PACRA

PATENTS AND COMPANIES REGISTRATION AGENCY

ANNUAL REPORT 2015

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PATENTS AND COMPANIES REGISTRATION AGENCY (PACRA)

2015 ANNUAL REPORT

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ACRONYMS

ARIPO	-	African Regional Intellectual Property Organization
CEEC	-	Citizens Economic Empowerment Commission
DPP	-	Director of Public Prosecutions
ICT	-	Information Communication Technology
IFC	-	International Finance Corporation
IP	-	Industrial Property or Intellectual Property
IPAS	-	Industrial Property Automation System
IPRs	-	Intellectual Property Rights
IT	-	Information Technology
MCTI	-	Ministry of Commerce, Trade & Industry
ONCS	-	Online Name Clearance System
OSS	-	One Stop Shop
PACRA	-	Patents and Companies Registration Agency
PCT	-	Patent Cooperation Treaty
PSDIJC	-	Private Sector Development Industrialisation and Job Creation Office
R & D	-	Research & Development
SMEs	-	Small and Medium-Sized Enterprises
TISC	-	Technology and Innovation Support Centre
TRIPS	-	Trade-Related Aspects of Intellectual Property Rights
WIPO	-	World Intellectual Property Organisation
ZACCI	-	Zambia Association of Chambers of Commerce and Industry

FOREWORD BY THE BOARD CHAIRPERSON

2015 was a special year; it marked the end of the Agency's Five Year Strategic Plan (2011-2015). The Board and Management therefore directed their efforts at taking stock of the Agency's performance over that period and to developing a new Strategic Plan for the following five years.

The new Strategic Plan (2016-2020) adopted by the Board and Management focuses its attention on industrialisation and job creation through enhanced access, efficiency and effectiveness in service delivery.

In pursuance of the Agency's vision of becoming a beacon of excellence in Business and Industrial Property registration, the 2011-2015 Strategic Plan aimed at the modernisation of processes and decentralisation of the Agency's services to provincial capitals. Accordingly, the Agency invested heavily in developing information communication technology (ICT) infrastructure, over the five-year period, and completed the decentralisation programme with the opening of the Kabwe Office in 2015.

The notable achievements under the modernisation programme were the introduction of on-line name searches in 2012, the procurement of a Document Management System for digitisation of business records in 2014, the establishment of a Call Centre also in 2014, and the introduction of full on-line business registration services in 2015. During the review period, a platform for real time data sharing with other Government Agencies was also developed. In addition, the information storage capacity in the Industrial Property Unit was upgraded with the assistance of the World Intellectual Property Organization (WIPO).

In order to facilitate the modernisation of registration process, the Agency spearheaded the review of the Companies Act and the industrial property laws. Resulting from this exercise, the entire industrial property legal regime is earmarked for repeal and replacement by new laws. The outcome of this undertaking will be the widening of the scope of protection, of the industrial property legal regime.

The Agency also spearheaded the drafting of a Bill aimed at facilitating the use of movable property as collateral. This is to be achieved by creating a registry at PACRA through which the security interests in movable assets will be duly registered.

The Agency had the honour and rare privilege of organising and hosting the 15^{th} Session of the Council of Ministers and the 39^{th} Administrative Council Session of the African Regional Intellectual Property Organisation (ARIPO). The Conference was attended by delegations from 19 Member and Observer States and other cooperating partners. Zambia was elected chair of both the Council of Ministers and the Administrative Council during the next two years.

In conclusion, I wish to sincerely thank the Government and in particular, the Ministry of Commerce, Trade and Industry, for its support and guidance during the year under review. This support no doubt made it possible for the Agency to register milestone achievements.

My colleagues on the Board join me in thanking my predecessor, Mr. William B. Nyirenda S.C, for his esteemed service to the Agency during his tenure as chairperson of the Board. I am also indebted to my colleagues, the Board members as well as the Management and Staff of the Agency for the hard work and dedication which made 2015 a successful year.

Prof. Mpazi Sinjela
BOARD CHAIRPERSON

CEO'S OVERVIEW

The year 2015 was an exciting and successful year for the Agency as several milestones were achieved. I am delighted to share with you, our esteemed stakeholders, some of the achievements and developments at the Agency during the year 2015.

1. Strategic Plan

A new Five Year Strategic Plan covering the period 2016-2020 was developed and approved by the Board. The Plan seeks to reposition the Agency for enhanced service delivery and realization of the economic potential of intellectual property. In this regard, the Plan builds on achievements under the last five-year Plan, which covered the period 2011-2015. Ultimately, the new Strategic Plan aims at fostering industrialisation and job creation through enhanced access, efficiency and effectiveness in service delivery.

2. On-Line Registration System

The Agency, with support from the Private Sector Development, Industrialization and Job Creation Office (formerly Private Sector Development Reform Programme) completed the development of an on-line registration system. The registration system was overhauled and upgraded to provide for full online services, including online payments. The system has eased and reduced the cost of registration and enhanced compliance by making it possible for our esteemed clients to transact with the Agency from the comfort of their homes or offices.

3. Movable Property (Security Interests) Bill

During the year under review, the Agency, in collaboration with the Bank of Zambia and the International Finance Corporation (IFC) of the World Bank Group (WBG), completed the drafting of the Movable Property (Security Interests) Bill. Under this law, the Agency will operate a registry in which security interests in movable assets pledged as collateral, will be registered by the Agency. This intervention provides a mechanism by which lenders can establish whether movable assets being pledged as collateral are subject to third party interests. Registration of security interests will also enable lenders to acquire a priority claim over such assets in the event of default. The measure is intended to encourage lenders to accept diverse assets as collateral and thereby improve access to credit by MSMEs in particular.

4. Swakopmund Protocol

In an effort to protect Zambia's cultural heritage and indigenous intellectual assets, the Agency spearheaded Zambia's accession to the African Regional Intellectual Property Organisation (ARIPO) Swakopmund Protocol on the protection of traditional knowledge and expressions of folklore. The Protocol requires member states to provide legal mechanisms for the protection of traditional knowledge and expressions of folklore from misappropriation. Following the accession, the Agency spearheaded the drafting of a Bill, which is under consideration by the National Assembly, on the protection of traditional knowledge, genetic resources and traditional cultural expressions.

5. Conclusion

I am indebted to Government and in particular the Ministry of Commerce, Trade and Industry for its invaluable support and guidance. May I also, on behalf of Management and Staff, express gratitude to the Board for its strategic leadership which has seen the Agency achieve on many of the objectives for the year under review. I am equally indebted to my colleagues in Management and the Members of Staff of the Agency for all the successes achieved in 2015.

