive their submissions. The key stakeholders included Zambia Music Copyright Protection Society (ZAMCOPS), the Zambia Reprographic Rights Society (ZARRSO), Computer Society of Zambia and the National Arts Council of Zambia, among others.

The consultative process is significant as it enables the development of informed legislation and allows consensus building before the Bill is presented to Parliament.

##### 3.1.2 Patents and Industrial Designs Regulations

The Agency in collaboration with the Ministry of Justice finalized the layman's draft regulations for both the Patents Act and Industrial Designs Act and submitted the same to the Ministry of Commerce, Trade and Industry to facilitate the publication of the statutory instruments.

##### 3.1.3 Reduction of Fees Payable under the Companies Act and Movable Property (Security Interest) Act

###### (1) Reduction of Fees under the Companies Act No. 10 of 2017

In the quest to implement Government's desire to reduce the cost of doing business, selected fees payable under the Companies Act No. 10 of 2017 were adjusted downwards. To this effect, the Companies (Fees) Regulations, 2019-Statutory Instrument No. 15 of 2019 was revoked and replaced with the Companies (Fees) Regulations, 2022-Statutory Instrument No. 107 of 2022. Statutory Instrument No. 107 of 2022 was published in the Government Gazette on 30<sup>th</sup> December 2022.

Additionally, Statutory Instrument No. 107 of 2022 reduced the prescribed minimum share capital for Insurance Brokers, Local Banks and Foreign Banks. Further, the registration fee for alteration in capital has been reduced from 2.5% to 1.5% of the nominal capital.

**Table 1: Revised Minimum Share Capital Requirements**

	<b>TYPE OF COMPANY</b>	<b>OLD MINIMUM NOMINAL SHARE CAPITAL (ZMW)</b>	<b>NEW MINIMUM NOMINAL SHARE CAPITAL (ZMW)</b>
1	Private Company Limited by Shares	15,000.00	15,000.00
2	Private Company - Unlimited	15,000.00	15,000.00
3	Public Company	1,500,000.00	1,500,000.00
4	Bureau De Change	375,000.00	75,000.00
5	Financial Institution	750,000.00	750,000.00
6	Bank - Local	156,000,000.00	104,000,000.00
7	Bank - Foreign	780,000,000.00	519,999,900.10
8	Insurance Broker	780,000.00	100,000.00
9	Insurance Company	1,500,000.00	1,500,000.00
10	Re-Insurance Company	7,500,000.00	7,500,000.00

**Table 2: Revised Fees****Adjusted Fee Schedule – Companies Fees - 2023**

<b>Description of the Service</b>	<b>Old Fee (ZMW)</b>	<b>New Fee (ZMW)</b>
Issuance of copies of all Certificates for FCO	833.00	200.00
Form 44 - Application for De-registration of a Company	750.00	500.00
Resolution/Affidavit/Other - LCO	200.00	100.00
Change of Name for a Foreign Company	900.00	700.00
Form 39 – Notice of Change of Name for a Foreign Company	900.00	700.00
Form 4 - Application for Change of Name	500.00	400.00
Change of Company Name - Limited By Guarantee	500.00	400.00
Change of Company Name - Unlimited	500.00	400.00
Dropping the word Limited	833.00	750.00
Replacement Certificate of Share Capital for alteration or Reduction of Share Capital	175.00	150.00

Form 3 - Application for Incorporation	1,000.00	975.00
Form 8 - Application for Conversion of Company	1,500.00	1,200.00
Form 2 - Application for Reservation of Name	200.00	160.00
Form 18 - Notice of Transfer of Shares	900.00	700.00
Form 47 - Notice of alteration of the registered instrument constituting or defining the constitution of a Foreign Company	900.00	700.00
Form 42 - Notice of Cessation of Business of a Foreign Company	1,150.00	1,000.00
Form 7 - Certificate of Incorporation of a Private Company Limited by Shares	90.00	150.00
Certificate of Share Capital	175.00	150.00
Certificate of Registration of a Foreign Company	833.00	200.00
Form 65 - Certificate of Registration for a Foreign Company	833.00	200.00
Form 12 - Forfeiture of Shares	1,000.00	800.00
Form 16 - Notice to redeem shares	200.00	100.00
Registration of any document	200.00	100.00
Nature of Business	200.00	100.00
Resolution/Affidavit/Other - FCO	500.00	200.00
Application for Reservation of Name FCO	200.00	160.00
Form 14 - Application for Conversion of Company	1,414.00	1,200.00
Form 5 - Application to dispense with the word "LIMITED"	1,000.00	750.00
Notice of alteration in guaranteed amount	200.00	100.00
Notice to Dispense with holding of Annual General Meeting	500.00	300.00
Form 14 - Notice of acquisition of fully paid up shares by company	900.00	700.00

Notice of Acquisition of shares on securities Exchange	200.00	100.00
Form 26 - Return on distribution on accumulated profits in reduction of paid up share capital	900.00	500.00
Foreign Company Certificate of Status	200.00	100.00
Application for Reservation of Name -FCO	200.00	160.00
Application for Reservation of Name FCO	200.00	160.00
Surrender/Forfeiture of Shares	1,000.00	800.00
Registration Of A Charge Or Acquired Property Subject To Charge	4,500.00	100.00
Particulars Of Series Of Debentures Where Property Is Charged	4,500.00	100.00

Description of Service	Old Fee	New Fee
Notice of Alteration in Share Capital	The Registration fee for increase in capital, shall be 2.5% of the nominal capital, except that the total registration fee for increase in capital shall not exceed K2,500,000.00	The Registration fee for increase in capital, shall be 1.5% of the nominal capital, except that the total registration fee for increase in capital shall not exceed K2,500,000.00

## 2) Revision of Fees Under the Movable Property (Security Interest) Act No. 3 of 2016

The fees chargeable under the Movable Property (Security Interest) Act, No. 3 of 2016 were adjusted downwards. To this effect, the Movable Property (Security Interest) (Fees) Regulations, 2016- Statutory Instrument No. 73 of 2016 was revoked and replaced with the Movable Property (Security Interest) (Fees) Regulations, 2022- Statutory Instrument No. 108 of 2022.

The revocation was necessitated by concerns raised by financial service providers and other stakeholders that fees payable to the Collateral Registry were on the higher side compared to fees charged by other Registries in the Region.

Additionally, the main purpose of revising the fees is to increase the usage of the Collateral Registry by financial service providers and the general public.

The downward adjustment in fees payable under the Movable Property (Security Interest) Act is therefore intended to make the fees affordable for MSMEs, and reduce the cost of doing business.

**Table 3: Fees under Statutory Instrument No. 108 of 2022:**

<b>TITLE</b>	<b>OLD FEES AMOUNT (ZMW)</b>	<b>NEW FEES AMOUNT (ZMW)</b>
Registration of financing statement	100	1% of the maximum secured amount but in no case shall the fee be above K100
Notice of amendment of financing statement	100.00	20.00
Discharge of financing statement	100.00	20.00
Search	20.00	20.00
Certificate of status	20.00	10.00
Registration of enforcement notice of creditor's rights	50.00	20.00
Registration of extinguishment of security interest	50.00	20.00

## 4.0 SYSTEMS ENHANCEMENTS

### 4.0.1 Integration of EUIPO Information Tools

The Agency integrated its trade marks information into the European Union Intellectual Property Office (EUIPO) TMview search tool. The integration enables the business community and members of the public to access the Zambian trademarks on TMview. The search tool contains data from 77 participating Intellectual Property Offices.

Using the TMview search tool, local entrepreneurs and businesses can efficiently and conveniently search and access the trade marks sitting on the PACRA database to determine if a potential mark is available for registration. This platform also shows the status of the current filings or registrations.

### 4.0.2 Electronic certificates for Trade Marks

In an effort to enhance service delivery, the Agency implemented electronic trade mark certificates with enhanced security features that can be used to validate authenticity.

### 4.0.3 Cashless Payments

In line with Government's policy of providing e-payment options for services, the Agency implemented a cashless payment system to improve service delivery by offering multiple payment platforms.

## 4.1 STAKEHOLDER ENGAGEMENTS

### 4.1.1 National Intellectual Property for Youth Innovation

The National Science and Technology Council (NSTC) in collaboration with World Intellectual Property Organisation (WIPO), organised a national training program on Intellectual Property (IP) for Youth Innovation themed "*Partnership with Young Innovators in Zambia.*" The training program was held from 30<sup>th</sup> May to 3<sup>rd</sup> June, 2022. The program was aimed at building capacity among young innovators and researchers to leverage Intellectual Property towards developing competitive and innovative products and services.

### 4.1.2 World Intellectual Property Day

The Agency commemorated the World Intellectual Property Day which is held annually on 26<sup>th</sup> of April. The theme for 2022 was "*IP and Youth: Innovating for a Better Future*". To commemorate the world IP Day, the Agency conducted an innovation competition for youths which covered innovative and creative ideas that may help in enhancing community welfare in the fields of education, agriculture, health, energy, culture and arts. The competition was open to youths across the country.

**Table 4: Summary of Innovations**

<b>FIELD</b>	<b>PROVINCE</b>	<b>TITLE</b>	<b>ABSTRACT</b>
Health	Luapula Province	Diabetes Mellitus Hypoglycaemia / Dialysis Machine (Potential invention)	A machine that removes excess glucose from Patients with Diabetes Mellitus type 2. The extracted glucose can then be utilized by Hypoglycaemic patients.
Agriculture	Southern Province	Organic chemical for pest control (Potential Patent)	An organic chemical extracted from neem tree that can be used as a pest control agent. In addition there is an information based application that can be accessed through mobile devices with an internet connection and USSD for small scale farmers.
Energy	Central Province	A multiple functional device (Redeem 2) (Potential Patent)	A device that generates 1500W of electricity, provide security system that alerts owners of property in a radius of 2 kilometres. Has a motion sensor that can be used to turn on and off household lights. Further, the device provides a fire alert system.
Education/ Copyright	Copperbelt Province	Beyond High School/ Copyright	A compilation of various materials related to tertiary education and career growth pathway. The compilation seeks to guide people on the various pathways to tertiary institutions beginning with those administered under TEVETA up to Universities.
Culture (Copyright)	Lusaka Province	Mu Courtroom/ Copyright	A script intended for a TV series that deals with everyday court issues. The innovation is about real issues that happen in our daily lives and is a captivating telenovela.



**4.1.3 National Junior Engineers, Technicians and Scientists (JETS) Fair**

In its quest to promote innovation and creativity, the Agency joined other stakeholders in sponsoring the National Junior Engineers, Technicians and Scientists (JETS) fair which was held from 7th to 12th August 2022 at the National Science Centre in Lusaka. The Agency uses the Fair as one of the platforms to create awareness and the importance of protecting Intellectual Property.

**4.1.4 Establishment of TISCs at Higher Learning Institutions**

The Agency undertook a feasibility study from 20th to 23rd August 2022 to assess the availability of the infrastructure necessary for the establishment and running of Technology and Innovation Support Centre (TISC) offices at the three identified learning institutions. The three institutions included Mulungushi University, Zambia University College of Science and Technology and the Copperbelt University. The TISC program is designed to provide high quality technological information to innovators and researchers with easy access to patent databases and other science and technological resources. Through the TISC program, innovators and researchers can exploit their potential and to create, protect, and manage their intellectual property (IP) rights.

## 4.2 AWARENESS AND INFORMATION DISSEMINATION

### 4.2.1 Capacity-Building Workshop for Civil Society Organisations and Journalists on Beneficial Ownership

The Agency participated in a capacity building workshop held from 22<sup>nd</sup> to 24<sup>th</sup> June 2022 in Chisamba. The workshop was organised by the Open Extractive Industries (OEI), Zambia Extractive Industries Transparency Initiative (ZEITI) and Publish What You Pay Zambia (PWYPZ). The workshop was aimed at strengthening the capabilities of Civil Society Organisations (CSOs) and journalists in the analysis and utilisation of beneficial ownership information on registered entities. Additionally, the workshop raised awareness among local stakeholders and journalists on the importance of accessible and timely beneficial ownership information.

### 4.2.2 MPRS, Online and Compliance Training

The Agency continued to provide training for various stakeholders on the use of the Movable Property Registry System (MPRS), online services and the importance of complying with the post registration requirements. During the year under review, over 33 organisations were trained.

### 4.2.3 Awareness on Intellectual Property Rights

In an effort to encourage the protection of Intellectual Property rights and raise awareness on services offered by the Agency, the Agency engaged various media houses and fora for information dissemination.

## 4.3 FAIRS AND EXHIBITIONS

The Agency participated in various Provincial Expos which included Copperbelt, Lusaka, Northern, Central, Western and North-Western Provinces. During the exhibitions, several awareness activities and business registration services were conducted.

Further, the Agency participated in the Zambia Association of Manufacturers (ZAM) Expo, Africa Public Service Day as well as the Zambia Anti-Corruption Exhibition Conference. This provided a platform for information dissemination on IP rights as well as online systems used to access PACRA services.

## 4.4 MEETINGS AND CONFERENCES

### 4.4.1 COMESA Regional Intellectual Property Rights Workshop

The Agency attended the COMESA Regional Intellectual Property Rights (IPR) Customs Enforcement Consultative workshop in Cairo, Egypt. The workshop was held from 18<sup>th</sup> to 20<sup>th</sup> September 2022 under the theme: *“Building Resilience through Strategic Digital Economic Integration”*. The objective of the workshop was to discuss the implementation of COMESA Intellectual Property Right (IPR) Policies and Customs Enforcement Mechanisms among the Member States. Further, the workshop also enhanced regional implementation of IPR policies with a view to increase intra-regional trade. During the workshop, the COMESA IPR Policy and legal

framework was developed in line with the COMESA Treaty and related Regulations.

#### **4.4.2 Zambia-EUIPO Collaboration**

On 8<sup>th</sup> September 2022, the Agency held a virtual meeting with the European Union Intellectual Property Office (EUIPO). The meeting was aimed at strengthening the bilateral cooperation between Zambia and EUIPO on the enhancement of systems used in the protection of Intellectual Property. Further, the meeting evaluated the progress made on the EUIPO funded project on electronic filing of trade marks. The Agency has since integrated the trade marks information into the EUIPO TMview search tool. The integration enables the business community and members of the public to access the Zambian trade marks on TMview.

#### **4.4.3 Standing Committee Meeting on the Law of Patents**

The Thirty-Fourth Session of the Standing Committee on the Law of Patents (SCP) organised by the World Intellectual Property Organisation (WIPO), was held in Geneva, Switzerland from 26<sup>th</sup> to 30<sup>th</sup> September 2022. The meeting culminated in the following resolutions:

- (a) all information pertaining to certain aspects of national and regional patent laws would be updated based on input received from Member States;
- (b) all Member States to ensure confidentiality of communication between clients and their patent advisors; and
- (c) transfer of technology among Member States.

#### **4.4.4 Collective Management Organisations' Annual General Meetings**

The Agency attended the Zambia Music Copyright and Protection Society (ZAMCOPS) and Zambia Reprographics Rights Society (ZARRSO) Annual General Meetings (AGM) which were held in Lusaka. ZAMCOPS and ZARRSO are Collective Management Organisations (CMOs) formed by right holders and approved by the Registrar of Copyright to collectively represent their members in negotiations and collection of royalties from the users.

The Agency appealed to ZAMCOPS to embrace tenets of good corporate governance in their operations during the AGM held on 12<sup>th</sup> October 2022.

During the ZARRSO AGM that was held on 21<sup>st</sup> December 2022, the Agency made a commitment to complete the drafting of the Copyright and Related Rights Bill. Further, the Agency appealed to ZARRSO to devise innovative ways of collecting royalties from the various users of copyright works and streamline the conditions under which the CMOs operate.

#### **4.4.5 ARIPO Communication Training Meeting**

The Agency attended a Communication Training on the ARIPO Regional Intellectual Property Rights registration system from 8<sup>th</sup> to 10<sup>th</sup> October 2022 in Harare, Zimbabwe. The objective of this training was to equip participants with effective communication skills to explain IP rights and the ARIPO IP Regional Registration System. The training also enhanced capacity of participants on the use of digital media to promote IP registrations in ARIPO Member and Observer States.

#### **4.4.6 Administrative Council of African Regional Intellectual Property Organisation (ARIPO)**

The Agency attended the Forty-Sixth Session of the Administrative Council of the African Regional Intellectual Property Organisation (ARIPO) that was held in Maputo, Republic of Mozambique from 21<sup>st</sup> to 25<sup>th</sup> November 2022.

The purpose of the meeting, among others, was to deliberate on the proposed amendments to some of ARIPO's Protocols on Industrial Property in order to simplify and align them to relevant international treaties and best practices. The Council discussed the challenges relating to the implementation of the ARIPO Protocols encountered during the reporting period.

Some of the identified challenges include examination of applications by designated states outside the stipulated timelines and non-adherence to time limits by users resulting in loss of rights. The Council took note of the report on the status of operations of Industrial Property Rights relating to the Harare, Banjul and Swakopmund Protocols under ARIPO.

The Harare Protocol is an instrument for the registration and protection of Patents and Industrial Designs. The Banjul Protocol is an instrument for the registration and protection of trade marks and the Swakopmund Protocol is an instrument for the protection of traditional knowledge and expressions of folklore.

#### **4.4.7 World Intellectual Property Organisation (WIPO) Assemblies**

The Agency participated in the Sixty-Third Session of the Assemblies of the World Intellectual Property Organisation (WIPO) that was held from 14<sup>th</sup> to 22<sup>nd</sup> July 2022 in Geneva, Switzerland. During the Assemblies, WIPO reiterated its commitment to continue providing young innovators and researchers with opportunities for networking, sharing of experiences as well as the provision of mentorship. This is aimed at transforming Intellectual Property assets into marketable innovative products and services. WIPO further committed to providing capacity building and technical support by sponsoring the following activities in 2023:

- (a) Sensitisation workshop for lecturers and researchers in universities and research institutions.
- (b) Extension of Technology and Innovation Support Centres (TISCs) to at least two higher learning institutions.
- (c) Capacity building workshops for judges, magistrates and law enforcement officers; and
- (d) Mainstreaming of IP in school curricular.