Anthony Bwembya
REGISTRAR & CEO

1.0. THE ORGANISATION

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

Services Offered:

- **Company Incorporation**
- **Business Name Registration**
- **Trade Mark Registration**
- **Industrial Designs Registration**
- **Granting of Patents**

PACRA has established offices in all the 10 provinces with offices in Lusaka, Ndola, Kitwe, Choma, Livingstone, Mongu, Mansa, Kasama, Chinsali, Solwezi, Chipata and Kabwe. The Agency has also entered into strategic partnerships with 53 Local Authorities countrywide in order to take service delivery closer to its clients.

1.1. Our Values

1.1.1. Value Statement

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

(i) **Confidentiality:** being trustworthy by not revealing or disclosing privileged information even after one has left employment.

(ii) **Impartiality:** acting solely according to the merits of the case and serving the public fairly in a way that reflects commitment to equality and diversity.

(iii) **Integrity:** putting the interests of the organisation above personal interests and conducting oneself in a manner that is beyond reproach;

(iv) **Objectivity:** being free from bias when rendering advice **and basing** decisions on facts and evidence;

(v) **Accountability:** being responsible for one's actions and decisions taken;

(vi) **Excellence:** being diligent, committed, efficient and effective in the execution of one's duties; and

(vii) **Courtesy:** being respectful and polite to colleagues, clients and stakeholders in the execution of one's duties.

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

1.2. Our Vision

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

1.3. Our Mission

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

1.4. Functions of the Agency

The Agency is mandated under the Act to:

(a) Administer the Companies Act, the Registration of Business Names Act, the Patents Act, the Trademarks Act, the Registered Designs Act, and the Companies (Certificates Validation) Act;

(b) Receive and investigate any complaint of alleged or suspected breach of this Act or the Acts referred to in paragraph (a) and subject to the directives of the Director of Public Prosecutions (DPP), prosecute offences under those Acts;

(c) Collect, collate and disseminate information on the law relating to the Acts referred to in paragraph (a);

(d) Advise Government on all matters pertaining to the Acts referred to in paragraph (a); and

(e) Do all such other things as are necessary or incidental to the performance of its functions under the PACRA Act.

2.0. BOARD MEMBERS

The Board of the Agency is comprised of the following Non-Executive Directors:

(a) a representative of the Ministry of Commerce, Trade and Industry;

(b) a representative of the Attorney-General;

(c) an accountant registered with the Zambia Institute of Chartered Accountants;

(d) a representative of the Zambia Association of Chambers of Commerce and Industry;

(e) one person with expertise in matters of intellectual property; and

(f) two other persons.

The composition of the Board during the year under review was as follows:-

(a) Mr William B. Nyirenda, SC Chairperson (retired in August 2015)

(b) Mr. George Mpundu Kanja - Vice Chairperson

(c) Prof. Mpazi Sinjela - Member

(d) Mr Siazongo D. Siakalenge - Permanent Secretary (MCTI) (retired in November 2015)

(e) Mrs Kayula Siame - (appointed in November 2015) - Member

(f) Mr. Joe Simachela - Member

(g) Mr. Samson Longwe - Member

(h) Mrs. Brigitte Nangoyi Muyenga - Member

(i) Mr. Anthony Bwembya - Board Secretary

Members who held office at the time of approval of this report were: -

(a) Prof. Mpazi Sinjela – Chairperson

(b) Mr. George Mpundu Kanja - Vice Chairperson

(c) Mrs Kayula Siame - Permanent Secretary MCTI- Member

(d) Mr. Joe Simachela - Member

(e) Mr. Rocky Sombe - Member

(f) Mr. Samson Longwe - Member

(g) Mrs. Brigitte Nangoyi Muyenga - Member

(h) Mr. Anthony Bwembya- Board Secretary

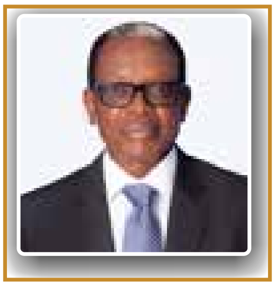
Prof.Mpazi Sinjela
Chairperson

Mr George M. Kanja
Vice Chairperson

Mrs. Kayula Siame
Member

Mr. Samson Longwe
Member

Mr. Joe Simachela
Member



Mr. Rocky Sombe
Member

Mr Anthony Bwembya
CEO/Secretary

Mrs. Brigitte Nangoyi Muyenga
Member

3.0. PACRA MANAGEMENT

The Senior Management team comprises of:

(a) Mr. Anthony Bwembya - Registrar & Chief Executive Officer
(b) Mr. Benson Mpalo - Assistant Registrar (Industrial Property Unit)
(c) Mr. Christopher Mapani - Assistant Registrar (Commercial Unit)
(d) Mrs. Dorothy K. Mbao - Chief Finance Officer
(e) Mr. Harrison Chapu - Information & Communication Technology Manager
(f) Mr. Maikisa Ilukena - Human Resources & Administration Manager
(g) Mr. Kelvin Seta - Chief Internal Auditor

PACRA MANAGEMENT

Mr Anthony Bwembya
Registrar and CEO

Mr Christopher Mapani
Assistant Registrar - Commercial

Mr Benson Mpalo
Assistant Registrar - IP

Mr. Maikisa Ilukena
Human Resources and Administration Manager

Mr. Harrison Chapu
Information and Communication Technology Manager

Mrs. Dorothy K. Mbao
Chief Finance Officer

Mr. Kelvin Seta
Chief Internal Auditor

4.0. ACTIVITIES UNDERTAKEN IN 2015

4.1. Revision of Laws

4.1.1. Movable Property (Security Interests) Bill

The Agency, in collaboration with the Bank of Zambia and the International Finance Corporation of the World Bank Group, facilitated the drafting of the Movable Property (Security Interest) Bill. This followed a 2009 study under the Financial Sector Development Programme which revealed that access to accredit was being adversely affected by the financial institutions' demand for immovable assets as collateral for loans.

The study revealed that movable property was unattractive due to lack of a registry where lenders could verify whether such assets were encumbered. The Movable Property (Security Interests) Bill therefore provides for the establishment of a collateral registry in which security interests in movable property will be registered.

Further, lenders with registered security interests shall enjoy a priority claim over secured assets should the borrower default. The registration system for security interests shall be done through an online system.

4.1.2. The Companies and Insolvency Bills

The Agency completed the review of the Companies Act during the year under review. The review culminated in the separation of insolvency provisions and placing them in an Insolvency Bill, which is currently under consideration by the National Assembly. The review of the Companies Act is aimed at facilitating the modernisation of registration processes, strengthening corporate governance, aligning corporate law with other relevant laws, promoting investment and citizen economic empowerment and development of Micro, Small and Medium Enterprises (MSMEs). Further, the Insolvency Act will introduce corporate rescue mechanisms for financially distressed companies and regulate the insolvency practice, thereby enhancing accountability and transparency.

4.1.3. The Lay Out Designs of Integrated Circuits bill

A Bill providing for the protection of lay out designs of integrated circuits was drafted and was presented for first reading in the National Assembly. The protection of layout designs is expected to promote innovation and creativity in the area of electronics.