#### **4.4.8 WIPO-ARIPO Sub-Regional Conference**

The Agency participated in the WIPO-ARIPO Sub-regional Conference which was held from 19<sup>th</sup> to 21<sup>st</sup> October 2022 in Harare, Zimbabwe. The meeting was attended by various heads of Collective Management Organisations (CMOs) from within Africa.

The Conference was aimed at reviewing progress made by various member states in actualising the Harare and Nairobi Strategic Plan Implementation Framework.

Zambia submitted a status report and highlighted programmes for future cooperation with WIPO. Zambia implored WIPO to consider supporting study programmes in 2023 that are aimed at encouraging the creative sector to contribute to national development, awareness creation as well as law review process and the inclusion of Zambia Reprographic Rights Society (ZARRSO) on the WIPO pilot project on reprography.

Further, Zambia committed to ratify and domesticate relevant international treaties on Copyright and Related Rights administered by WIPO.

#### **4.4.9 Partners Against Piracy**

The Agency participated in the Partners Against Piracy workshop for journalists held in Lusaka on 9<sup>th</sup> December 2022. The theme for the event was *“Piracy and its effects on Business, Society and Governance”*. The workshop provided insights to the participants on the role that Copyright and Related Rights play in national development and the dangers of piracy to the creative industry.

#### **4.4.10 NORCODE Training**

The Agency participated in the workshop which focused on copyright, collective management organisations and good corporate governance organised by the Norwegian Copyright Development Association (NORCODE) held in Lusaka in October 2022.

#### **4.4.11 Musicians Awareness Workshop**

The Agency participated in the copyright awareness workshop for musicians organised by Zambia Music Copyright Society (ZAMCOPS) that was held in Mongu on 4<sup>th</sup> July 2022. The workshop was aimed at sensitising the musicians on the role of ZAMCOPS and the Agency in protecting creations.

#### **4.4.12 Regional Workshop to promote Utility Models and Industrial Designs**

The Agency participated in a regional workshop organised by ARIPO in Zimbabwe in April 2022. The objectives of the workshop included raising awareness and providing training on the ARIPO regional system on registration of designs and utility models. The participants were enlightened on the requirements and registration procedures for designs and utility models under the Harare Protocol.

#### **4.4.13 ESAAMLG Regional Global Facility Workshop**

The Agency participated in the Regional Global Facility-Eastern and Southern African Anti-Money Laundering Group (ESAAMLG) and Financial Intelligence Centre (FIC) Conference themed *“Enhancing Beneficial Ownership Frameworks - Evolving Technical Standard and their Effective implementation”*. The Conference was organised by the FIC, ESAAMLG and European Union Anti-Money Laundering/Combating the Financing of Terrorism (CFT) Global Facility and was held in Lusaka in September 2022.

The Conference was organised and held in the spirit of enhancing member countries'

compliance with relevant Financial Action Task Force (FATF) standards which they face and methodologies that can be used to ensure FATF standards and beneficial ownership disclosure.

The Conference provided a platform to share information on the best practices and challenges faced in implementing the beneficial ownership frameworks. During the Conference, Zambia's case study in respect of the establishment of the beneficial ownership register was showcased.

**4.4.14      Zambian Diaspora Conference**

The Agency exhibited at the Zambian Diaspora Conference, themed “*Shifting Mindsets to Ignite Growth*” that was held in Livingstone in July 2022. The Agency disseminated information pertaining to the various services it offers.

**4.4.15      Awareness Workshop on Voluntary Registration of Copyright**

The Agency held an awareness workshop on the Kampala Protocol and Intellectual Property rights in June 2022 in Livingstone. The Kampala Protocol is an international instrument relating to voluntary registration of copyright and related rights. The Protocol allows creators of literary and artistic works from the ARIPO Member States to register and deposit their works with the national Copyright offices which in turn submit the registration to ARIPO for accessibility by Member States. The Protocol is key in terms of establishing ownership of copyright works exploited for purposes of payment of royalties.

**4.5      HUMAN RESOURCES AND ADMINISTRATION**

**Table 5: Staff Establishment 2022**

Establishment	Male	Female	Total
Staff Complement as at 01.01.2022	88	78	166
Recruitments	3	1	4
Resignation	5	5	10
Death	0	0	0
Voluntary Non-Renewal	0	1	1
Retirements	0	0	0
Dismissals	0	0	0
Staff Complement as at 31.12.2022	86	73	159

#### 4.5.1 Health and Wellness

In November 2022, the Agency organised a health talk for members of staff in collaboration with Victoria Hospital. The members of staff were sensitised on various health issues in order to promote staff wellness.

#### 4.5.2 Financial Literacy

A financial literacy talk was conducted in December 2022 for members of staff by Atlas Mara Bank. The talk was aimed at sensitising the members of staff on financial management.

#### 4.5.3 Labor Day Awards

The Agency recognised and awarded outstanding performance during the labour day celebrations. The categories of the awards were “*Most Hardworking and Dedicated to Duty*” and “*Most Improved and Innovative*”. The recipients of the awards were as follows:

**Table 6: Labor Day Awards**

SN	NAME OF EMPLOYEE	AWARD/CATEGORY
1	Francis Chinyanta	Most hardworking and dedicated to duty
2	Osebias Kabwe	
3	Chishimba Mulenga	
4	Mark Wamuwi	
5	Paul Mwewa	
6	Harriet Kapusa Mulenga	
7	Maggie Mutambo	Most improved and innovative
8	Malala Siakalenge	
9	Yande Mwenda	

#### 4.5.4 Staff Union

The Agency and the Zambia Union of Financial Institute and Allied Workers (ZUFIAW) signed a Memorandum of Recognition Agreement on 10th August 2022. The aim of the Recognition Agreement is to promote and maintain good industrial relations among members of staff to contribute to the efficiency and prosperity of the Agency.

#### 4.5.5 Formation of Integrity Committee

The Agency formed the Integrity Committee in June 2022 in line with the National Anti-Corruption Policy (NACP). The Anti-Corruption Commission conducted a training induction workshop for the members of the Integrity Committee.

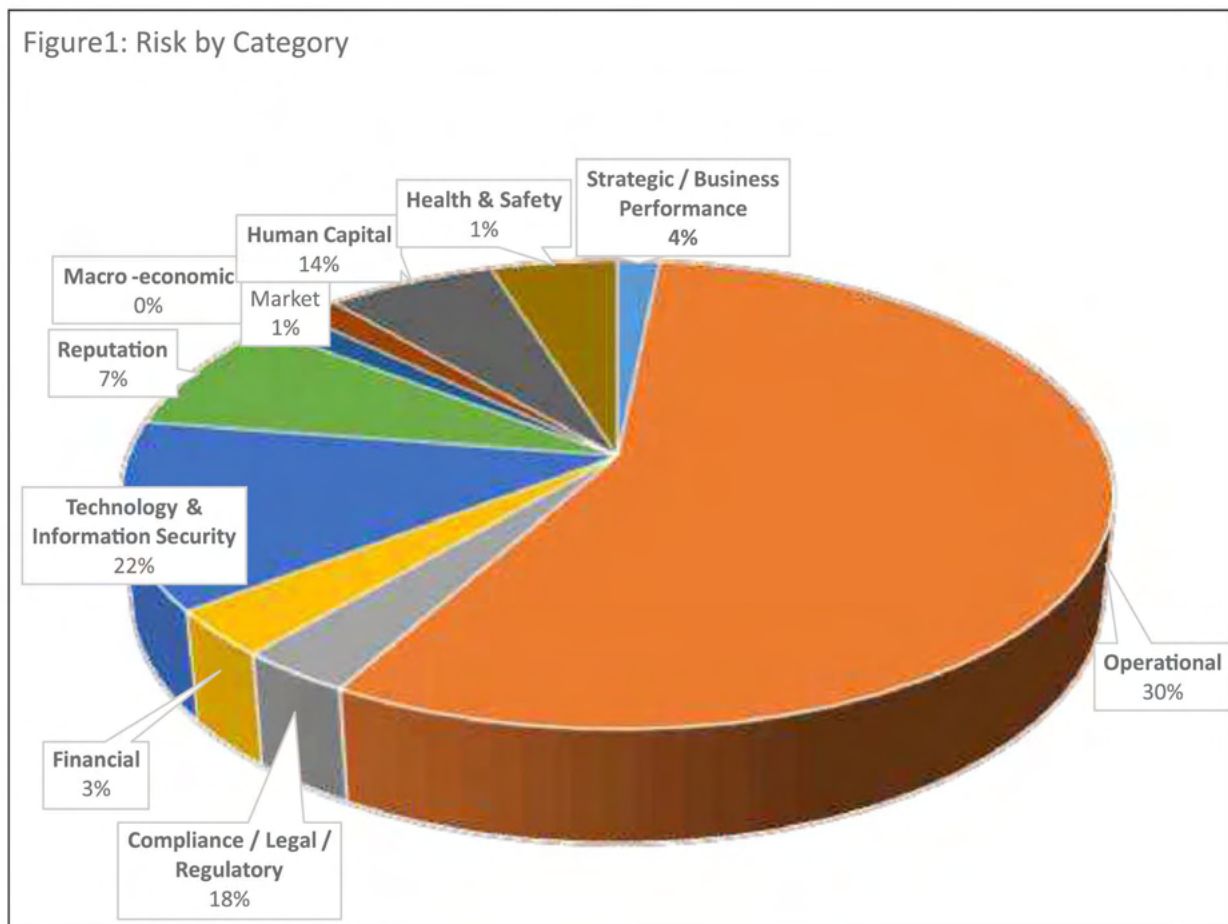
The Integrity Committee Programme for Zambia is one of the strategies identified under the National Anti-Corruption Policy (NACP) to prevent corruption and maladministration in public and private institutions. Essentially, the goal is to

mainstream corruption prevention in the routine business of organisations.

**5.0 ENTERPRISE RISK MANAGEMENT**

The Agency continued to monitor the Enterprise Risk Management programme that included a risk register. The 2022 risk register contained a total of 139 risks whose mitigation measures were actively monitored. Out of the 139 risks being reported, the highest number relate to Operational risks (30%) followed by technological risks (22%), human capital (14%), legal and regulatory risks account for (18%), reputation risks (7%) and strategic risks represent (4%). The rest represent 1% to 3% of the total risks being reported.

**Figure 1 depicts the identified Agency risks analysed by category.**





6.0 PHOTO FOCUS



His Excellency President Hakainde Hichilema graced the PACRA stand with his presence at the inaugural European Union-Zambia Economic Forum in Lusaka.



Nominated PACRA officers displaying their awards in recognition of outstanding performance.



The Hon. Minister of Science and Technology Mr. Felix C. Mutati MP inspecting an invention at the World IP Day celebrations held in Lusaka.



PACRA attended the Women in Industry Training Conference organized by ZAM



PACRA staff displaying certificate of award and trophy at the Public Service Day for scooping 2nd place in the Best Corporate Image category.



PACRA joined the rest of the world to celebrate the International Women's Day.

**7.0 STATISTICS**

**7.1 CALL CENTRE INFORMATION**

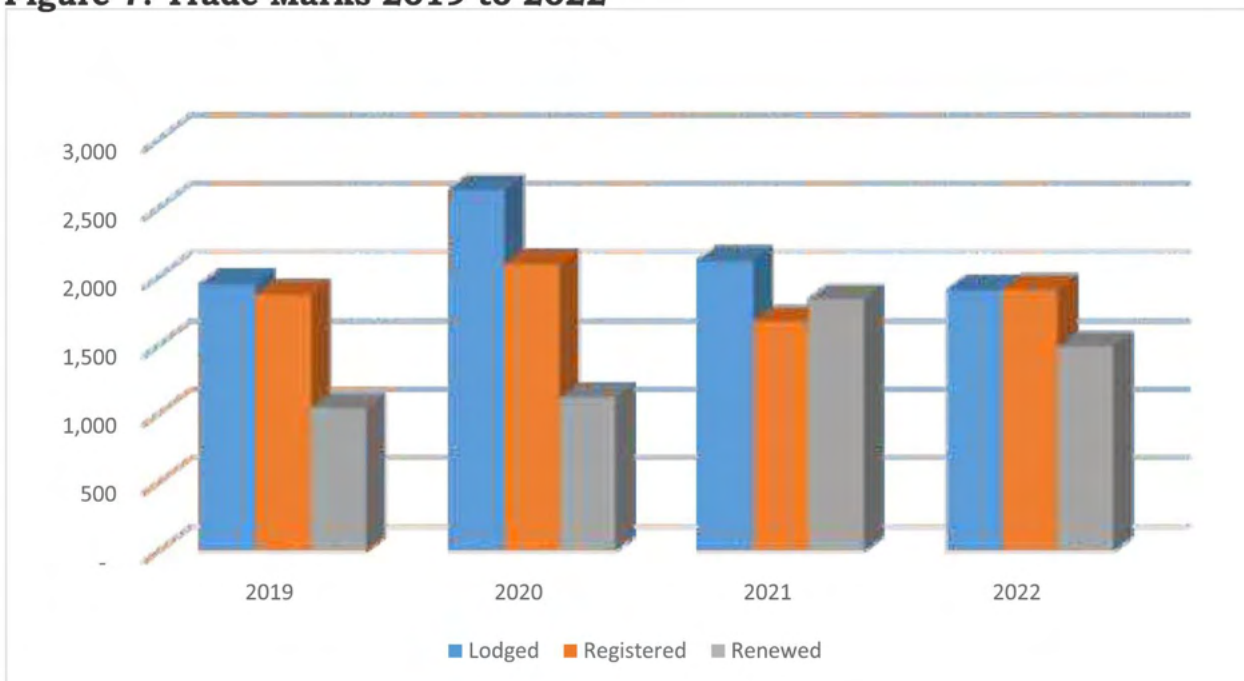
During the year under review, the Agency received a total of 19,556 calls between January and December. The majority of the calls related to registration of businesses followed by Intellectual Property Rights registration. Other queries pertained to access of the online registration system and payment options.

**7.2 INTELLECTUAL PROPERTY REGISTRATION SERVICES**

**Table 7: Trade Marks 2019 to 2022**

Year	Lodged	Registered	Renewed
2019	1,952	1,875	1,043
2020	2,641	2,098	1,119
2021	2,122	1,682	1,840
2022	1,920	1,917	1,493

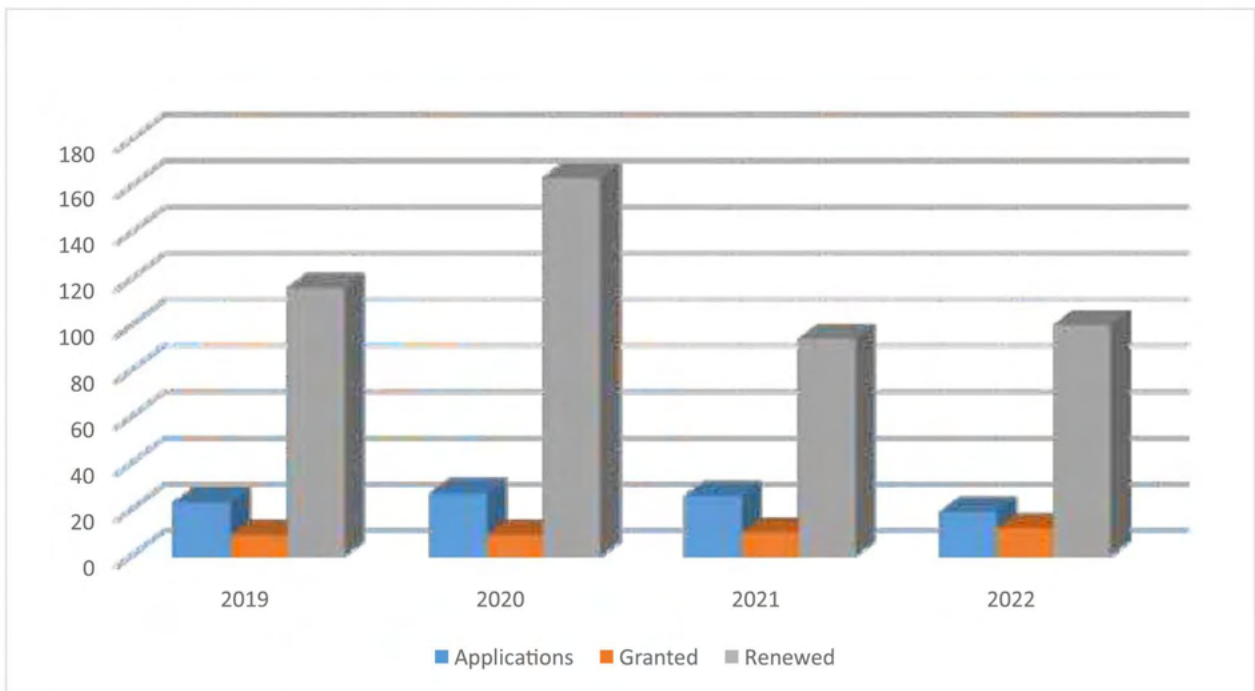
**Figure 7: Trade Marks 2019 to 2022**



**Table 8: Patents 2019 to 2022**

Year	Applications	Granted	Renewed
2019	23	9	116
2020	27	9	164
2021	26	10	94
2022	19	12	100

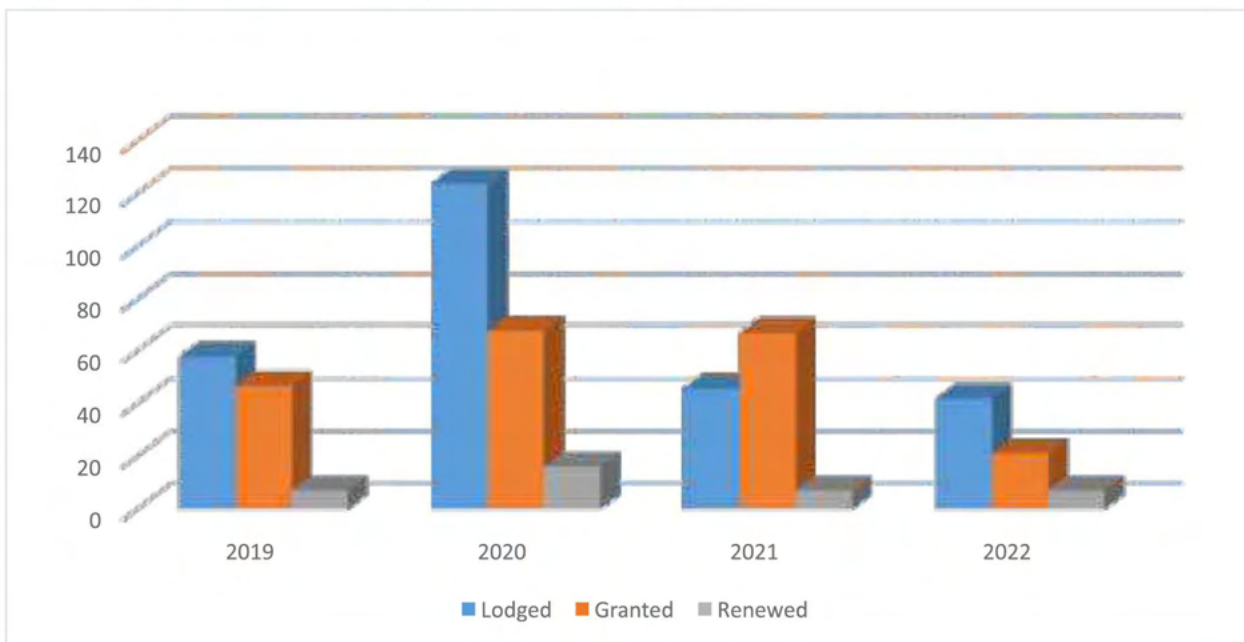
**Figure 3: Patents 2019 to 2022**



**Table 9: Industrial Designs 2019 to 2022**

Year	Lodged	Registered	Renewed
2019	58	47	7
2020	124	68	16
2021	46	67	7
2022	42	21	7

**Figure 4: Industrial Designs 2019 to 2022**



**Table 10: Copyrights 2019 to 2022**

Year	Lodged	Registered	Rejected
2019	141	122	19
2020	112	112	0
2021	154	154	0
2022	128	128	34

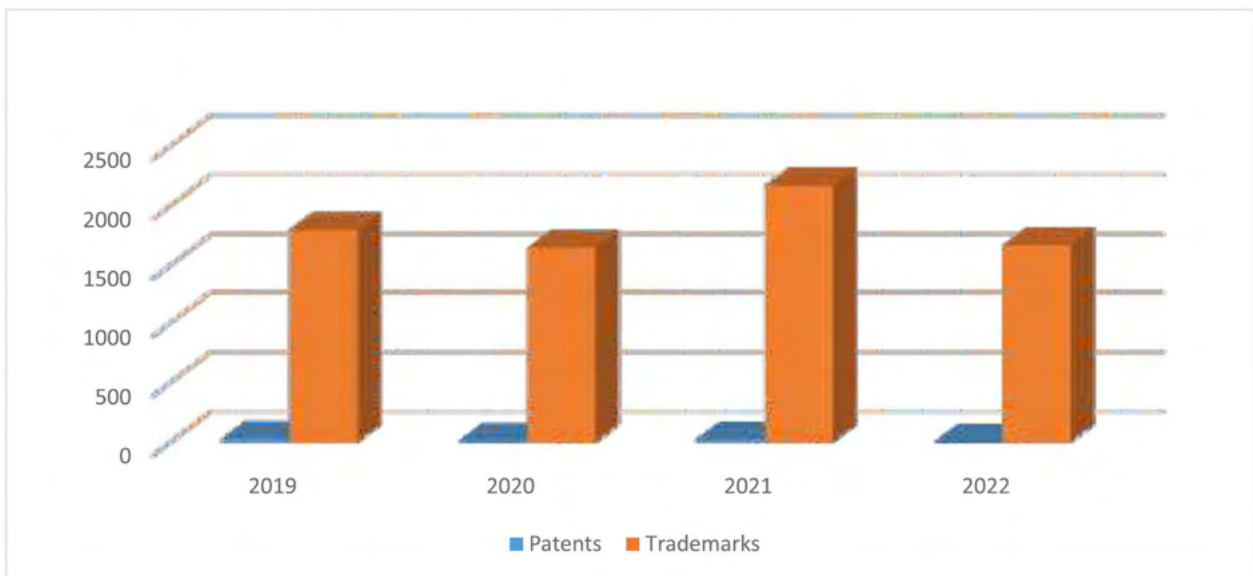
**Figure 5: Copyrights 2019 to 2022**



**Table 11: Journal Publications 2019 to 2022**

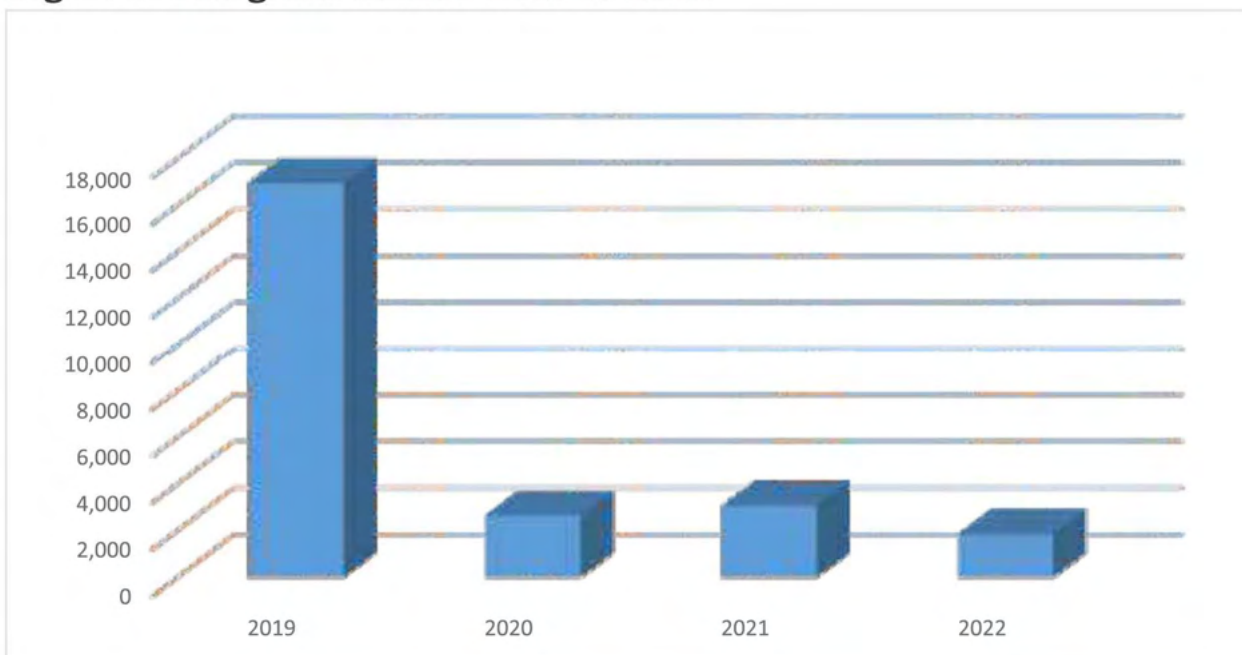
Year	Patents	Trademarks
2019	23	1,794
2020	9	1,642
2021	20	2,167
2022	0	1,664

**Figure 6: Journal Publications 2019 to 2022**



**Table 12: Holograms Affixed 2019 to 2022**

Year	Holograms Affixed
2019	16,979
2020	2,652
2021	3,077
2022	1,859

**Figure 7: Holograms Affixed 2019 to 2022**

### 7.3 COMPANIES AND BUSINESS NAMES STATISTICS

**Table 13: Registration of Businesses 2019 to 2022**

Year	Business Name	Local Companies	Foreign Companies
2019	18,729	10,153	69
2020	17,480	11,277	79
2021	18,416	14,669	78
2022	30,333	17,972	80

**Business Registrations 2019 to 2022**

**Figure 8: Registration of Businesses 2019 to 2022**



**Table 14: Registration of Businesses by Province 2022**

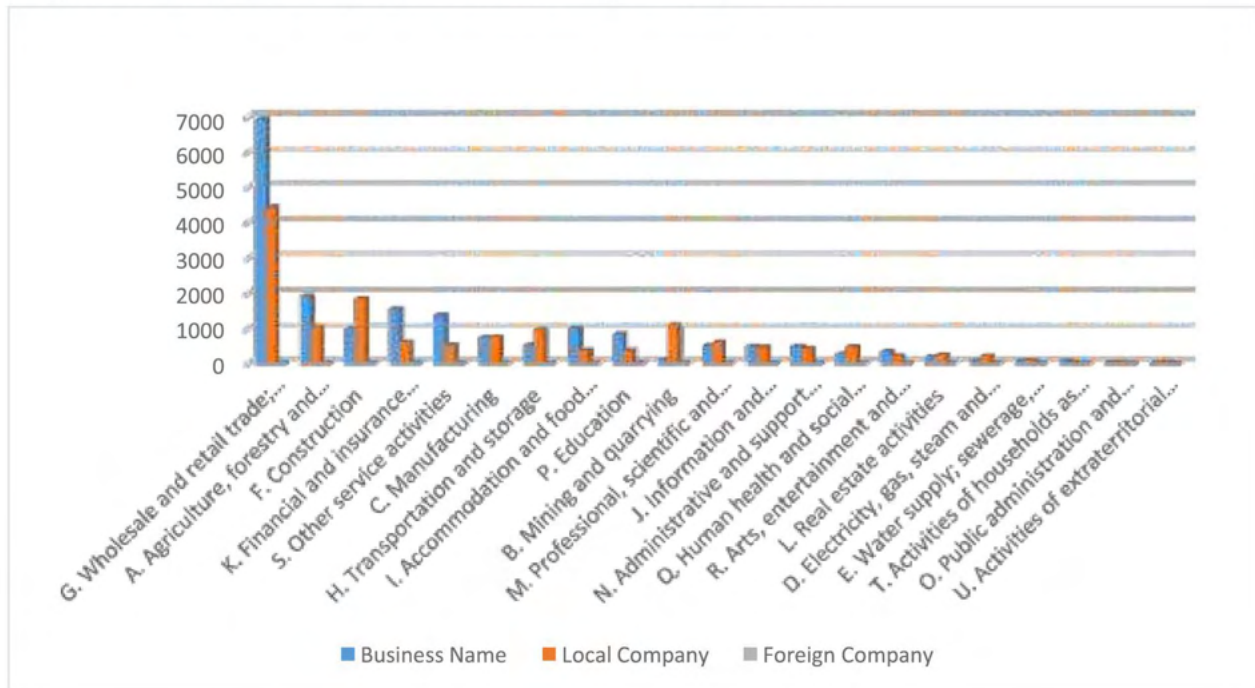
PROVINCE	Business Name	Local Company	Foreign Company
LUSAKA PROVINCE	11,265	10,507	59
COPPERBELT PROVINCE	4,293	3,746	8
SOUTHERN PROVINCE	3,289	822	7
CENTRAL PROVINCE	2,385	736	3
EASTERN PROVINCE	1,689	381	0
LUAPULA PROVINCE	1,158	295	0
NORTHWESTERN PROVINCE	1,541	643	0
NORTHERN PROVINCE	2,381	259	0
WESTERN PROVINCE	1,608	289	1
MUCHINGA PROVINCE	716	291	0
OUTSIDE ZAMBIA	0	0	3

**Business Registrations by Sector 2022****Table 15: Registration of Business by Sector 2022**

<b>Sector</b>	<b>Business Name</b>	<b>Local Company</b>	<b>Foreign Company</b>
WHOLESALE AND RETAIL TRADE; REPAIR OF MOTOR VEHICLES AND MOTORCYCLES	6,977	4,429	12
CONSTRUCTION	984	1,831	6
AGRICULTURE, FORESTRY AND FISHING	1,907	1,022	4
OTHER SERVICE ACTIVITIES	1,359	517	2
EDUCATION	829	364	1
MANUFACTURING	737	747	3
FINANCIAL AND INSURANCE ACTIVITIES	1,550	595	6
ACCOMMODATION AND FOOD SERVICE ACTIVITIES	994	336	0
PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	492	591	7
TRANSPORTATION AND STORAGE	512	956	9
OTHER SERVICE ACTIVITIES	1,359	517	2
MINING AND QUARRYING	87	1,096	10
HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	264	459	5
INFORMATION AND COMMUNICATION	473	449	4



**Figure 9: Registration of Business by Sector 2022**

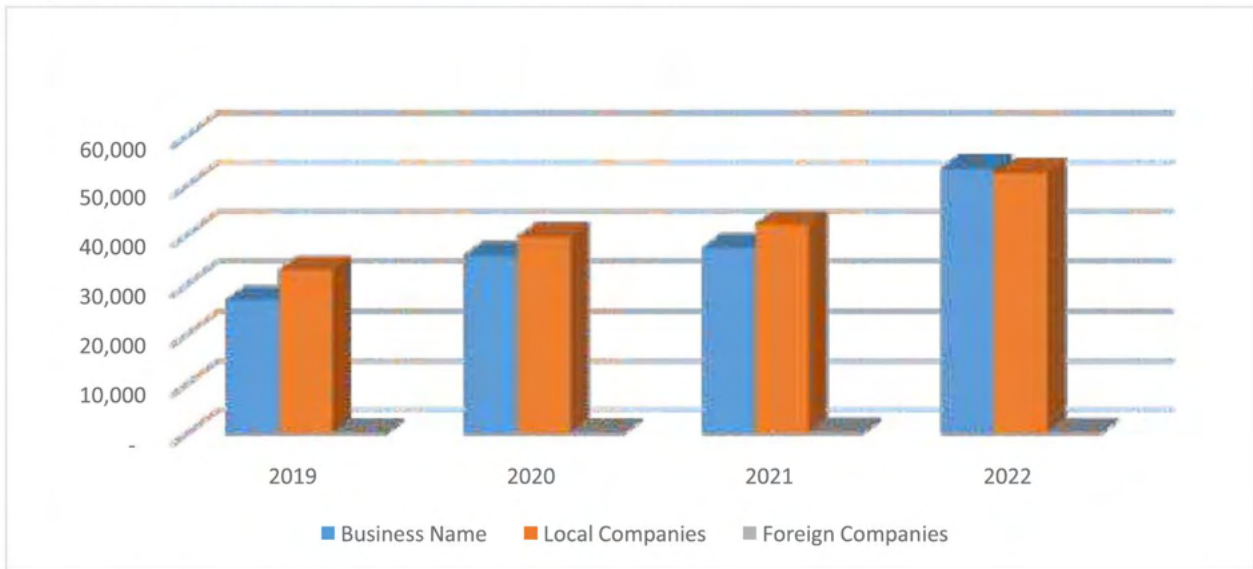


**Annual Returns 2019 to 2022**

Table 16: Annual Returns 2019 to 2022

Year	Business Name	Local Companies	Foreign Companies
2019	27,006	33,007	194
2020	35,944	39,708	253
2021	37,510	42,266	324
2022	53,525	52,668	286

**Figure 10: Annual Returns 2019 to 2022**

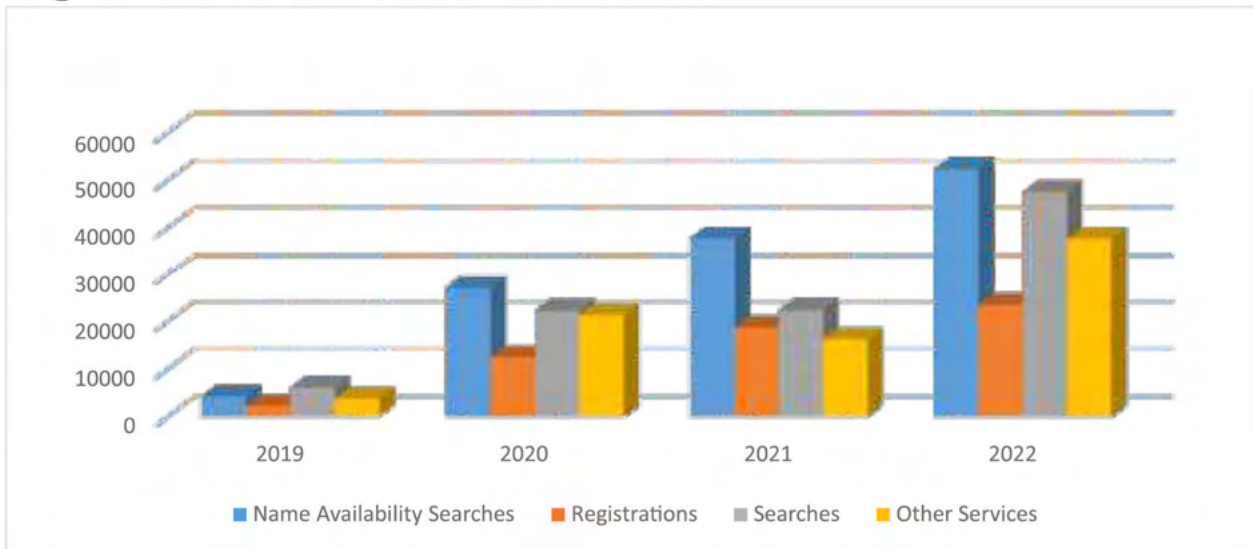


**Online Services 2019 to 2022**

Table 17: Online Service 2019 to 2022

Year	Name Availability Searches	Registrations	Searches	Other Services
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
2022	52,424	23,613	47,565	37,659