4.1.4. Traditional Knowledge, Genetic Resources and Expressions of Folklore

Following Zambia's accession to the ARIPO Swakopmund Protocol on the protection of traditional knowledge and expressions of folklore, the Agency spearheaded the drafting of a Bill on traditional knowledge, genetic resources and expressions of folklore. The law is intended to safeguard these resources from unauthorized exploitation and promote access and benefit sharing between communities and users. The Bill is awaiting National Assembly consideration.

4.1.5. Industrial Property Bills (Patents, Trademarks and Industrial Designs)

The Agency completed the review of the Industrial Property laws. The review aimed at broadening the scope of protectable of Intellectual Property (IP) assets and making the Zambian IP legal regime compliant with the World Trade Organisation (WTO) Agreement on Trade Related Aspects of Intellectual property Rights (TRIP) Agreement. Once adopted, protection will be extended to service marks, utility models and geographical indications.

4.2. MODERNISATION

4.2.1. Online Services

The Agency completed the development of the online registration system. Until 2015, the only online service available was the Online Name Availability Search, which provided only for searches on the availability of names. The upgraded system provides for the entire registration process, including payment to be done online. Payment can be made by Visa card.

In addition to business registration, all post registration services, with the exception of transfer of shares and registration of mortgages and charges, can now be accessed online. The following is the range of services available on the online platform: Name Clearance, Name Reservation, Appeal Against Rejection of a Proposed Name, Registration of Business Entities, Annual Returns, Business Closure, Filing of Resolutions, Printouts, Registration of Prospectus, Conversion of Companies, Submission of Articles of Association, Certificate of Status, Changes in Details and Replacement of Certificates.

The system also provides for the following value added services: -

a. **Business Entity Verifications** – With this facility, a client can verify whether a business is registered and compliant with filing of Annual Returns and other post registration requirements.

b. **Online Fees Invoice** – This feature allows clients to obtain an invoice relating to payments due to the Agency, including outstanding Annual Returns.

c. **Online Fees Calculator** – This feature allows clients to determine, on their own, the fee payable on the desired Nominal Capital either at company incorporation or when increasing the Nominal Capital.

d. **Access To Documents Online** – This service provides for storage, in an account created by an applicant, of documents generated by the system, including certificates of registration.

The System is accessible on the Agency's website: www.pacra.org.zm.

4.2.2. Signing of Certificates

In order to improve efficiency and provide a uniform business registration service level across the country, the Agency introduced electronic approval of certificates. By eliminating the need to courier registration documents to Head Office for signing, this intervention reduced the period of registration in Regional Offices from an average of five (5) working days to the eight (8) working hours obtaining at Head Office.

4.2.3. Call Centre

The Agency launched a Call Centre aimed at improving service delivery by creating a central platform through which client queries can be addressed. The Call Centre is accessed via telephone, email and social media. In an effort to ensure dissemination of accurate information, the Agency further invested in a knowledge base which is accessible to both staff and the general public. The knowledge base contains information relating to business and industrial property services.

A total of 11, 969 calls were received as shown below: -

Year	Number of Calls Received	Number of Calls Lost	Average Waiting Time	Average Call Duration
2015	11,969	56	5 Sec	2Min 31Sec

4.2.4. Digitisation

Following the implementation of the Electronic Document Management System in 2014, the Agency digitized over 100,000 records for Companies and Business Names in 2015. All lodgments relating to 2015 have been converted to digital form. The ultimate objective is to convert all business records into digital form. The digitization of records has improved retention and retrieval of information and addressed issues relating to loss of documents.

4.2.5 Decentralisation

The Agency completed the decentralisation of services to provincial capitals with the opening of an office in Kabwe, Central Province. The office will complement partnerships previously entered into with local authorities in the province. The Office is expected to contribute to the revival of Kabwe as an economic hub.

Hon. Minister of Commerce, Trade and industry, Mrs. Margaret Mwanakatwe listens to Kabwe Regional Manager (red tie) Voster Syakalumbwe as he explains the operations of his office.

4.3 COMPLIANCE AND AWARENESS

Compliance with business and Industrial Property registration requirements continued to be a challenge during the review period. In response, the Agency undertook a number of activities aimed at raising awareness and fostering compliance.

4.3.1 SMS and Email Reminders

Having introduced SMS and email annual return reminders in 2014, the Agency increased the frequency of reminders from once to twice quarterly. The SMS and email reminders contributed greatly to increased compliance and awareness. Moving forward, notifications will be extended to other services of the Agency.

4.3.2 Electronic and Print Media

The Agency intensified awareness through the electronic and print media. This included live phone in programmes and advertisements on both television and radio as well as magazines. The Agency also employed social media such as Facebook and Twitter.

4.3.3 World Intellectual Property Day

The Agency joined other organisations in commemorating the World Intellectual Property (IP) day, an annual event that falls on 26th April. The IP day has been set aside by the WIPO to raise awareness of intellectual property and how it impacts on human existence and promotes innovation and creativity and to honour creators and innovators for their contribution to development of societies across the globe.

The 2015 commemorations were held under the theme: '***Get Up, Stand Up for Music***'.

4.3.4 Mobile Registration

In an effort to ease access and reduce the cost of registration services in remote areas, the Agency continued with Mobile Business Registration activities. During the year under review, the Agency conducted mobile registration in Eastern, Southern, Central, Luapula, Western and North Western Provinces.

4.3.5 Promotion of Innovation

The Agency, in collaboration with WIPO, sponsored Mr. Joseph Lungu, a 22 year old Zambian inventor, to the African Ministerial Conference in Dakar, Senegal which was organized to promote creativity, innovation, scientific and technological transformation of African economies. Mr. Lungu, a student at Northern Technical College (NORTEC), invented a car alarm against theft and an overload trigger alert system. When installed on a motor vehicle, the car alarm alerts the owner of any intrusion while the overload trigger prevents the engine from starting if the vehicle is overloaded. In case of intrusion, the vehicle owner is automatically notified by phone.

Joseph Lungu (white shirt) explains his innovation to some participants of the ARIPO conference in Lusaka, Zambia.

4.3.6 Business Stakeholder Workshop

The Agency held business stakeholder awareness workshops in Northern and Copperbelt provinces. The workshops attracted participants from the business community and the academia. Following the two workshops, the Agency is spearheading the development of a National Innovation Policy.

4.4. Meetings and Conferences

4.4.1. WIPO General Assemblies and Committee Meetings

The Agency represented Zambia at the 55th Meetings of the Assemblies of Member States of the World Intellectual Property Organization (WIPO) which were held in Geneva, Switzerland, in October 2015.