**Figure 11: Online Service 2019 to 2022**



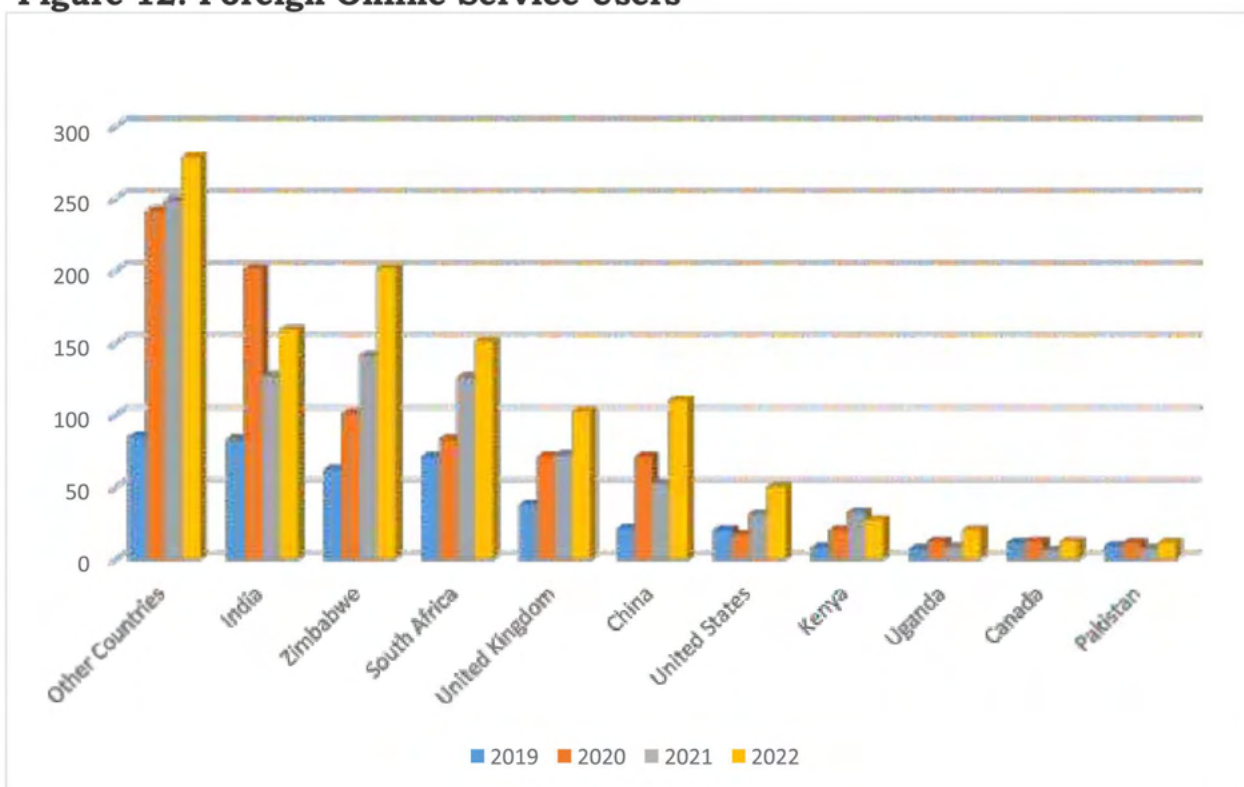
**Foreign Online Service Users**

**Table 18: Foreign Online Service Users**

Nationality	Distributions (2019)	Distributions (2020)	Distributions (2021)	Distributions (2022)
India	83	202	127	159
South Africa	71	83	126	151
Zimbabwe	62	101	141	202
United Kingdom	38	71	72	103
China	21	71	52	110
United States	20	17	31	50
Canada	11	12	6	12
Pakistan	9	11	7	151

Kenya	8	20	32	27
Uganda	7	12	8	20
Other Countries	85	242	249	279

**Figure 12: Foreign Online Service Users**

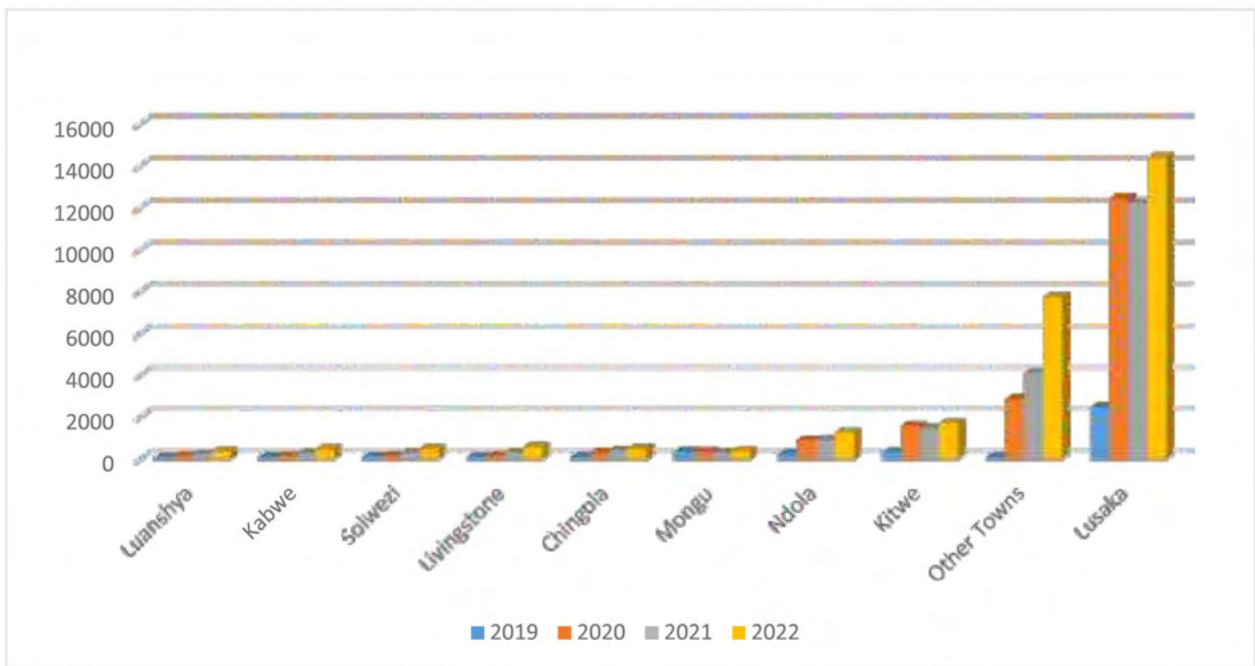


**Local Online Users by Towns 2022**

Table 19: Local Online Users by Town 2022

District	2019	2020	2021	2022
Lusaka	2,475	12,454	12,279	14,418
Mongu	352	337	288	361
Kitwe	325	1,573	1,460	1,704
Ndola	253	881	903	1,267
Chingola	94	297	394	476
Solwezi	90	141	297	467
Kabwe	87	139	262	454
Livingstone	79	129	301	562
Luanshya	66	132	230	350
Other Towns	85	2,863	4,140	7,745

**Figure 13: Local Online Users by Town 2019 to 2022**

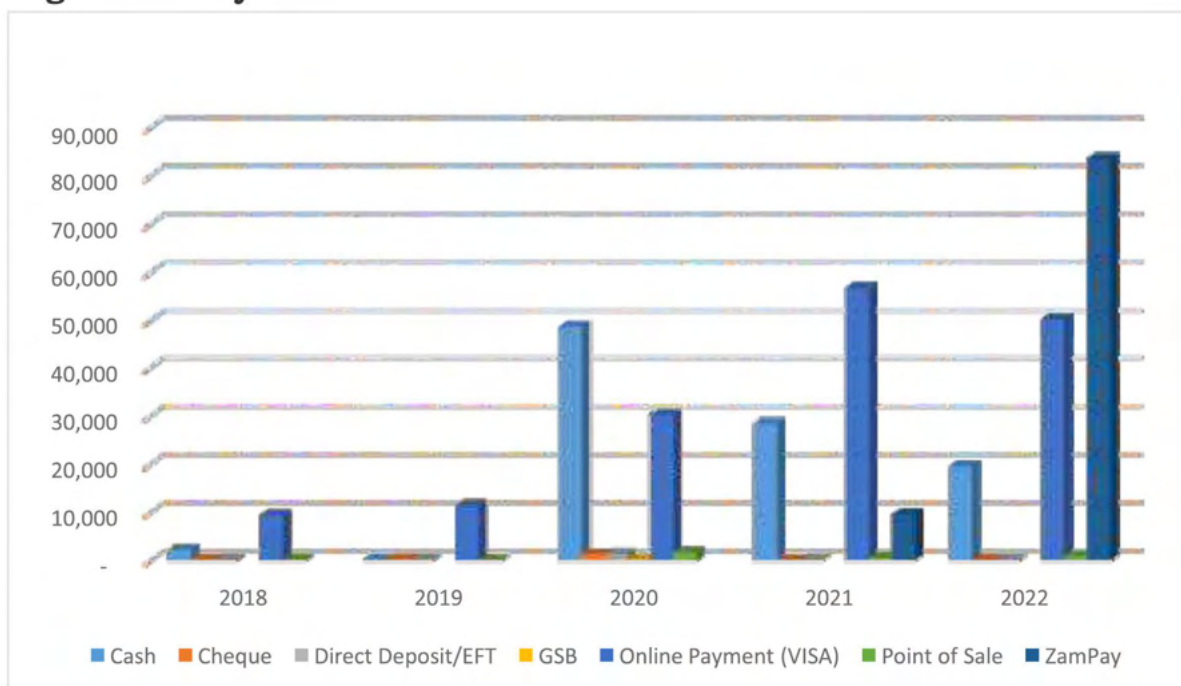


**Payment Methods Used for Online Services 2022**

Table 20: Payment Methods Used for Online Services 2022

PAYMENT METHOD	2019	2020	2021	2022
Online Payment (VISA)	11,487	30,448	56,799	50,241
Cash	190	48,714	28,495	19,584
Cheque	238	1,255	122	16
Direct Deposit/EFT	1	1,369	10	9
GSB		99		
Point of Sale	107	1,651	477	852
ZamPay			9,550	83,744

**Figure 14: Payment Methods Used for Online Services 2022**



**Business Registrations Walk-In vs Online 2022**

Table 21: Registration of Business 2022

Application Method	Business Name	Local Companies	Foreign Companies
Walk In	15,737	9,408	72
Online	14,381	8,414	5

**Figure 15: Registration of Business 2022**



**Online Registrations by Business Type 2019 to 2022**

Table 22: Online Registration by Business Type 2019 to 2022

Year	Business Name	Local Companies	Foreign Companies
2019	1,490	708	0
2020	7,336	4,804	0
2021	10,245	8,207	0
2022	14,381	8,414	5

**7.4 INSOLVENCY PRACTITIONERS**

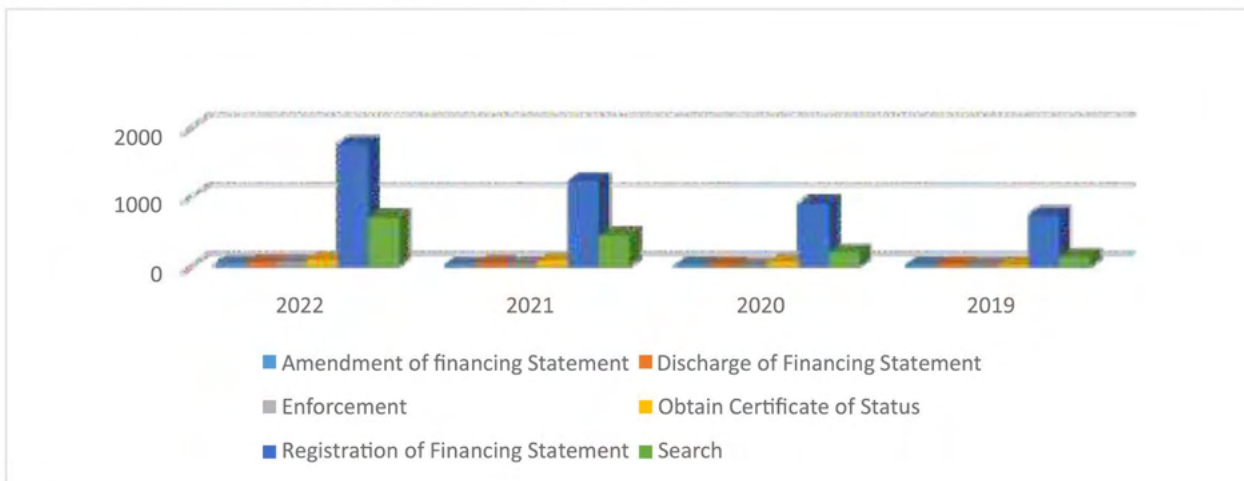
During the year 2022, PACRA accredited a total of 24 Insolvency Practitioners.

**7.5 MPRS Statistics**

**Table 23: MPRS Service Applications 2019-2022**

APPLICATION	2022	2021	2020	2019
Amendment of financing Statement	35	24	15	15
Discharge of Financing Statement	46	36	13	27
Enforcement	47	16	3	8
Obtain Certificate of Status	83	72	56	19
Registration of Financing Statement	1,772	1,239	902	742
Search	701	443	197	138

**Figure 16: MPRS Service Applications**

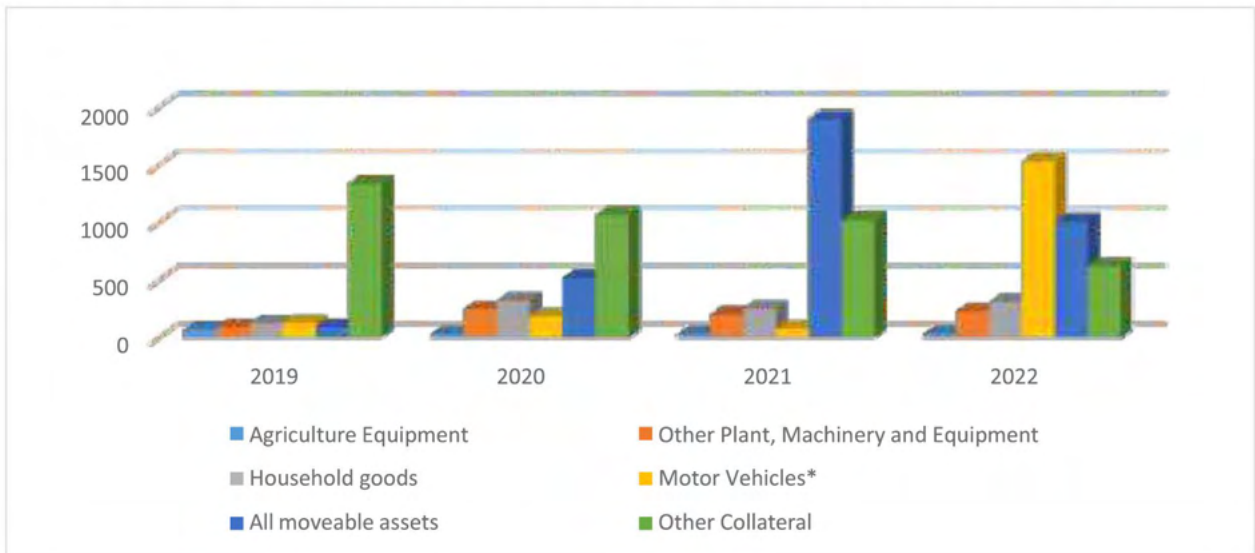




**Table 24: Collaterals Used for Financing Statements 2019 to 2022**

Collateral Types	2019	2020	2021	2022
Household goods	124	321	251	309
Motor Vehicles*	129	184	78	1,538
Other Plant, Machinery and Equipment	90	247	201	229
All moveable assets	92	518	1908	1,015
Agriculture Equipment	69	30	31	33
Other Collateral	1,340	1072	1026	622

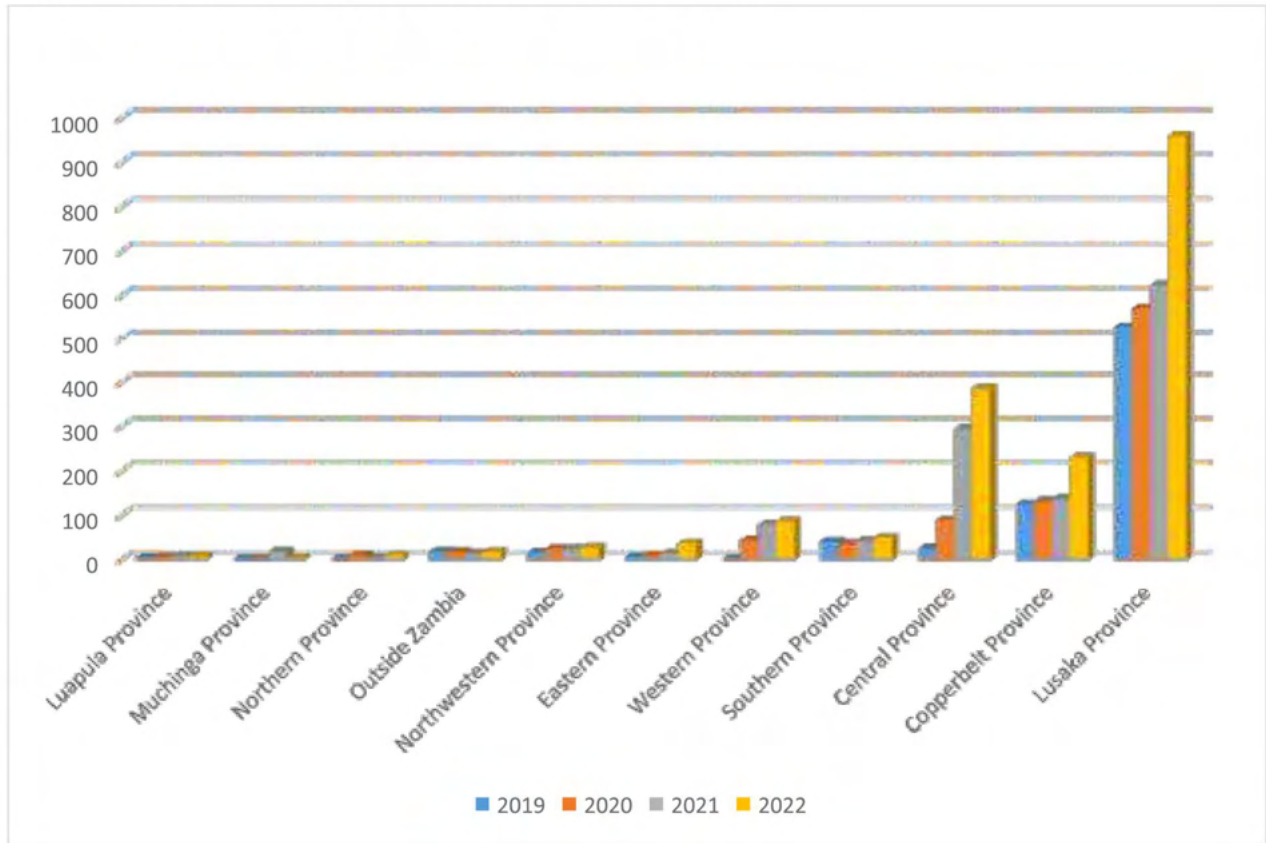
**Figure 17: Collaterals Used for Financing Statements 2019 to 2022**



**Table 25: Debtors by Province 2019 to 2022**

<b>Debtors By Province</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
LUSAKA PROVINCE	526	569	622	959
COPPERBELT PROVINCE	124	130	135	230
SOUTHERN PROVINCE	39	34	40	48
CENTRAL PROVINCE	24	88	294	385
EASTERN PROVINCE	4	7	12	34
MUCHINGA PROVINCE			17	1
NORTHERN PROVINCE	0	8	2	8
OUTSIDE ZAMBIA	17	16	12	16
NORTHWESTERN PROVINCE	14	22	22	25
LUAPULA PROVINCE	2	4	6	6
WESTERN PROVINCE	0	42	77	85

**Figure 18: Debtors by Province 2019 to 2022**

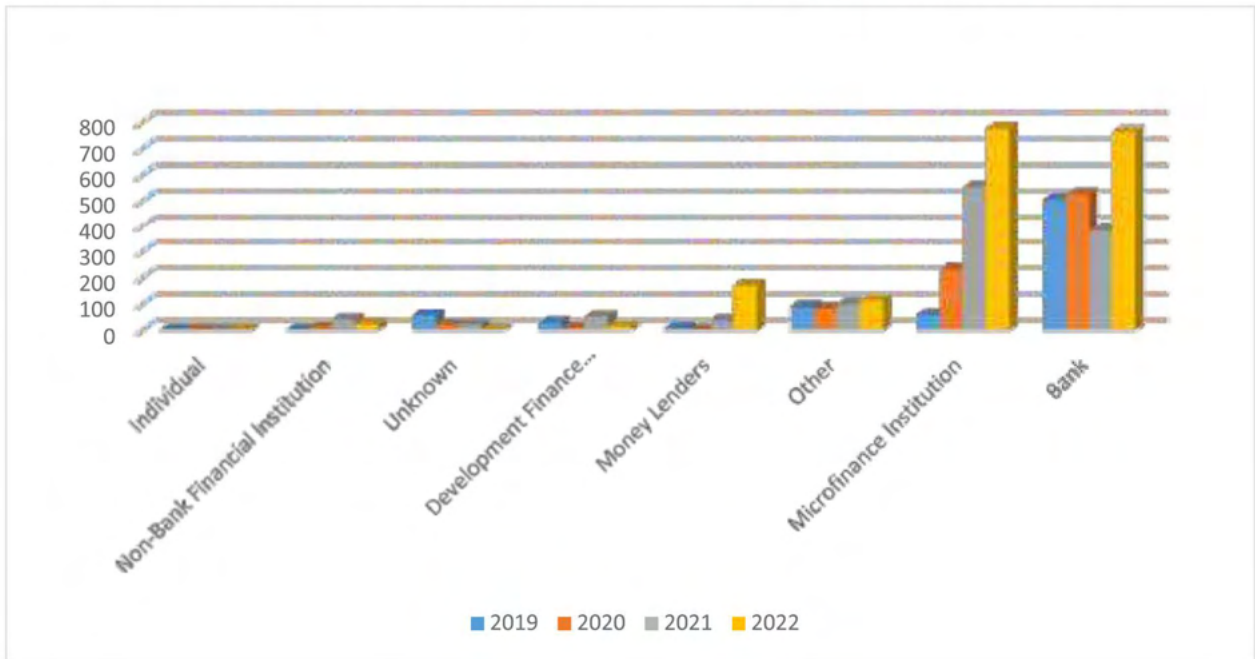


**Table 26: Total Facilities provided by Lender Type 2019 to 2022**

Secured Creditor Type	2019	2020	2021	2022
Bank	506	527	384	765
Microfinance Institution	59	233	553	14
Non-Bank Financial Institution	0	8	42	23
Development Finance Institutions	28	8	51	14
Other	91	83	99	115
Individual	0	0	0	0

Unknown	56	21	22	0
Money Lenders	8	0	37	170

**Figure 19: Total Facilities provided by Lender Type 2019 to 2022**





**PATENTS AND COMPANIES  
REGISTRATION AGENCY**

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

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**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31<sup>ST</sup> DECEMBER 2022**

*PREPARED IN ACCORDANCE WITH  
THE ACCRUALS BASIS OF  
ACCOUNTING METHOD UNDER  
INTERNATIONAL PUBLIC SECTOR  
ACCOUNTING STANDARDS*

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## REPORT OF THOSE CHARGED WITH GOVERNANCE OF THE AGENCY

The Agency submits its report together with the financial statements for the Patents and Companies Registration Agency (“the Agency”) for the year ended 31<sup>st</sup> December 2022.

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

### 3. Registered Office and Physical Presence

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

Patents and Companies Registration Agency  
Plot 8471  
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](http://www.pacra.org.zm).
- (c). The Agency also has strategic partnerships with the 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”.

**5. 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 Registered 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); (d) Advise Government on all matters pertaining to the Acts referred to in paragraph (a); and (e)Do all such other things as are necessary or incidental to the performance of its functions under the PACRA Act.

**6. 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; establishment of business regulatory services centres; protection of integrated circuits; accreditation of corporate insolvency practitioners; and protection of traditional knowledge, genetic resources and expressions of folklore.

**7. Those Charged with Governance (TCWG<sup>2</sup>)**

*(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. TCWG consist of the following 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:

- (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
- (f). Two other persons with experience and knowledge in matters relevant to the Patents and Companies Registration Agency Act, No. 4 of 2020.



*(b) TCWG In Place*

The previous Board was dissolved by the Minister, on 29<sup>th</sup> October 2021. For the whole year 2022 there was no Board in place as no replacement governance team had been appointed after the dissolution of the previous Board.

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 Act No. 4 of 2020*.

*(c) Interests in Capital Resources*

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

*(d) Emoluments for TCWG*

Emoluments or expenses for TCWG during the year amounted to **K4,128** (2021:- K628,260).

**8. Senior Management**

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

- (a). Mr. Wilson Banda - Acting Chief Executive Officer and Registrar
- (b). Mr. Benson Mpalo - Deputy Registrar (Intellectual Property Department)
- (c). Mr. Chewe Peter Chilufya - Acting Deputy Registrar (Commercial Department)
- (d). Mrs Mwewa Mpumpu - Acting Chief Financial Officer
- (e). Mr. Kaseke Chinyemba - Information and Communication Technology Manager
- (f). Mr. Clyde Siamachoka - Human Resources and Administration Manager
- (g). Mr Thomas Kaunda - Chief Internal Auditor
- (h). Mrs. Belinda M. Siankumo - Board Secretary and Legal Counsel

**9. 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.

**10. Adoption of International Public Sector Accounting Standards in 2022**

From 1 January 2022, the entity started 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.

## 11. Financial and Operational Highlights

### (a) Basis of Preparation

- (i). The Agency’s financial statements have been prepared in accordance with and comply with *International Public Sector Accounting Standards (IPSASs)*.
- (ii). The financial statements are presented in *Zambian Kwacha*, which is the functional and reporting currency of the Agency and all values are rounded to the nearest Kwacha.

### (b) Operating Results

The operating surplus for the year ended 31<sup>st</sup> December 2022 amounted to **K3.684million** (2021: Surplus: K0.242million).

### (c) Income

Total incoming resources for the year amounted to **K74.902million** (2021: K66.278million).

### (d) Expenditure

Expenditure totalled **K71.672million** (2021: K66.035million). The main operating costs were depreciation and amortisation costs **K1.002million** (2021: K1.831million), costs of personnel of **K56.943million** (2021: K55.982million), and recurrent expenditures **K9.934million** (2021: K7.688million). There was also a one-off write off of capital work in progress of **K2.355million**.

### (e) Capital Expenditure

Capital expenditure amounted to **K0.956million** (2021: K0.674million).

## 12. 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.

**(b) Legal Risk**

The Agency is subject to a comprehensive range of legal obligations, mostly covered by the *Patents and Companies Registration Act No. 4 of 2020*. As a result, it is exposed to many forms of legal risk, which may arise in a number of ways: its business may not be conducted in accordance with the 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 a 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 17 to 27.
- (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 32 to 34 in Note 12 to the financial statements.

### 13. 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.

### 14. Corporate Governance

In the absence of the Board, Management continued to be committed to high standards of corporate governance, which was fundamental to discharging their leadership responsibilities. Management applied integrity and other principles of good governance.

### 15. 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.

### 16. 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.


### 17. Post Balance Sheet Events

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

### 18. Auditors

In accordance with the provisions of the Patents and Companies Registration 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 and considered by the Board – TCWG.

On behalf of the TWCG:

  
Chief Executive Officer

30/03/2023  
Date

#### STATEMENT OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the Auditors' report on page 8, is made with a view to distinguishing the respective responsibilities of the Board of the Agency ("the Board") and of the Auditors in relation to the financial statements for the year to 31<sup>st</sup> December 2022.

#### Statement of Responsibility for Financial Statements


In conformity with *International Public Sector Accounting Standards ("IPSASs")*, the Board is 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. *IPSASs* provide, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation. The Board considers that, in preparing the financial statements on pages 13 to 16, and the additional information contained on pages 17 to 56, the Agency has used appropriate accounting policies, supported by reasonable judgements and estimates, and all accounting standards which it considers to be applicable.

The Board has 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. The Board has 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. Because there was no Board, executive management accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with *IPSASs*. In preparing such financial statements, the officers are is 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 *IPSASs*.

In the opinion of the Agency:

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 31<sup>st</sup> December 2022;
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 31<sup>st</sup> December 2022; and
  - (b) There are reasonable grounds to believe that the Agency will be able to pay its debts as and when they fall due.

Because there was no Board during the year of review, the financial statements set out on pages 13 to 16 were approved on 30/03/23 and signed by the Board Chairperson appointed in March 2023:

  
\_\_\_\_\_  
Board Chairperson

  
\_\_\_\_\_  
Chief Executive Officer

# EMM Corporate Partners

## Chartered Accountants and Management Consultants



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P.O. Box 31296, Lusaka  
Tel : (260) 211 291 550  
Cell: (260) 955 433 710  
Fax : (260) 211 291 550  
E-mail: [emmcs@zamnet.zm](mailto:emmcs@zamnet.zm)  
Website: [emmozambia.com](http://emmozambia.com)

### **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 31<sup>st</sup> December 2022, 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 Act No. 4 of 2020* and *International Public Sector Accounting Standards (“IPSAS”)* as issued by the *International Public Sector Accounting Standards Board (“IPSASB”)*.

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 31<sup>st</sup> December 2022, 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.

#### **Scope of Audit of the Financial Statements**

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances, consistently applied and adequately disclosed. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our opinion.

#### **Basis for Opinion**

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Website: [emmzambia.com](http://emmzambia.com)

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.

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## 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.

### 1. *Capital Work in Progress*

---

Due to long-term inactivity, the audit proposed impairment write down of the capital work in progress. The Agency spent K2.809million from 2017 to 2020 in Partnership with Competition and Consumer Protection Commission ("CCPC"). However, the Partnership with CCPC ended in 2021 and the Agency has hence decided to redesign the building by having a fresh start with PJP restarting the process which. The Agency has restarted the process with PJP hence the prior works with CCPC has been discharged which we proposed the cost incurred be written off.

We focused on this transaction because it is material to the financial statements as a whole. 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. Management noted our concerns. 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 write down has been effected.

### 2. *Inventory*

---

Inventories are valued at the lower of cost and net realisable value. Our audit procedures included physical stock count attendance, testing of cost against net realisable values, and testing of potential impairment of damaged inventories. Our audit procedures determined it was not necessary to make any adjustments to the reported amount to reflect the assumptions that similar entities would use in similar circumstances.

## Going Concern

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.

## **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.

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 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

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## 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 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: 001171



**EMM CORPORATE PARTNERS**  
*Chartered Accountants and Management Consultants*

31/13/23

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

ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2022

**STATEMENT OF FINANCIAL PERFORMANCE**

<i>Amounts are Stated in Zambian Kwacha</i>	Note	2022	2021
<b>Revenue from Non-Exchange Transactions</b>			
Grant Income	1.	73,938,901	64,956,717
<b>Revenue from Exchange Transactions</b>			
Other Income	2.	963,836	1,321,073
		<b>74,902,737</b>	<b>66,277,790</b>
<b>Expenditure</b>			
Direct Costs	3.	982,072	533,496
Depreciation & Amortisation	5 & 6	1,002,350	1,831,791
Employee Costs and Benefits	Schedule I	56,943,785	55,982,453
Recurrent Costs	Schedule II	9,934,681	7,688,147
Impairment Loss on Non-Current Assets		2,355,461	-
		<b>71,218,348</b>	<b>66,035,888</b>
<b>Operating Result</b>	-	<b>3,684,389</b>	<b>241,902</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
		<b>3,684,389</b>	<b>241,902</b>
<b>Total operating result attributable to:</b>			
Controlling Interests		3,684,389	241,902
Non-controlling Interests		-	-
		<b>3,684,389</b>	<b>241,902</b>
<b>Comprehensive Income attributable to:</b>			
Owners of the Agency		3,684,389	241,902
Non-controlling interests		-	-
		<b>3,684,389</b>	<b>241,902</b>

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

ANNUAL REPORT AND FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED 31 DECEMBER 2022

**STATEMENT OF CHANGES IN FUNDS**

<i>Amounts are Stated in Zambian Kwacha</i>	<b>Revaluation Reserve</b>	<b>Revenue Reserves</b>	<b>Total Reserves</b>
Balance as at 1 January 2021	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
<b>At 31 December 2021</b>	<b>18,544,161</b>	<b>23,956,580</b>	<b>42,500,741</b>
Balance as at 1 January 2022	18,544,161	23,956,580	42,500,741
Amortisation of Revaluation Reserve	2,924,037	(2,924,037)	-
Total Comprehensive income		3,684,389	3,684,389
<b>At 31 December 2022</b>	<b>21,468,198</b>	<b>24,716,932</b>	<b>46,185,130</b>

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STATEMENT OF CASH FLOWS

<i>Amounts are Stated in Zambian Kwacha</i>	Notes	2022	2021
<b>Cash Inflow From Operating Activities</b>			
Operating Surplus		3,684,389	241,902
Amortisation of Capital Grants		-	(662,022)
Interest Received	2.	(900,130)	(1,226,000)
Depreciation & Amortisation		1,002,350	1,831,791
Gain on Disposals	2.	(63,397)	(14,402)
Change in Inventory	7.	(21,933)	(53,562)
Changes in Other Financial Assets	9.	(1,882,732)	656,497
Change in Amounts Payables, Accruals and Provisions	11.	(1,980,152)	2,773,640
Change in Employee-Related Obligations	12.	(17,587)	264,847
<b>Net Cash Inflow From Operating Activities</b>		<b>(179,192)</b>	<b>3,812,691</b>
<b>Returns on Investment and Servicing of Finance</b>			
Interest Received	2.	900,130	1,226,000
		900,130	1,226,000
<b>Investing Activities</b>			
Actual Payments to Acquire Tangible Fixed Assets	5.	956,786	(674,288)
Proceeds from Disposal of Assets		63,397	14,403
<b>Net Cash Outflow on Investing Activities</b>		<b>1,020,183</b>	<b>(659,885)</b>
<b>Financing Activities</b>			
<b>Net Cash Outflow on Financing</b>		<b>-</b>	<b>-</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>1,741,121</b>	<b>4,378,806</b>
<b>Cash and Cash Equivalents at start of year</b>		<b>20,413,168</b>	<b>16,034,362</b>
<b>Cash and Cash Equivalents at end of year</b>		<b>22,154,289</b>	<b>20,413,168</b>
<b>Represented By:</b>			
Cash at Bank and in Hand	10.	8,247,907	7,170,007
Short-Term Bank Deposits	10.	13,906,382	13,243,161
		22,154,289	20,413,168

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STATEMENT OF FINANCIAL POSITION

<i>Amounts are Stated in Zambian Kwacha</i>	Notes	2022	2021
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	5.	23,978,950	25,938,086
		<b>23,978,950</b>	<b>25,938,086</b>
<b>Current Assets</b>			
Inventory	7.	293,943	272,010
Other Financial Assets	9.	7,320,401	5,437,669
Cash and Cash Equivalents	10.	22,154,289	20,413,168
Total Current Assets		<b>29,768,632</b>	<b>26,122,846</b>
<b>Total Assets</b>		<b>53,747,583</b>	<b>52,060,933</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Revenue Reserves		24,716,932	23,956,580
Revaluation Reserves		21,468,198	18,544,161
<b>Total Equity</b>		<b>46,185,130</b>	<b>42,500,741</b>
<b>Current Liabilities</b>			
Payables, Accruals and Provisions	11.	3,679,085	5,659,236
Employee-Related Payables	12.	3,883,369	3,900,955
Total Current Liabilities		<b>7,562,453</b>	<b>9,560,192</b>
<b>Total Equity and Liabilities</b>		<b>53,747,583</b>	<b>52,060,933</b>

The financial statements set out on pages 13 to 16 were approved on 30/3/23 and signed on its behalf by:

  
Board Chairperson

  
Chief Executive Officer

EMM

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basis of preparation and accounting policies used in preparing the financial statements for the year ended 31<sup>st</sup> December 2022 are set out below:

### 1. General Information

The Agency's financial statements have been prepared in accordance with and comply with *International Public Sector Accounting Standards (IPSASs)*. The financial statements are presented in Zambian Kwacha, which is the functional and reporting currency of the Agency and all values are rounded to the nearest Kwacha. The accounting policies have been consistently applied since adoption in the prior period.