Notable outcomes of the Meetings were:

a. The mandate of the WIPO Intergovernmental Committee (IGC) on Intellectual Property and Genetic Resources, Traditional Knowledge and Expressions of Folklore was renewed for the 2016-2017 biennium. The IGC is mandated to negotiate an international treaty on the protection of genetic resources and expressions of folklore;

b. Subject to the outcomes of the IGC during the 2016-2017 biennium, the General Assembly shall take stock of progress and decide whether to convene a Diplomatic Conference to consider adoption of the draft treaty or continue negotiations;

c. WIPO will establish three (3) additional external offices during the period 2016 to 2019, one of which will be in Africa;

d. A Diplomatic Conference on the adoption of a design treaty, aimed at harmonizing registration procedures, will be held in the first half of 2017; and

e. The adoption of amendments to the Patent Cooperation Treaty (PCT) regulations to facilitate sharing of results of work performed by Patent Offices.

4.4.2. ARIPO Administrative Council Meeting

The Agency spearheaded Zambia's hosting of the 55th Session of the Council of Ministers and the 39th Administrative Council Session of the African Regional Intellectual Property Organisation (ARIPO) in Lusaka, from 16th to 20th November, 2015. ARIPO is a regional body that promotes the development of intellectual property in nineteen (19) African member states.

The Conference was officially opened by Her Honour the Vice President of the Republic of Zambia, Mrs. Inonge M. Wina, MP. The Minister of Commerce, Trade and Industry, Honourable Margaret D. Mwanakatwe MP, was elected Chairperson of ARIPO Council of Ministers while the Registrar and Chief Executive Officer of PACRA, Mr. Anthony Bwembya, was elected Chairperson of the ARIPO Administrative Council for a term of two (2) years.

Her Honour, the Vice President of the Republic of Zambia, Mrs. Inonge M. Wina, MP arriving for the ARIPO ministerial conference where she was guest of Honour.

4.5. Capacity Building

4.5.1. IP Staff Training

Industrial Property training was conducted in Ndola, Kitwe, Chipata, Livingstone, Mongu and Kabwe regional offices as part of efforts to decentralise IP services. The training aimed at building capacity in regional offices for the staff to be able to handle IP applications instead of sending every IP related issues to the Headquarters in Lusaka. As a result of these training programs, the number of IP applications lodged through regional offices has significantly increased. This initiative has further eased the load at the Headquarters and reduced the cost of accessing IP services which is now being offered in regional offices.

4.5.2. Study Visits

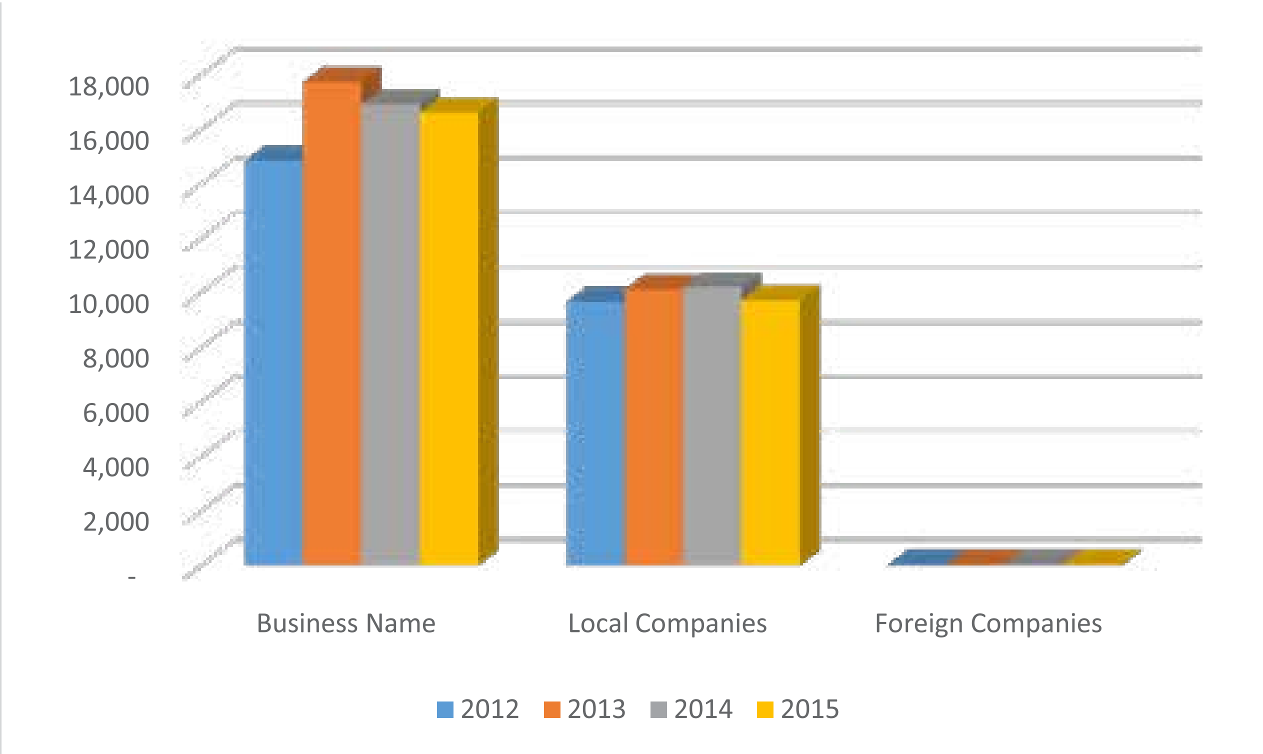
In a quest for enhanced service delivery through modernisation of registration processes, the Agency continued benchmarking against other registries and exposing staff to international best practice. To that end, study visits were undertaken to Rwanda and Lesotho. The visits provided valuable input into the development of the online registration system.

5. STATISTICS

5.1. Business Registrations 2012 to 2015

Table 1: Registrations for Businesses 2012 to 2015

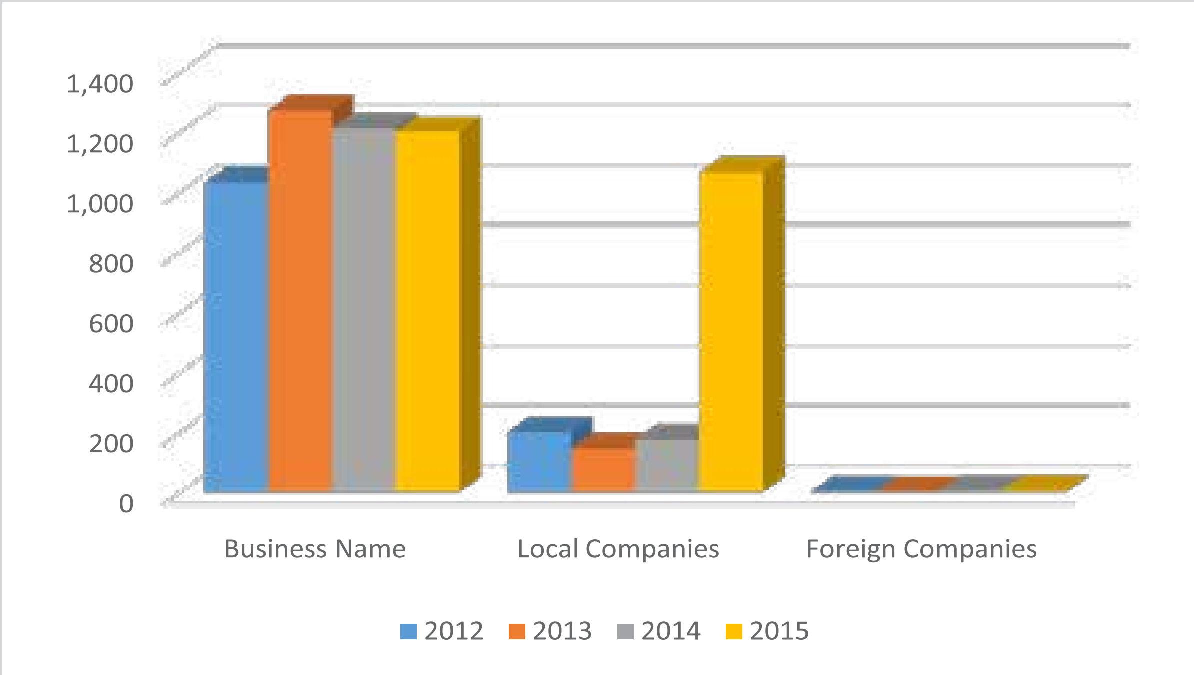
Year	Business Name	Local Companies	Foreign Companies
2012	14,867	9,678	43
2013	17,754	10,143	44
2014	16,935	10,199	49
2015	16,640	9,743	56



5.2. Deregistration's 2012 to 2015

Table 2: Deregistration's for Businesses 2012 to 2015

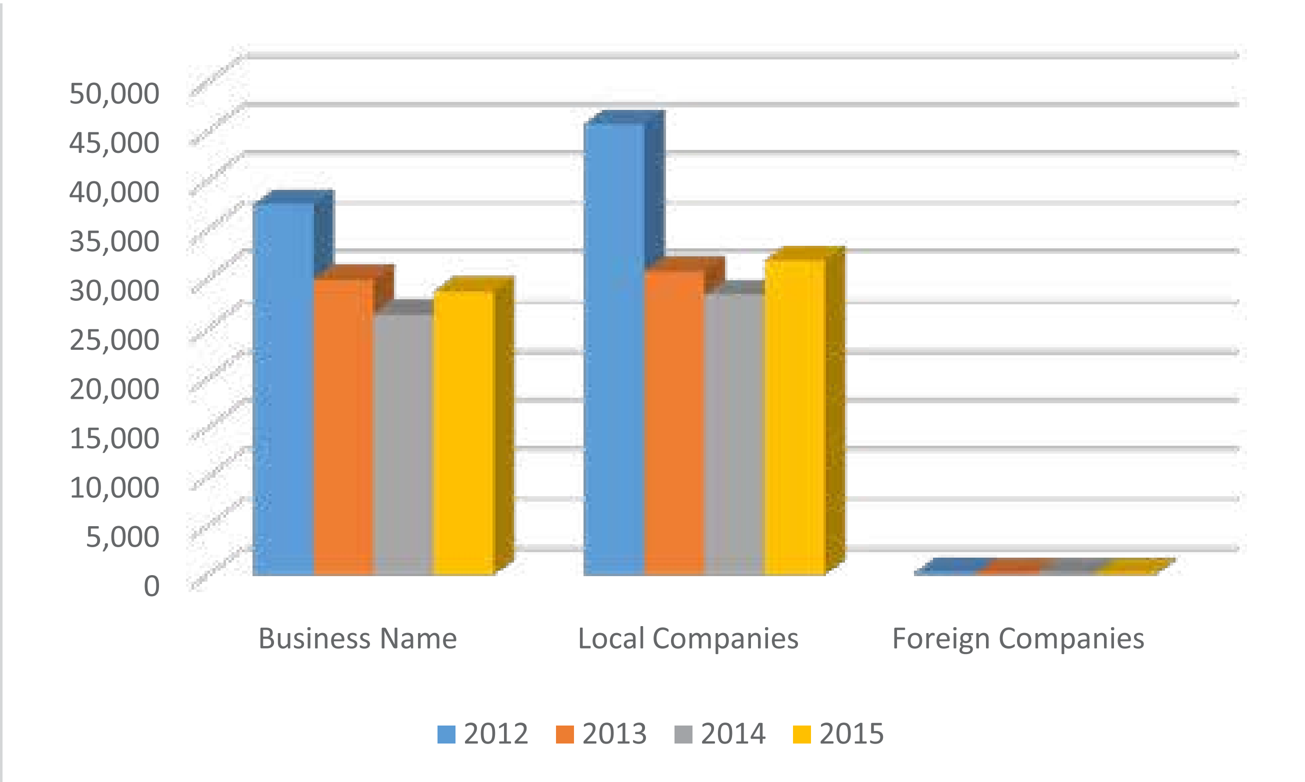
Year	Business Name	Local Companies	Foreign Companies
2012	1,033	201	3
2013	1,274	148	2
2014	1,213	177	5
2015	1,201	1,067	7



5.3. Annual Returns 2012 to 2015

Table 3: Annual Returns for Businesses 2012 to 2015

Year	Business Name	Local Companies	Foreign Companies
2012	37,546	45,680	251
2013	29,944	30,720	177
2014	26,427	28,340	164
2015	28,729	31,848	184