### 2. Basis of Preparation

The *entity's* financial statements have been prepared in accordance with and comply with *International Public Sector Accounting Standards (IPSASs)*. The financial statements have been prepared on the basis of historical cost, unless stated otherwise. 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.

The financial statements comprise a statement of performance, a statement of comprehensive income, a statement of financial position, a statement of changes in funds, a statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement revenue and expenditures.

Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the statement of revenue and expenses, as required or permitted by IPSAS. Reclassification adjustments are amounts reclassified to revenue and expenses in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the *entity* in their capacity as owners are recognised in the statement of changes in equity.

The financial statements are prepared on accrual basis.

The *entity* presents the statement of revenue and expenditure using the classification by function of expenses. The *entity* 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.

The cash flow statement is prepared using the direct method.



The accounting policies have been consistently applied to all the years presented. This implies that the prior year has been restated where necessary as it was previously presented under the International Financial Reporting Standards (IFRS). The financial statements have been prepared on the basis of historical cost, unless stated otherwise.

### 3. Basis of Measurement

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. 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: *Level 1 fair value measurements* are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; *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); *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.

### 4. Statement of Compliance

The financial statements have been prepared in accordance with *International Public Sector Accounting Standards ("IPSASs")* applicable for the reporting period to 31<sup>st</sup> December 2022.

### 5. Significant Judgments and Sources of Estimation Uncertainty – IPSAS 1

#### (a). Judgements

The preparation of the Agency's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. 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). Estimates and Assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Agency based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Agency. Such changes are reflected in the assumptions when they occur. 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

**(c). Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

(i). The condition of the asset based on the assessment of experts employed by the Agency;

(ii). The nature of the asset, its susceptibility and adaptability to changes in technology and processes;

(iii). The nature of the processes in which the asset is deployed.

(iv). Availability of funding to replace the asset

(v). Changes in the market in relation to the asset

**(d). Provisions**

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Assumptions were used in determining the provision for rehabilitation of

landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

#### 6. Changes in Accounting Policies and Estimates – IPSAS 3

The Agency recognises the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

#### 7. Foreign Currency Transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

#### 8. Revenue

##### (a). Revenue from Non-Exchange Transactions – IPSAS 23 :

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

- (i). **Grants:** Grant income represents funds received from the Government based on an approved budget. The grant income is recognised on an accruals basis. An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the Agency satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it shall reduce the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction. Revenue from non-exchange transactions shall be measured at the amount of the increase in net assets recognised. A present obligation arising from a non-exchange transaction that meets the definition of a liability shall be recognised as a liability when, and only when it is probable that an outflow of resources embodying future economic benefits or a service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- (ii). **Transfers from Other Government Entities:** Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes. Revenues from non-exchange transactions with other government entities are measured at fair

value and recognised on obtaining control of the asset if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Agency and can be measured reliably.

**(b). Revenue from Exchange Transactions – IPSAS 9**

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange:

- (i). **Rendering of services:** The Agency recognises revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are recoverable.
- (ii). **Sale of goods:** Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Agency.
- (iii). **Interest income:** is accrued using the effective yield method. The method applies this yield to the principal outstanding to determine interest income each period.

**9. Administrative Costs**

Operating and administrative costs are accrued as incurred.

**10. Taxation**

No allowance is made for income or deferred taxes as the Agency is exempt from taxation.

**11. Property, Plant and Equipment – IPSAS 17**

**(a) Cost and Valuation**

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Agency recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

*(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. Depreciation rates are:

Buildings	2%
Motor Vehicles	20%
Office and Laboratory Equipment	20%
Furniture and Fittings	10%
Computer Equipment	20%

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.

## 12. Intangible Assets – IPSAS 31

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation is based on the estimated useful life of the intangible assets, which can be assessed as either finite or indefinite.

## 13. Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. After initial recognition, inventory is measured at the lower of cost and net realizable value. Inventories are recognised as an expense when deployed for utilisation or consumption in the ordinary course of operations of the Agency.

## 14. Financial Instruments

### *(a). Composition*

The Agency's financial instruments consists 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). IPSAS 29: Financial Assets*

#### *(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.

The Agency's financial assets are measured subsequently at either amortised cost or fair value.

*(ii). Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. The Agency determines classification of its financial assets at initial recognition.

*(iii). Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognised in the surplus or deficit.

*(iv). Cash and Cash Equivalents*

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

*(v). Impairment of Financial Assets*

The Agency assesses at each reporting date whether there is objective evidence that a financial asset or a Agency of financial assets is impaired. A financial asset or a Agency of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Agency of financial assets that can be reliably estimated. Evidence of impairment may include the following indicators:

- (i). The debtors or a entity of debtors are experiencing significant financial difficulty;
  - (ii). Default or delinquency in interest or principal payments;
  - (iii). The probability that debtors will enter bankruptcy or other financial reorganization;
  - (iv). Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).
  - (v). The Agency recognises a loss allowance for expected credit losses on receivables and contract assets.
  - (vi). 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.
- (vi). *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). IPSAS 29: 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 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). **Recognition**

Initial recognition and measurement financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Agency determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

(iii). **Provisions – IPSAS 19**

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Agency expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

(iv). **Employee Benefits – IPSAS 25 Retirement Benefit Plans**

- The Agency provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which an Agency pays fixed contributions into a separate Agency (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.
- *Pension Schemes* –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.
- **Other Employee Benefits** - The estimated monetary liability for employees’ accrued gratuity pay entitlement at the balance sheet date is recognised as an accrual.

(v). **Contingent Liabilities**

The Agency does not recognise a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Contingent liabilities are initially measured at fair value.

(vi). **De-recognition**

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

(vii). **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.

(viii). **Fair Values of Financial Assets and Liabilities**

The carrying amounts of financial instruments are, in the opinion of the Board, 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.

(ix). *Contingent Assets*

The Agency does not recognise a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Agency in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

(x). **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 10 to the financial statements.

**15. Capital Maintenance**

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. It creates and maintains reserves in terms of specific requirements and only maintains accumulated funds as its reserves.

**16. Comparative figures**

Where necessary, comparatives have been reclassified to fit with presentations in the current period.

**17. Budget Information – IPSAS 24**

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Agency. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Agency differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. *IPSAS 24* applies to entities that require or elect to make publicly available their approved budget. The Agency is not required and does not make its budget publicly available.

NOTES TO THE FINANCIAL STATEMENTS  
*Amounts in Zambian Kwacha*

	2022	2021
<b>1. Grants</b>		
<b>(a) Summary of Revenue Grants</b>		
Appropriations from Government	73,938,901	64,294,695
Amortisation of Capital Grants	-	662,022
	<b>73,938,901</b>	<b>64,956,717</b>
<b>(b) Revenue Grants</b>		
Revenue grants from GRZ charged to income in the period.		
<b>(c) Movements in Capital Grants</b>		
Balance at Start of Year	-	662,022
Amortised to Income	-	(662,022)
Balance at End of Year	-	-
<b>2. Other Income</b>		
Interest Received	663,221	1,012,760
Interest on Staff Loans	236,909	213,240
Rental Income	-	34,000
Profit on Disposal	63,397	14,402
Sundry Receipts	308	46,671
	<b>963,836</b>	<b>1,321,073</b>
<b>3. Costs of Operating Activities</b>		
Mobile Registrations	283,829	15,790
Monitoring of Regional Offices	141,029	136,883
Prosecutions and Collaborations	41,380	30,350
Review and Development of Laws	156,012	153,335
Regional Office Audits	220,276	59,654
Transfers	139,546	137,483
	<b>982,072</b>	<b>533,496</b>
<b>4. Taxation</b>		
In stating operating results, no provision is made for tax as the Agency is tax -exempt.		

NOTES TO THE FINANCIAL STATEMENTS  
*Amounts in Zambian Kwacha*

5 Property, Plant and Equipment

	Land & Buildings	Motor Vehicles	Furniture Equipment	CWIP	Totals
<b>Cost</b>					
At 1 January 2022	25,380,656	5,259,118	8,296,829	2,809,704	41,746,307
Additions	-	-	1,398,674	(2,355,461)	(956,786)
<b>Balance at 31 December 2022</b>	<b>25,380,656</b>	<b>5,259,118</b>	<b>9,695,504</b>	<b>454,243</b>	<b>40,789,521</b>
<b>Depreciation</b>					
At 1 January 2022	3,055,324	4,754,424	7,998,472	-	15,808,220
Charge for the Period	404,274	412,066	186,010	-	1,002,350
<b>Balance at 31 December 2022</b>	<b>3,459,598</b>	<b>5,166,491</b>	<b>8,184,482</b>	<b>-</b>	<b>16,810,570</b>
<b>Net Book Value</b>					
<b>Balance at 31 December 2021</b>	<b>22,325,331</b>	<b>504,694</b>	<b>298,358</b>	<b>2,809,704</b>	<b>25,938,086</b>
<b>Balance at 31 December 2022</b>	<b>21,921,058</b>	<b>92,627</b>	<b>1,511,022</b>	<b>454,243</b>	<b>23,978,950</b>

*Note 4 Cont'd.*

	Land & Buildings	Motor Vehicles	Furniture Equipment	CWIP	Totals
<b>Cost</b>					
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)
<b>Balance at 31 December 2021</b>	<b>25,380,656</b>	<b>5,259,118</b>	<b>8,296,829</b>	<b>2,809,704</b>	<b>41,746,307</b>
<b>Depreciation</b>					
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)
<b>Balance at 31 December 2021</b>	<b>3,055,324</b>	<b>4,754,424</b>	<b>7,998,472</b>	<b>-</b>	<b>15,808,220</b>
<b>Net Book Value</b>					
<b>Balance at 31 December 2020</b>	<b>22,724,057</b>	<b>1,020,045</b>	<b>220,497</b>	<b>2,355,460</b>	<b>26,320,059</b>
<b>Balance at 31 December 2021</b>	<b>22,325,331</b>	<b>504,694</b>	<b>298,358</b>	<b>2,809,704</b>	<b>25,938,086</b>

NOTES TO THE FINANCIAL STATEMENTS  
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	2022	2021
<b>6 Intangible Assets</b>		
<b>(a) Analysis of Balances</b>		
Cost	10,312,158	10,312,158
	<b>10,312,158</b>	<b>10,312,158</b>
<b>(b) Amortisation</b>		
At the beginning of the Period	10,312,158	9,536,627
Charge for the Period	-	775,531
At the End of the Period	10,312,158	10,312,158
Net Book Value	-	-
<b>7 Inventory</b>		
Office Consumables	293,943	272,010
	<b>293,943</b>	<b>272,010</b>
<b>8 Receivables from Non-Exchange Transactions</b>		
There were no receivables from exchange transactions as at year end.		
<b>9. Other Financial Assets</b>		
Trade Receivables	13,982	102,147
Staff Receivables	7,288,418	5,312,228
Sundry Debtors	18,001	23,293
	<b>7,320,401</b>	<b>5,437,669</b>

NOTES TO THE FINANCIAL STATEMENTS  
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	2022	2021
<b>10 Cash and Equivalents</b>		
<b>(a) Operations Accounts - Bank</b>		
Chipata	3,677	1,077
Choma	1,738	18
Chinsali	100	200
Kabwe	939	2,139
Kasama	2,806	296
Kitwe	1,140	6,675
Livingstone	1,588	248
Lusaka	5,783,680	2,027,102
Mansa	6,001	-
Mongu	50	151
Ndola	5,637	2,309
Solwezi	2,721	-
	<b>5,810,078</b>	<b>2,040,215</b>
<b>(b) General Accounts -Bank</b>		
Collection Account	1,487,817	2,455,329
Revolving Account	929,903	2,647,228
Finance Bank	1,317	1,690
NATSAVE BANK	735	1,999
	<b>2,419,771</b>	<b>5,106,245</b>
<b>(c) Restricted Accounts</b>		
CEEC/PACRA	8,510	9,842
<b>(d) Petty Cash</b>		
Chipata	115	1,480
Kabwe	1,439	1,364
Kasama	1,362	511
Kitwe	2,630	1,945
Livingstone	190	1,390
Lusaka	3,309	5,246
Mansa	19	213
Mongu	14	890
Ndola	80	665
Solwezi	390	-
	<b>9,548</b>	<b>13,704</b>

NOTES TO THE FINANCIAL STATEMENTS  
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	2022	2021
(e) Held to Maturity Investments	13,906,382	13,243,161
<b>Total Bank and Cash</b>	<b>22,154,289</b>	<b>20,413,168</b>
<b>11 Payables, Accruals and Provisions</b>		
Trade Creditors	510,721	474,654
Moveable Property Prepayments	227,983	215,573
Prepaid Income	1,248,566	2,171,741
Audit Provisions	145,000	95,000
GRZ Transit Account	120,427	178,683
PAYE	1,024,239	1,256,397
NAPSA	(8)	1,147,443
NHIS	78,531	39,472
Sundry Creditors	243,353	1,242,443
Impairment Provision	80,272.30	80,272
	<b>3,679,085</b>	<b>5,659,236</b>
<b>12 Employee Obligations</b>		
Leave Days	3,883,369	3,900,955
	<b>3,883,369</b>	<b>3,900,955</b>

**13. Financial Instruments**

The Agency faces exposure to the following financial risks:

*(a). Total Financial Instruments*

	31 December 2022			Total
	Receivables	Assets at Fair Value through P & L	Assets at Amortised Cost	
<b><u>Assets as per statement of financial position</u></b>				
Loans and Receivables:				
-Trade and Other receivables	7,320,401	-	-	7,320,401
-Cash and Equivalents	8,247,907	-	13,906,382	22,154,289
<b>Total</b>	<b>15,568,308</b>	<b>-</b>	<b>13,906,382</b>	<b>29,474,690</b>



Liabilities as per statement of financial position

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		Liabilities at Fair Value through P & L	Other Financial Liabilities at Amortised Cost	Total
Other Financial Liabilities		-	3,883,369	3,883,369
Trade and Other Payables		-	3,679,085	3,679,085
<b>Total</b>		-	<b>7,562,453</b>	<b>7,562,453</b>
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	5,437,669	-	-	5,437,669
-Cash and Equivalents	7,170,007	-	13,243,161	20,413,168
<b>Total</b>	<b>12,607,676</b>	-	<b>13,243,161</b>	<b>25,850,836</b>
		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		-	3,900,955	<del>3,900,955</del>
Trade and Other Payables		-	5,659,236	5,659,236
<b>Total</b>		-	<b>9,560,192</b>	<b>9,560,192</b>

**(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 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:

	2022	2021
Cash and bank balances	22,154,289	20,413,168
Receivables	7,320,401	5,437,669
	<b>29,474,690</b>	<b>25,850,836</b>

The Agency's primary credit exposure from illiquidity of cash and cash equivalents amounted to **K20.413million** (2021: 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** (2021: K6.174million), gross of provisions.

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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 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
<b>At 31 December 2022</b>					
Non-Interest Bearing	630,204	1,890,613	5,041,636	-	7,562,453
	630,204	1,890,613	5,041,636	-	7,562,453
<b>At 31 December 2021</b>					
Non-Interest Bearing	796,683	2,390,048	6,373,461	-	9,560,192
	796,683	2,390,048	6,373,461	-	9,560,192

*(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.

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14 Related Parties

(a) *Identity of Related Parties – IPSAS 20*

The Agency has a common enterprise relationship with Government of the Republic of Zambia. Other related parties include members of the Board of the Agency and the Agency's key management team (Page 3).

(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 the Board of the Agency. In 2022, however, the Agency had no Board.

(c) *Key Management of the Agency*

The key executives of the Agency i.e. officers other than Board members 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 3.

(d) *Transactions with Related Parties*

None of the 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 in these financial statements is summarised below:

	2022	2021
Government Funding received	73,938,901	64,294,695
Board Expenses	4,153	628,260
Key Management Personnel	23,722,118	23,885,368

15. 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.

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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 2022 were as follows:

	2022	2021
Debt	-	-
Cash	(22,154,289)	(20,413,168)
Net Debt	(22,154,289)	(20,413,168)
Equity	45,730,887	42,500,741
Net debt to equity ratio	-48.44%	-48.03%

(a) Capital Commitments

The Agency had no capital commitments as at the year-end (2021: Nil).

16. 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.

17. Events Subsequent to Reporting Date

*IPSA 14* requires the Agency to disclose the date on which the accounts are authorised for issue by the Board. The annual report and accounts were authorised by the Board for issue on the date of the signature of the directors 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.

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- (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.

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SCHEDULE I– EMPLOYEE COSTS AND BENEFITS

<i>Amounts are Stated in Zambian Kwacha</i>	2022	2021
<u>Wages and Salaries</u>		
Basic Pay	23,722,118	23,885,368
Acting Allowance	542,489	36,693
Car Allowance	885,709	1,156,442
Education Allowance	2,868,411	2,743,117
Entertainment Allowance	24,688	14,925
Fuel Allowance	4,056,909	3,388,669
Holiday Allowance	854,075	850,589
Housing Allowance	6,144,717	5,862,698
Overtime Allowances	312,512	304,812
Security Allowance	265,384	301,575
Servants Allowance	192,308	213,499
Transport Allowance	2,329,415	1,868,676
Utilities Allowance	59,077	68,726
	42,257,812	40,695,789
<u>Benefits</u>		
Gratuity	3,909,718	4,207,293
Leave Pay	5,431,020	4,981,978
Medical Scheme	1,331,257	1,654,333
NAPSA Employer Contributions	1,704,226	1,591,480
NHIS	234,732	233,221
Pension	1,384,876	1,269,333
Subscriptions-Club and Gym	76,712	47,800
Subscriptions-Professional	397,135	232,300
	14,469,675	14,217,737
<u>Other Employee Costs</u>		
Staff Training and Welfare	206,472	105,000
Bonus Costs	9,826	963,928
	216,297	1,068,928
	56,943,785	55,982,453

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SCHEDULE II – RECURRENT COSTS

<i>Amounts are Stated in Zambian Kwacha</i>	2022	2021
Administrative Council and Meetings	108,130	118,597
Advertising & Promotions	140,539	197,975
Audit Fees	304,462	114,641
Bank Charges	233,364	135,527
Board and Committee Expenses	4,153	628,260
Budget Preparation	47,930	86,803
Cleaning Expenses	296,392	236,989
Committee Expenses	102,046	86,554
Development of Working Manuals	-	53,475
Donations and Promotions	27,300	-
Electricity and Water	260,477	227,644
Expended Assets	171,199	32,250
Financial Management Expenses	95,172	-
ICT Spares and Accessories	197,231	11,640
Insurance	687,701	565,659
International Day Celebrations	97,369	74,345
International Meetings	106,422	-
IT Systems Maintenance and Back Up	110,449	71,669
Legal Fees	67	-
Motor Vehicle Expenses	547,244	560,198
Office Administration	199,883	82,734
Postage, Telephone & Internet	1,396,006	1,122,154
Print & Stationery	1,443,565	1,200,514
Refreshments	189,645	179,873
Regional Preventive Maintenance	85,144	49,173
Rent and Rates	495,002	419,443
Repairs & Maintenance	659,448	308,849
Review of Organisation Structure	8,817	-
RUFEP Project Costs	-	57,959
Security Expenses	282,055	270,106
Software Licenses	697,129	447,391
Stakeholder Engagement & Workshops	403,640	216,292
Strategic Planning	74,869	4,796
Subscription	3,784	-
Trade Fairs and Shows	266,849	2,800
Website and Data Links	131,081	81,563
Workers Compensation	60,117	42,276
	<b>9,934,681</b>	<b>7,688,147</b>

### SCHEDULE III – ADOPTION OF INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS

#### 1. Adoption of New and Revised International Public Sector Accounting Standards (“IPSAs”)

##### (a). 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.

##### (b). 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.

##### (c). Scope

- (i). 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;
- (ii). 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,

##### (d). Effective Date

- (i). Government Ministries, Provinces and Spending Agencies for financial statements for periods ending on or after 31<sup>st</sup> December, 2022;
- (ii). Non-governmental public sector entities and not-for-profit organizations for financial statements for periods ending on or after 31<sup>st</sup> December, 2021.
- (iii). Earlier application is encouraged.



(e). 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
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

No.	Title	Based on
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

(f). Application of New IPSAS

As explained above, the financial statements have been prepared in accordance with *International Public Sector Accounting Standards* for the first time for the financial year beginning on or after 1<sup>st</sup> January 2022.

(g). Statement of Compliance

As explained above, the financial statements have been prepared in accordance with *International Public Sector Accounting Standards* for the reporting period to 31<sup>st</sup> December 2022.

2. First Time Adoption of IPSAs

(a). Background

The International Public Sector Accounting Standards Board (IPSASB) - formerly the Public Sector Committee - of the International Federation of Accountants focuses on the accounting, auditing, and financial reporting needs of national, regional, and local governments, related governmental agencies, and the constituencies they serve. It addresses these needs by issuing and promoting benchmark guidance, conducting educational and research programs, and facilitating the exchange of information among accountants and those that work in the public sector or rely on its work.

**(b). Composition**

The IPSASB consists of 18 members, of which 15 are drawn from IFAC member bodies, and the remaining three are public members with expertise in public sector financial reporting. All members of the IPSASB, including the chair and deputy chair, are appointed by the IFAC Board on the recommendation of the IFAC Nominating Committee.

**(c). IPSASB activities**

The IPSASB's current activities are focused on the development of International Public Sector Accounting Standards (IPSAS) for financial reporting by governments and other public sector entities (the Standards Project).

The Preface to International Financial Reporting Standards issued by the International Accounting Standards Board explains that International Financial Reporting Standards (IFRSs) are designed to apply to the general purpose financial statements of all profit-oriented entities. The IPSASs are designed to apply to public sector entities that meet all the following criteria:

- (i). Are responsible for the delivery of services to benefit the public and/or to redistribute income and wealth;
- (ii). Mainly finance their activities, directly or indirectly, by means of taxes and/or transfers from other levels of government, social contributions, debt or fees; and
- (iii). Do not have a primary objective to make profits.

**(d). Convergence with IFRSs**

The IPSASB develops accrual-based International Public Sector Accounting Standards (IPSAS) to address public sector financial reporting issues in two different ways:

- (i). By addressing public sector financial reporting issues (a) that have not been comprehensively or appropriately dealt with in existing International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), or (b) for which there is no related IFRS; and
- (ii). By developing IPSAS that are converged with IFRSs by adapting them to the public sector context.

The IPSASB has adopted a set of procedures by which it considers IASB documents for convergence. The IPSASB will use the analysis resulting from this process to determine whether identified public sector issues warrant departures from the IASB document when developing the related IPSASB document.

(e). **First-Time Adoption of IPSAS, IPSAS 33**

International Public Sector Accounting Standard (IPSAS) 33 grants transitional exemptions to entities adopting accrual basis IPSASs for the first time, providing a major tool to help entities along their journey to implement IPSASs. It allows first-time adopters three years to recognize specified assets and liabilities. This provision allows sufficient time to develop reliable models for recognizing and measuring assets and liabilities during the transition period.

The International Public Sector Accounting Standards Board (IPSASB) released *IPSAS 33 First-time Adoption of Accrual Basis IPSASs* in 2015. The new International Public Sector Accounting Standard (IPSAS) addresses the transition from either a cash basis, or an accrual basis under another reporting framework, or a modified version of either the cash or accrual basis of accounting. Consequently, the IPSASB states that the new IPSAS is not aimed at IFRS convergence. Nevertheless, the IPSASB did consider the transitional exemptions included in *IFRS 1 First-time Adoption of International Financial Reporting Standards* in developing the standard.

Main feature of IPSAS 33 is that allows first-time adopters three years to recognise specified assets and liabilities in order to give preparers sufficient time to develop reliable models for recognising and measuring assets and liabilities during the transition period. These assets and liabilities include inventories, investment property, property, plant and equipment, defined benefit plans and other long-term employee benefits, biological assets and agricultural produce, intangible assets, service concession assets and the related liabilities, and financial instruments.

The IPSASB is aware that where a first-time adopter takes advantage of the exemptions above, fair presentation and compliance with accrual basis IPSASs will be affected and the first-time adopter will not be able to make an unreserved statement of compliance with accrual basis IPSASs until the exemptions have expired or the relevant items are recognised and measured in accordance with the applicable IPSASs. Still, the IPSASB believed that the transition period meets the needs of both preparers and users of financial statements and might be a further incentive for entities to make the decision to apply IPSASs. Nevertheless, the IPSASB encourages first-time adopters to comply in full with all the requirements of the applicable IPSASs as soon as possible.

IPSAS 33 is applied if a first-time adopters first IPSAS financial statements are for a period beginning on or after 1 January 2017.

**3. Standards Issued to Date**

To date, the IPSASB has issued the following final IPSAS:

(a) **Accrual basis standards**

- **IPSAS 1, Presentation of Financial Statements**, sets out the overall considerations for the presentation of financial statements, guidance for the structure of those statements and minimum requirements for their content under the accrual basis of accounting.
- **IPSAS 2, Cash Flow Statements**, requires the provision of information about the changes in cash and cash equivalents during the period from operating, investing and financing activities.
- **IPSAS 3, Net Surplus or Deficit for the Period, Fundamental Errors and Changes in Accounting Policies**, specifies the accounting treatment for changes in accounting estimates, changes in accounting policies and the correction of fundamental errors, defines extraordinary items and requires the separate disclosure of certain items in the financial statements.
- **IPSAS 4, The Effects of Changes in Foreign Exchange Rates**, deals with accounting for foreign currency transactions and foreign operations. IPSAS 4 sets out the requirements for determining which exchange rate to use for the recognition of certain transactions and balances and how to recognise in the financial statements the financial effect of changes in exchange rates.
- **IPSAS 5, Borrowing Costs**, prescribes the accounting treatment for borrowing costs and requires either the immediate expensing of borrowing costs or, as an allowed alternative treatment, the capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.
- **IPSAS 6, Consolidated Financial Statements and Accounting for Controlled Entities**, requires all controlling entities to prepare consolidated financial statements which consolidate all controlled entities on a line by line basis. The Standard also contains a detailed discussion of the concept of control as it applies in the public sector and guidance on determining whether control exists for financial reporting purposes.
- **IPSAS 7, Accounting for Investments in Associates**, requires all investments in associate to be accounted for in the consolidated financial statements using the equity method of accounting, except when the investment is acquired and held exclusively with a view to its disposal in the near future in which case the cost method is required.
- **IPSAS 8, Financial Reporting of Interests in Joint Ventures**, requires proportionate consolidation to be adopted as the benchmark treatment for accounting for such joint ventures entered into by public sector entities. However, IPSAS 8 also permits - as an allowed alternative - joint ventures to be accounted for using the equity method of accounting.

- **IPSAS 9, Revenue from Exchange Transactions**, establishes requirements for the accounting treatment of revenue from exchange transactions. Non-exchange revenue, such as taxation, is not addressed in this standard. Non-exchange revenue is to be dealt with as a separate project.
- **IPSAS 10, Financial Reporting in Hyperinflationary Economies**, describes characteristics of an economy that indicate whether it is experiencing a period of hyperinflation and provides guidance on restating the financial statements in a hyperinflationary environment to ensure useful information is provided.
- **IPSAS 11, Construction Contracts**, deals with both commercial and non-commercial contracts and provides guidance on the allocation of contract costs and, where applicable, contract revenue to the reporting periods in which construction work is performed.
- **IPSAS 12, Inventories**, establishes the accounting treatment of inventories held by public sector entities and deals with inventories held for sale in an exchange transaction and certain inventories held for distribution at no or nominal charge. The IPSAS excludes from its scope work-in progress of services to be provided at no or nominal charge from recipients because they are not dealt with by IAS 2 Inventories and because they involve public sector specific issues which require further consideration.
- **IPSAS 13, Leases**. This IPSAS is based on IAS 17 *Leases*. The IPSAS establishes requirements for financial reporting of leases and sale and leaseback transactions by public sector entities, whether as lessee or lessor. The PSC decided that because the IPSAS on Leases and the proposed IPSAS on Property, Plant and Equipment are closely related, it was preferable that the two IPSASs be released at the same time. Accordingly, the release of this IPSAS has been deferred to later in 2001.
- **IPSAS 14, Events After the Reporting Date**. The IPSAS is based on IAS 10, Events After the Balance Sheet Date (revised 1999) but has been amended where necessary to reflect the public sector operating environment. The Standard establishes criteria for deciding whether the financial statements should be adjusted for an event occurring after the reporting date. It distinguishes between adjustable events (those that provide evidence of conditions that existed at the reporting date) and non-adjustable events (those that are indicative of conditions that arose after the reporting date).
- **IPSAS 15, Financial Instruments: Disclosure and Presentation**. The IPSAS is based on IAS 32 *Financial Instruments: Disclosure and Presentation* (Revised 1998). The Standard includes requirements for disclosures about both on-balance sheet and off-balance sheet (statement of financial position) instruments, and the classification of financial instruments as financial assets, liabilities or equity. Some respondents noted that the IPSAS would have

only limited application for public sector entities which did not hold financial assets, liabilities or equity. The PSC has included as an appendix to the IPSAS a guide to assist entities in identifying the requirements of the Standard that will apply to them.

- **IPSAS 16, Investment Property.** Based on IAS 40 *Investment Property* (issued 2000) and provides guidance on identifying investment properties in the public sector. The Standard:
  - requires that investment property initially be recognised at cost and explains that where an asset is acquired at no or nominal cost, its cost is its fair value as at the date it is first recognised in the financial statements;
  - requires that subsequent to initial recognition investment property be measured consistent with either the fair value model or the cost model; and
  - includes transitional provisions for the initial adoption of the IPSAS.
- **IPSAS 17, Property, Plant and Equipment.** Establishes the accounting treatment for property, plant and equipment, including the basis and timing of their initial recognition, and the determination of their ongoing carrying amounts and related depreciation. It does not require or prohibit the recognition of heritage assets.
- **IPSAS 18, Segment Reporting.** Establishes principles for reporting financial information about distinguishable activities of a government or other public sector entity appropriate for evaluating the entity's past performance in achieving its objectives and for making decisions about the future allocation of resources.
- **IPSAS 19, Provisions, Contingent Liabilities and Contingent Assets.** This Standard defines provisions, contingent liabilities and contingent assets; and identifies the circumstances in which provisions should be recognised, how they should be measured and the disclosures that should be made about them. The Standard also requires that certain information be disclosed about contingent liabilities and contingent assets in the notes to the financial statements to enable users to understand their nature, timing, and amount.
- **IPSAS 20, Related Party Disclosures.** Requires disclosure of the existence of related party relationships where control exists and the disclosure of information about transactions between the entity and its related parties in certain circumstances. This information is required for accountability purposes and to facilitate a better understanding of the financial position and performance of the reporting entity. The principal issues in disclosing information about related parties are identifying which parties control or significantly influence the reporting entity and determining what information should be disclosed about transactions with those parties.

- **IPSAS 21, Impairment of Non-Cash-Generating Assets.** Prescribes the procedures that an entity applies to determine whether a non-cash-generating asset is impaired and to ensure that impairment losses are recognised. The standard also specifies when an entity would reverse an impairment loss and prescribes disclosures.
- **IPSAS 22, Disclosure of Financial Information about the General Government Sector.** Establishes requirements for governments that choose to disclose information about the general government sector and that prepare their financial statements under the accrual basis of accounting.
- **IPSAS 23, Revenue from Non-Exchange Transactions (Taxes and Transfers) .** Addresses:
  - Recognition and measurement of revenue from taxes
  - Recognition of revenue from transfers, which include grants from other governments and international organisations, gifts and donations
  - How conditions and restrictions on the use of transferred resources are to be reflected in the financial statements.
- **IPSAS 24, Presentation of Budget Information in Financial Statements.** Applies to entities that adopt the accrual basis of financial reporting. It identifies disclosures to be made by governments and other public sector entities that make their approved budgets publicly available. Also, it requires public sector entities to include a comparison of budget and actual amounts in the financial reports and an explanation of any material differences between budget and actual amounts.
- **IPSAS 25, Employee Benefits.** Sets out the reporting requirements for the four categories of employee benefits dealt with in the IASB's IAS 19 *Employee Benefits*. These are short-term employee benefits, such as wages and social security contributions; post-employment benefits, including pensions and other retirement benefits; other long-term employee benefits; and termination benefits. The new IPSAS also deals with specific issues for the public sector, including the discount rate related to post-employment benefits, treatment of post-employment benefits provided through composite social security programs, and long-term disability benefits. IPSAS 25 is effective for reporting periods beginning on or after 1 January 2011 and will be replaced by IPSAS 39 as of 1 January 2018.
- **IPSAS 26, Impairment of Cash-Generating Assets.** Some public sector entities (other than government business enterprises, which would already be using full IFRSs) may operate assets with the main purpose of generating a commercial return (rather than providing a public service). IPSAS 26, which is based on IAS 36 *Impairment of Assets*, applies to such assets. It sets out the procedures for a public sector entity to determine whether a cash-



generating asset has lost future economic benefit or service potential and to ensure that impairment losses are recognised in its financial reports. Non cash-generating assets, those used primarily for service delivery, are addressed separately in IPSAS 21 Impairment of Non-Cash-Generating Assets. IPSAS 26 is effective for reporting periods beginning on or after 1 April 2009.