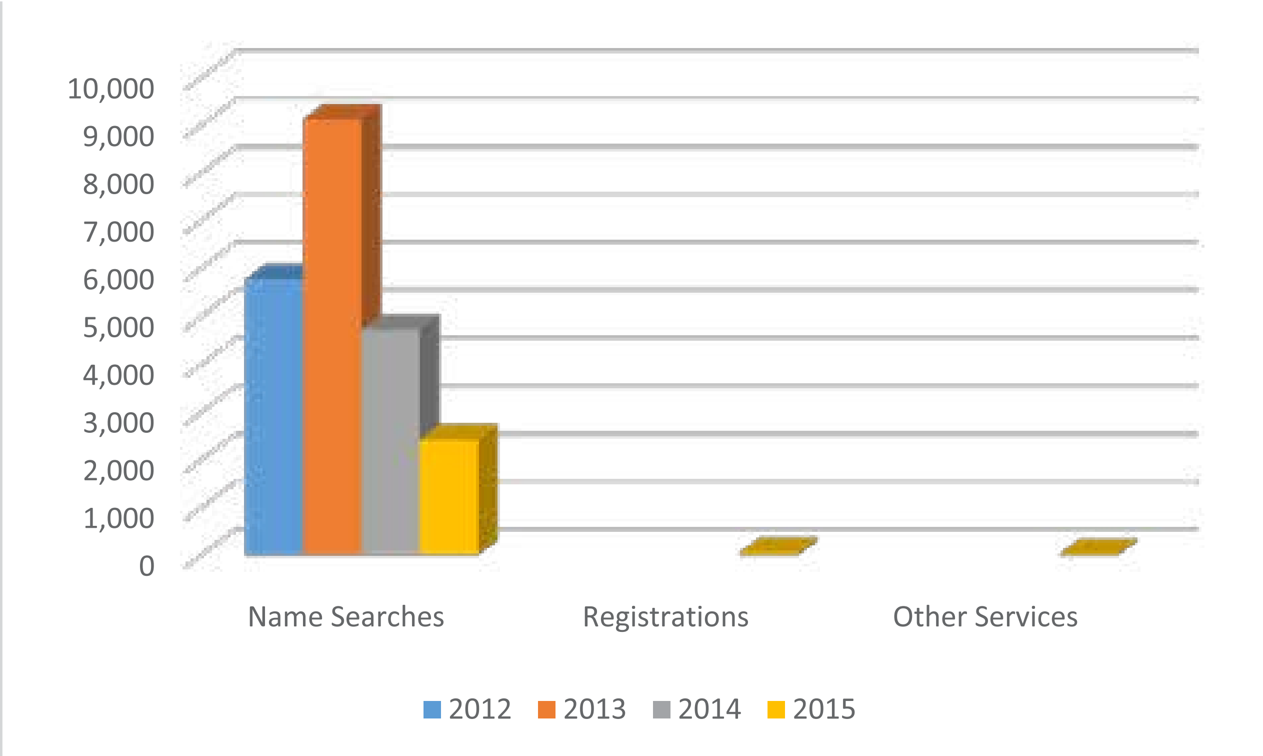


5.4. Online Services 2012 to 2015

Table 4: Online Service Requests Lodged 2012 to 2015

Year	Name Searches	Registrations	Other Services
2012	5,769		
2013	9,133		
2014	4,735		
2015	2,423	66	41

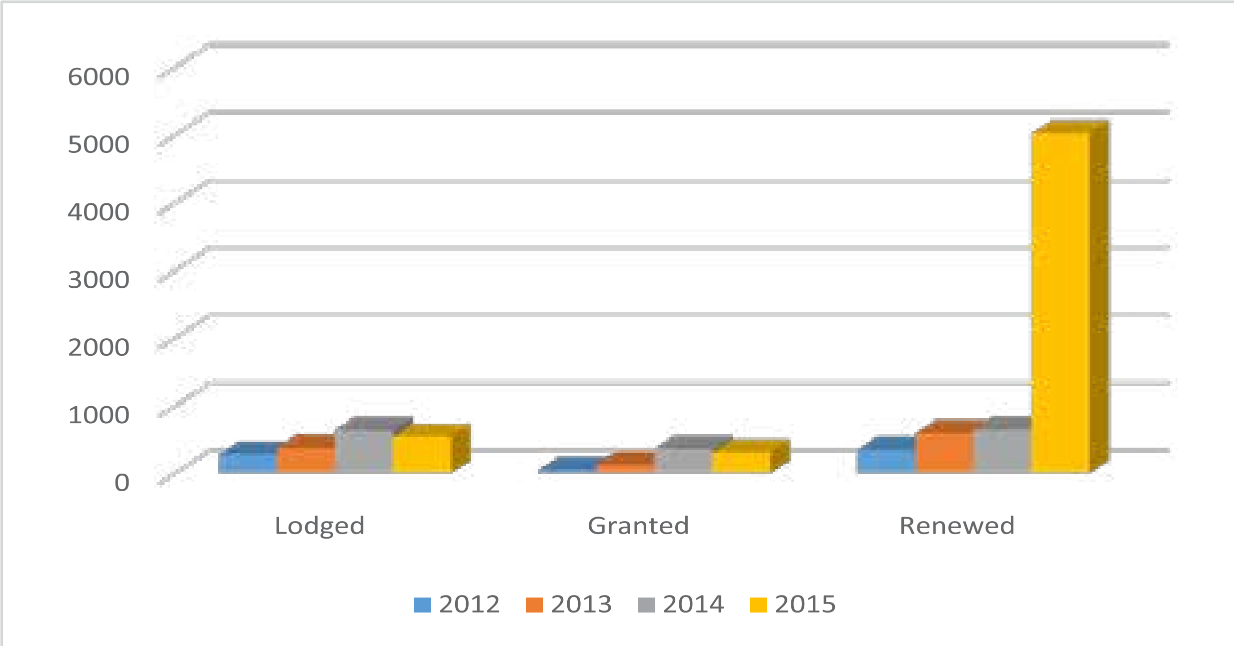
The drop in online name searches was as a result of the temporal system shut down from August to November 2015. The shutdown was to facilitate the implementation of the Online Registration System with a payment module.



5.5. ARIPO 2012 to 2015

Table 5: ARIPO Lodgements 2012 to 2015

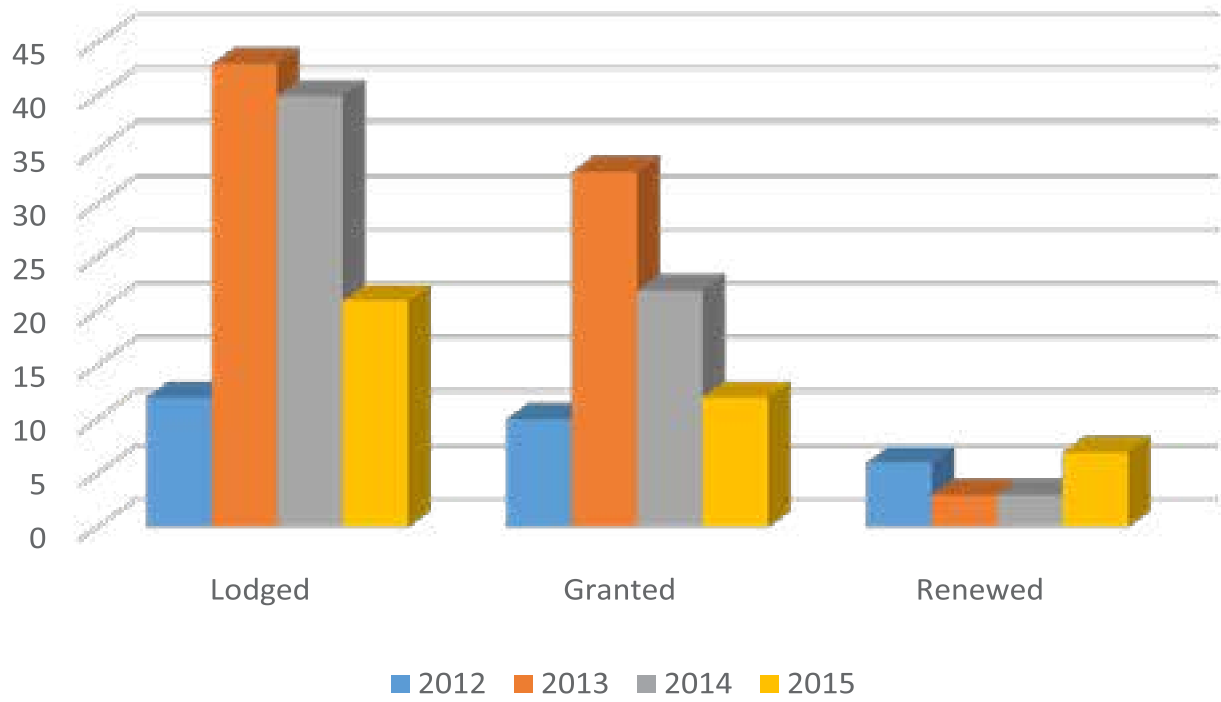
Year	Lodged	Granted	Renewed
2012	280	45	350
2013	379	129	595
2014	639	362	649
2015	542	307	5,018



5.6. Designs 2012 to 2015

Table 6: Designs Lodged 2012 to 2015

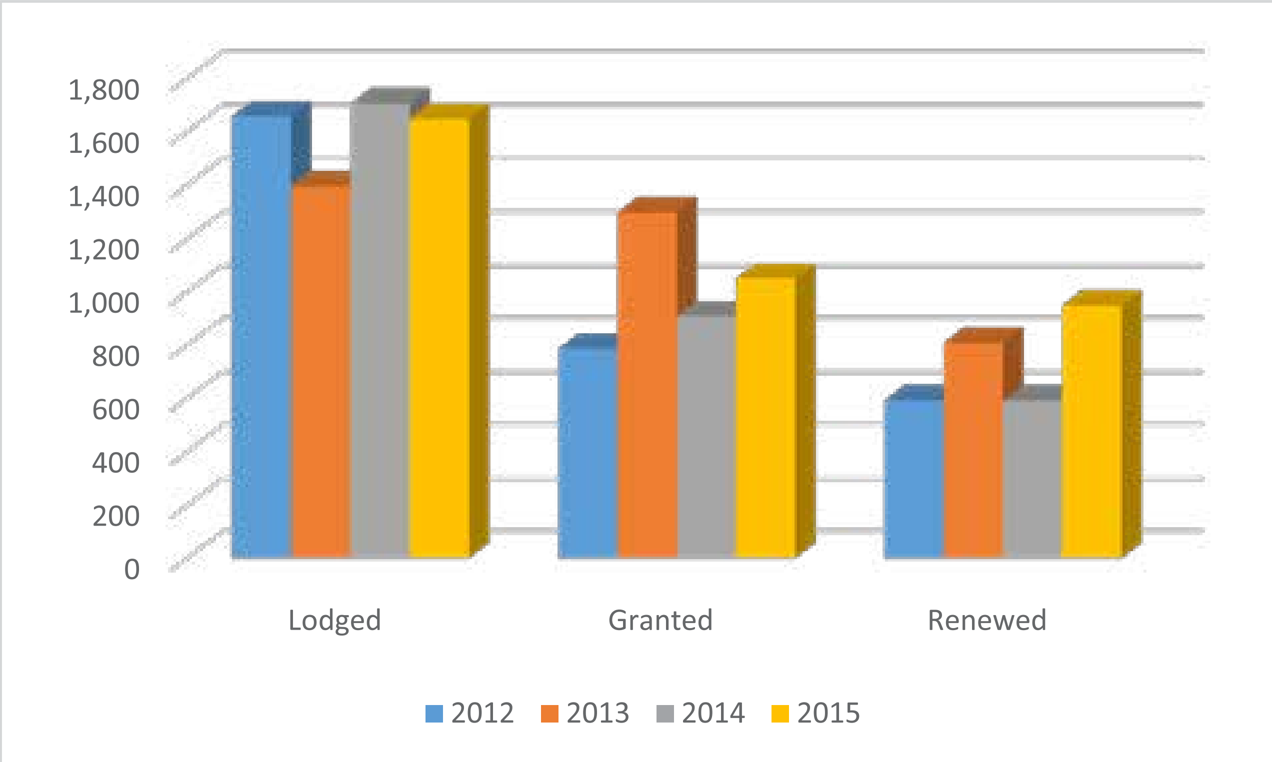
Year	Lodged	Granted	Renewed
2012	12	10	6
2013	43	33	3
2014	40	22	3
2015	21	12	7



5.7. Trademarks 2012 to 2015

Table 7: Trademarks Lodged 2012 to 2015

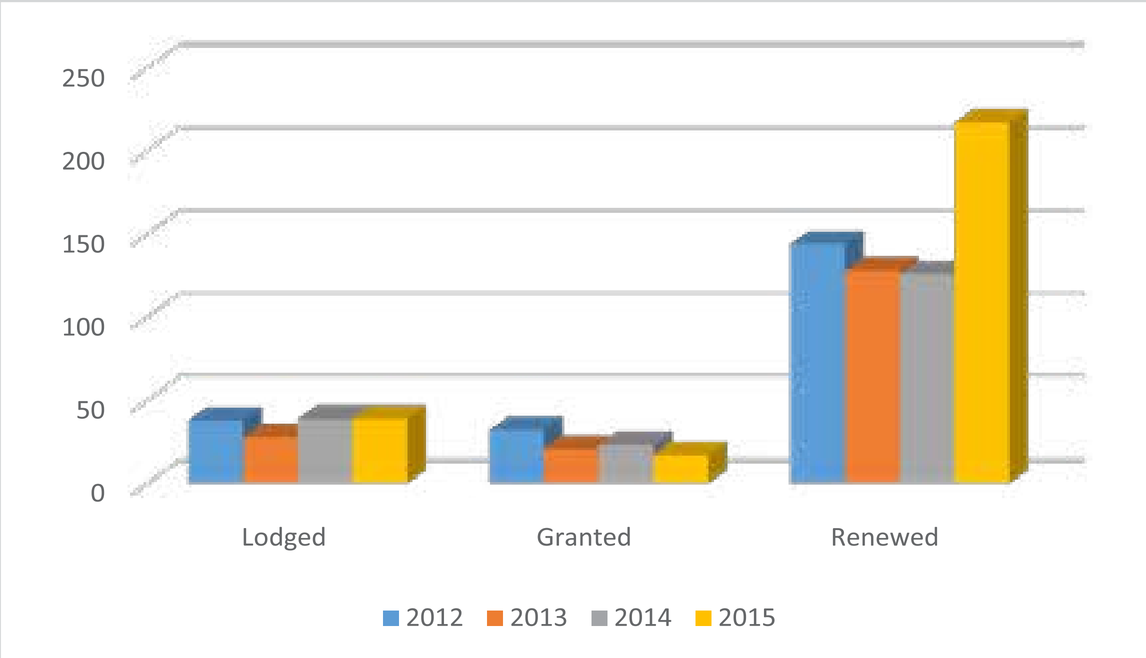
Year	Lodged	Registered	Renewed
2012	1,658	786	592
2013	1,397	1,300	810
2014	1,705	908	591
2015	1,650	1,051	950