- **IPSAS 27, Agriculture.** Prescribes the accounting treatment and disclosures related to agricultural activity, a matter not covered in other standards. Agricultural activity is the management by an entity of the biological transformation of living animals or plants (biological assets) for sale, or for distribution at no charge or for a nominal charge or for conversion into agricultural produce or into additional biological assets. IPSAS 27 is primarily drawn from the IASB's IAS 41 *Agriculture*, with limited changes dealing with public sector-specific issues. For example, IPSAS 27 addresses biological assets held for transfer or distribution at no charge or for a nominal charge to other public sector bodies or to not-for-profit organisations. IPSAS 27 also includes disclosure requirements that are aimed at enhancing consistency with the statistical basis of accounting that governs the Government Finance Statistics Manual. IPSAS 27 is effective for annual financial statements covering periods beginning on or after 1 April 2011, with earlier application encouraged.
- **IPSAS 28, Financial Instruments: Presentation.** Draws primarily on IAS 32, establishing principles for presenting financial instruments as liabilities or equity, and for offsetting financial assets and financial liabilities.
- **IPSAS 29, Financial Instruments: Recognition and Measurement.** Draws primarily on IAS 39, establishing principles for recognising and measuring financial assets, financial liabilities, and some contracts to buy or sell non-financial items. It will be replaced by IPSAS 41 as of 1 January 2022.
- **IPSAS 30, Financial Instruments: Disclosures.** Draws on IFRS 7 and requires disclosures for the types of loans described in IPSAS 29. It enables users to evaluate: the significance of the financial instruments in the entity's financial position and performance; the nature and extent of risks arising from financial instruments to which the entity is exposed; and how those risks are managed.
- **IPSAS 31, Intangible Assets.** Covers the accounting for and disclosure of intangible assets. It is primarily drawn from IAS 38 *Intangible Assets*. It also contains extracts from the SIC 32 *Intangible Assets-Web Site Costs*, adding application guidance and illustrations that have not yet been incorporated into the IAS. At this point, IPSAS 31 does not deal with uniquely public sector issues, such as powers and rights conferred by legislation, a constitution, or by equivalent means; the IPSASB will reconsider the applicability of the standard to these

powers and rights in the context of its conceptual framework project, which is currently in progress.

- **IPSAS 32, Service Concession Arrangements: Grantor.** Provides for the recognition, measurement, and disclosure of service concession assets and related liabilities, revenues, and expenses by the grantor. The criteria in IFRIC 12 *Service Concession Arrangements* for determining whether the operator controlled the asset used in a service concession arrangement are also used in IPSAS 32 to assess whether the grantor controlled the asset. IPSAS 32 also creates symmetry with IFRIC 12 on relevant accounting issues (i.e. liabilities, revenues, and expenses) from the grantor's point of view. In addition, IPSAS 32 is consistent with SIC-29 *Service Concession Arrangements: Disclosures*.
- **IPSAS 33, First-time Adoption of Accrual Basis IPSASs.** Addresses the transition from either a cash basis, or an accrual basis under another reporting framework, or a modified version of either the cash or accrual basis of accounting. Consequently, the IPSASB states that the new IPSAS is not aimed at IFRS convergence. Nevertheless, the IPSASB did consider the transitional exemptions included in IFRS 1 *First-time Adoption of International Financial Reporting Standards* in developing the standard.
- **IPSAS 34–IPSAS 38.** Issued in January 2015, this series of standards are based on the 'package of five' standards issued by the IASB in May 2011 dealing with consolidation, joint arrangements, the equity method, separate financial statements and disclosure. However, the IPSASB made a number of amendments to the IASB's pronouncements to tailor them for the public sector.
- **IPSAS 39, Employee Benefits.** Replaces IPSAS 25 as of 1 January 2018. The main changes from IPSAS 25 are: Removal of an option that allows an entity to defer the recognition of changes in the net defined benefit liability (the “corridor approach”); introduction of the net interest approach for defined benefit plans; Amendments regarding certain disclosure requirements for defined benefit plans and multi-employer plans; simplification of the requirements for contributions from employees or third parties to a defined benefit plan when those contributions are applied to a simple contributory plan that is linked to service; and removal of the requirements for composite social security programmes.
- **IPSAS 40, Public Sector Combinations.** Classifies public sector combinations as either amalgamations or acquisitions taking into account control and other factors. For recognition and measurement of amalgamations, IPSAS 40 requires use of the “modified pooling of interests” method of accounting. For acquisitions, IPSAS 40 requires use of the “acquisition” method of accounting, applying the same approach as in IFRS 3 *Business Combinations*.

- **IPSAS 41, Financial Instruments.** The standard is based on IFRS 9 *Financial Instruments* and replaces IPSAS 29, which is based on IAS 39 *Financial Instruments: Recognition and Measurement*, as of 1 January 2022. The main changes from IPSAS 29 are the introduction of simplified classification and measurement requirements for financial assets, a forward looking impairment model, and a flexible hedge accounting model. IPSAS 41 also includes public sector-specific guidance and illustrative examples on financial guarantees issued through non-exchange transactions, concessionary loans, equity instruments arising from non-exchange transactions, and fair value measurement.
- **IPSAS 42, Social Benefits.** The standard provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. The standard requires an entity to recognise an expense and a liability for the next social benefit payment. IPSAS 42 establishes principles and requirements for: (i) recognising expenses and liabilities for social benefits; (ii) measuring expenses and liabilities for social benefits; (iii) presenting information about social benefits in the financial statements; and (iv) determining what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of the social benefits provided by the reporting entity.
- **IPSAS 43, Leases.** The standard contains a model that is aligned with IFRS 16 *Leases* for lease accounting in the public sector. For lessees, IPSAS 43 introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13 *Leases*. For lessors, IPSAS 43 substantially carries forward the risks and rewards incidental to ownership model in IPSAS 13.
- **IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations.** The standard is based on IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* and specifies the accounting for assets held for sale and the presentation and disclosure of discontinued operations.

IPSAS 44 includes additional public sector requirements, in particular, the disclosure of the fair value of assets held for sale that are measured at their carrying amounts, when the carrying amount is materially lower than their fair value.

**(b) Recommended Practice Guidelines (RPG)**

- RPG 1 Reporting on the Long-Term Sustainability of an Entity's Finances
- RPG 2 Financial Statement Discussion and Analysis
- RPG 3 Reporting Service Performance Information

(c) **Cash basis standards**

- **Financial Reporting Under the Cash Basis of Accounting.** (Unnumbered, January 2003). It establishes requirements for the preparation and presentation of a statement of cash receipts and payments and supporting accounting policy notes. It also includes encouraged disclosures that enhance the cash basis report.
- **Financial Reporting Under the Cash Basis of Accounting.** (Revised November 2017, becomes effective 1 January 2019). It establishes requirements for the preparation and presentation of a statement of cash receipts and payments and supporting accounting policy notes. It also includes encouraged disclosures that enhance the cash basis report.

4. **Summary of Changes to International Public Sector Accounting Standards (“IPSASs”)**

(h). **Application of New IPSAS**

As explained above, the financial statements have been prepared in accordance with *International Public Sector Accounting Standards* for the first time for the financial year beginning on or after 1<sup>st</sup> January 2022.

(i). **Statement of Compliance**

As explained above, the financial statements have been prepared in accordance with *International Public Sector Accounting Standards* for the reporting period to 31<sup>st</sup> December 2022.

(j). **Adoption of New Revised and General Improvements to IPSAs**

- (i). **Advancing Sustainability Reporting:** The IPSASB is taking its next step to advance sustainability reporting. The IPSASB will commence research and scoping of three potential public sector specific sustainability reporting projects pending securing the resources needed to begin guidance development.
- (ii). **Conceptual Framework–Limited Scope Update–Measurement:** The Board approved an updated version of the IPSAS Conceptual Framework: Chapter 7, Measurement of Assets and Liabilities in Financial Statements. The IPSASB will use the updated version of Chapter 7 as part of its process of developing standards going forward. The updated version of Chapter 7 will be published with the suite of measurement related guidance, Measurement, IPSAS 17, Property, Plant, and Equipment). The last piece of this suite of guidance is planned for approval in March 2023.
- (iii). **ED 78, Property, Plant, and Equipment:** The IPSASB approved ED 78 to ensure replacement of IPSAS 17, Property, Plant, and Equipment. It adds public sector guidance on heritage and infrastructure assets and aligns with the new measurement principles. To align effective

dates, the new or updated standard is expected to be issued in the first half of 2023 together with the suite of measurement related guidance under development.

- (iv). **Measurement:** The IPSASB reviewed a final draft of IPSAS 29, Measurement. The IPSASB clarified the concept of deemed cost, including its applicability to property, plant, and equipment held for operational capacity. The IPSASB decided to add a second phase to the Measurement project where it will evaluate the application of current operational value, for specific IPSAS not yet explicitly considered in the first phase Measurement project. The second phase will commence after the planned approval in March 2023.
- (v). **Other Lease-Type Arrangements:** The IPSASB approved Exposure Draft (ED) 84, Concessionary Leases and Right-of-Use Assets In-kind (Amendments to IPSAS 43 and IPSAS 23). ED 84 will be published in January 2023 for a 4-month comment period, together with a Feedback Statement summarizing the IPSASB's decisions and thinking related to the feedback received to the January 2021 Request for Information, Concessionary Leases and Other Arrangements Similar to Leases.
- (vi). **Transfer Expenses and Revenue:** The IPSASB completed a detailed review of the core text, application guidance, bases for conclusions, and implementation guidance sections in the draft Revenue IPSAS and draft Transfer Expenses IPSAS. In addition, the IPSASB agreed on the list of illustrative examples for both draft IPSAS, and confirmed the proposed approach to finalize amendments to other IPSAS in preparation for the expected approval of both draft standards at the March 2023 meeting.
- (vii). **Conceptual Framework-Limited Scope Update-Next Stage:** The IPSASB reviewed four specific matters for comment related to assets and liabilities in ED 81, Conceptual Framework Update, Chapter 3, Qualitative Characteristics and Chapter 5, Elements in Financial Statements. The IPSASB decided, as proposed in ED 81, to: adopt the revised definitions of a liability and an asset; include restructured guidance that aligns with the components of the liability definition and new guidance on the transfer of resources; and adopt the rights-based approach to the guidance on resources in the definition of an asset.
- (viii). **Presentation of Financial Statements:** The IPSASB discussed research and scoping activities related to the project on Presentation of Financial Statements, added in 2022 as a result of the Mid-Period Work Program Consultation. The research activities included an update on the feedback received from attendees at the 4th International Public Sector Standards Setters Forum held in September 2022. Research and scoping activities will continue as part of the process to develop and approve a detailed project brief, which is expected to be approved in 2023.

- (k). **New and Amended Standards and Interpretations in issue effective in the year**

Improvements to IPSAS, 2021 deals with non-substantive changes to IPSAS through a collection of amendments that are unrelated:

- (i). **COVID 19: IPSASB deferred the application date of standards from 1<sup>st</sup> January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1<sup>st</sup> January 2023.**
- (ii). **Amendments to IPSAS 22, Disclosure of Financial Information About the General Government Sector:** Paragraphs 5, 18, and 28 were amended by Improvements to IPSAS, 2021, issued in January 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2023. Earlier application is permitted.
- (iii). **Amendments to IPSAS 39, Employee Benefits:** Paragraphs 3 and 4 were amended by Improvements to IPSAS, 2021, issued in January 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2023. Earlier application is permitted.
- (iv). **Amendments to RPG 1, Reporting on the Long-Term Sustainability of an Entity's Finances:** Paragraphs BC7A and BC36 are added. New text is underlined and deleted text is struck through.
- (v). **Amendments to IPSAS 29, Financial Instruments: Recognition and Measurement: IPSAS 29 as Applicable Prior to the Adoption of IPSAS 41, Financial Instruments:**
  - Paragraphs 113A–113N were added by Improvements to IPSAS, 2021, issued in January 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2022. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. An entity shall apply these amendments retrospectively to those hedging relationships that existed at the beginning of the reporting period in which an entity first applies these amendments or were designated thereafter, and to the gain or loss recognized in net assets/equity that existed at the beginning of the reporting period in which an entity first applies these amendments.
  - Paragraphs 113O–113ZC, 125K–125M and AG20A–AG20E were added by Improvements to IPSAS, 2021, issued in January 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2022. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. An entity shall apply these amendments retrospectively in accordance with IPSAS 3, except as specified in paragraphs 125K–125M and AG20A–AG20E.

- An entity shall designate a new hedging relationship (for example, as described in paragraph 113ZC) only prospectively (i.e., an entity is prohibited from designating a new hedge accounting relationship in prior periods). However, an entity shall reinstate a discontinued hedging relationship if, and only if, certain conditions are met.

(l). New and Amended Standards and Interpretations in issue effective but not effective in the year

Standard	Effective date and impact:
IPSAS 41: Financial Instruments	<p><u>Applicable: 1<sup>st</sup> January 2023:</u></p> <p>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:</p> <ul style="list-style-type: none"> <li>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;</li> <li>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and</li> <li>• Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.</li> </ul>
IPSAS 42: Social Benefits	<p><u>Applicable: 1<sup>st</sup> January 2023</u></p> <p>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:</p> <ul style="list-style-type: none"> <li>(a) The nature of such social benefits provided by the Entity.</li> <li>(b) The key features of the operation of those social benefit schemes; and</li> <li>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows.</li> </ul>
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	<p><u>Applicable: 1<sup>st</sup> January 2023:</u></p> <ul style="list-style-type: none"> <li>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.</li> </ul>



Standard	Effective date and impact:
	<p>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.</p> <p>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.</p> <p>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.</p>
<p>Other improvements to IPSAS</p>	<p><u>Applicable 1<sup>st</sup> January 2023</u></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> <i>IPSAS 22 Disclosure of Financial Information about the General Government Sector.</i></li> <li><input type="checkbox"/> <i>IPSAS 39: Employee Benefits:</i> Now deletes the term composite social security benefits as it is no longer defined in IPSAS.</li> <li><input type="checkbox"/> <b>IPSAS 29: Financial instruments: Recognition and Measurement</b></li> </ul> <p>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1<sup>st</sup> January 2023.</p>
<p>IPSAS 43</p>	<p><u>Applicable 1<sup>st</sup> January 2025</u></p> <p>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.</p>
<p>IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations</p>	<p><u>Applicable 1<sup>st</sup> January 2025.</u></p> <p>The Standard requires:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:</li> <li><input type="checkbox"/> Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of</li> </ul>

Standard	Effective date and impact:
	discontinued operations to be presented separately in the statement of financial performance.

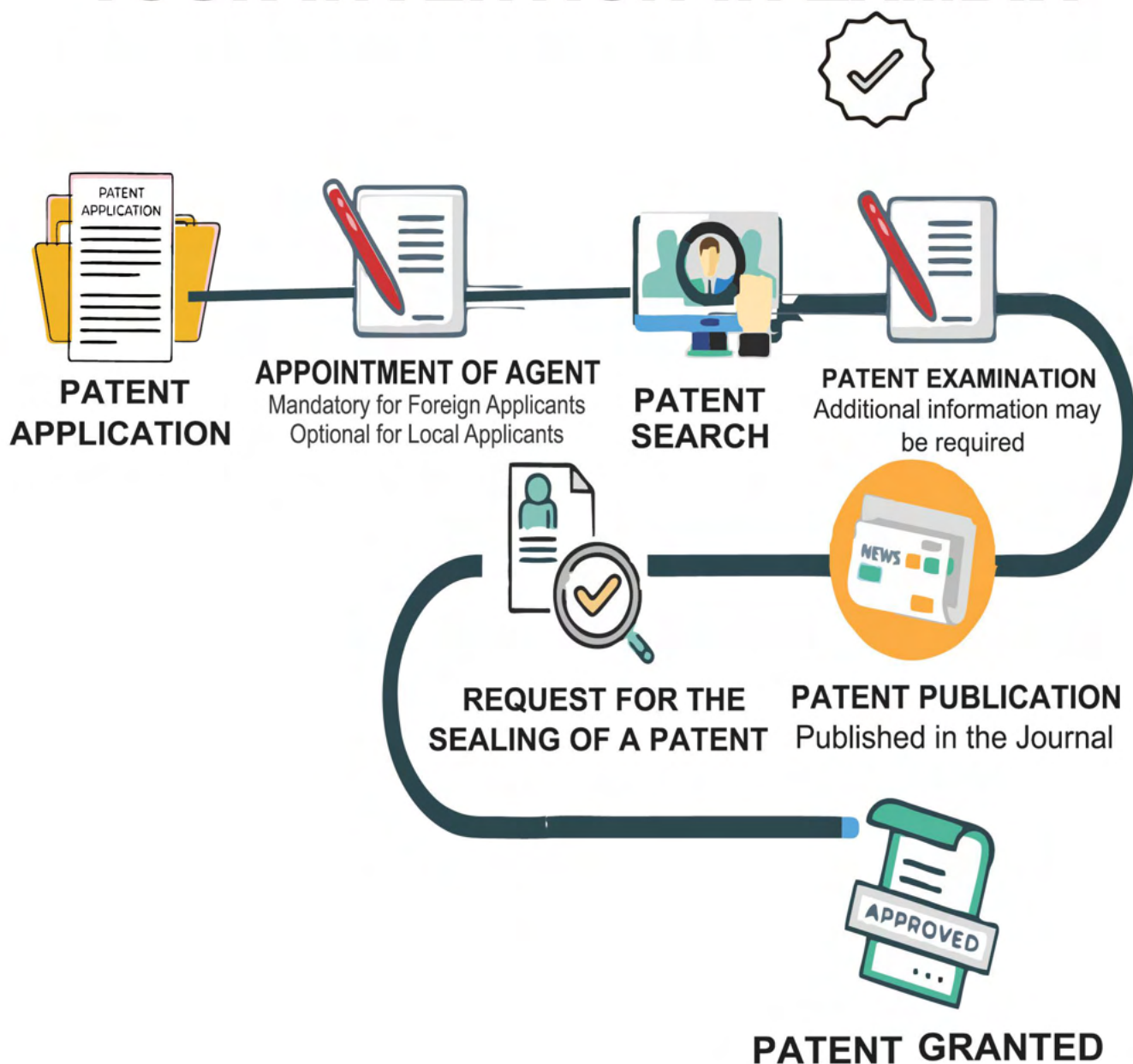
**(m). Early Adoption of Standards**

The Entity did not early – adopt any new or amended standards in year 2022.

**(n). New Standards and Interpretations**

There are no other *IPSAS* that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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