5.8. Patents 2012 to 2015

Table 8: Patents Lodged 2012 to 2015

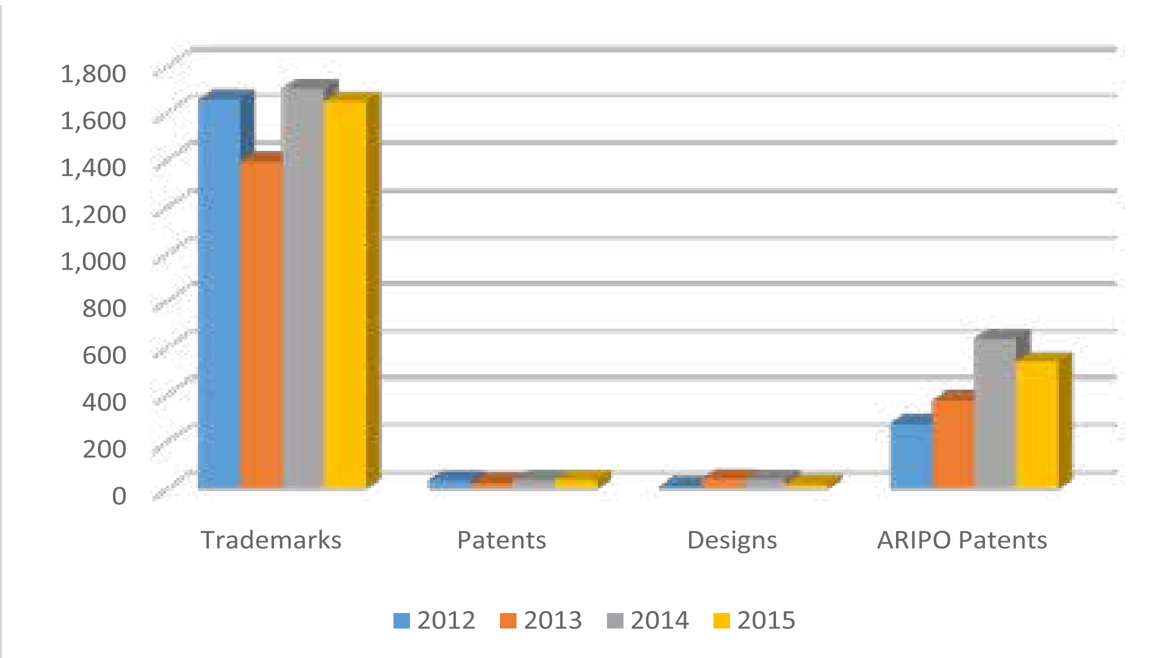
Year	Lodged	Granted	Renewed
2012	38	32	144
2013	28	21	128
2014	39	23	126
2015	39	17	217



5.9. Graph Comparing Lodgements for 2012 to 2015 Trademarks, Patents,Designs and ARIPO Patents

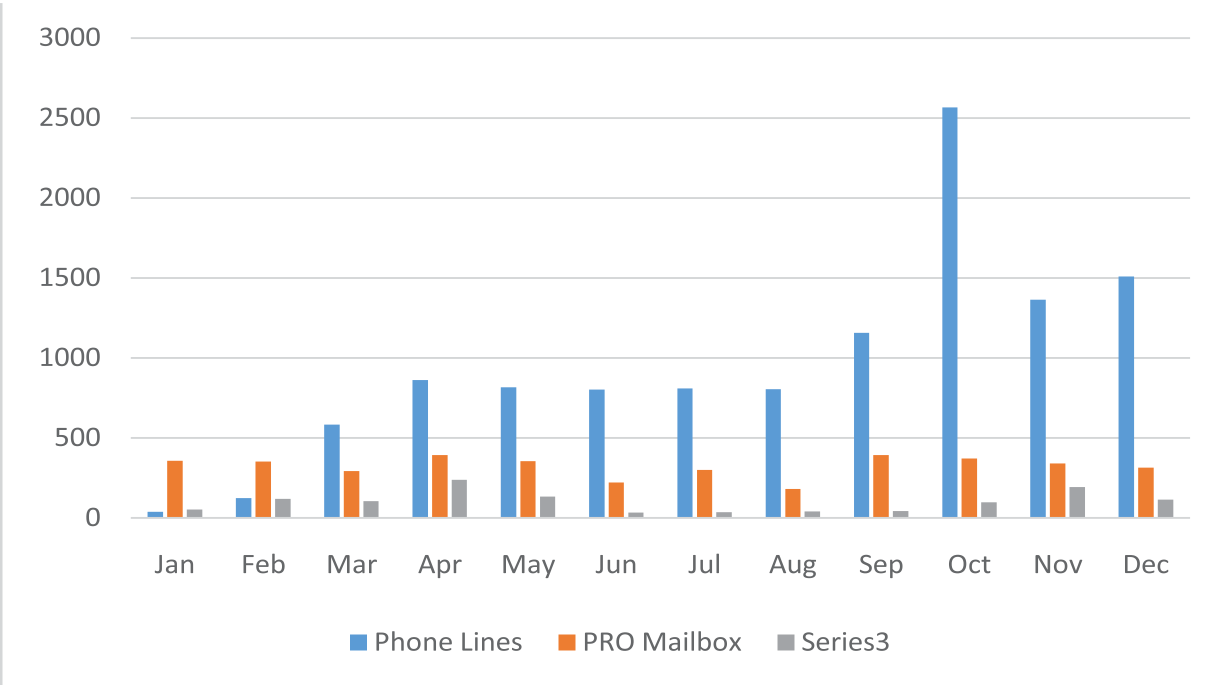
Table 9: IP Lodgements Comparison 2012 to 2015

Year	Trademarks	Patents	Designs	ARIPO Patents
2012	1,658	38	12	280
2013	1,397	28	43	379
2014	1,705	39	40	639
2015	1,650	39	21	542



5.10. Call Centre Statistics for various Customer Engagement Channels

No	Customer Service Channel	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
1	**Calls to PACRA Call Centre Lines**	39	124	583	862	816	802	810	805	1156	2567	1365	1509	**11,438**
2	**Queries through pro@pacra.org.zm**	357	353	292	394	355	222	301	182	392	372	340	314	**3,874**
3	**Queries through invoice@pacra.org .zm**	53	120	105	239	134	34	36	40	43	97	192	114	**1,207**



5.11. SMS Campaigns

No	DATE	SMS CAMPAIGN THEME	QUANTITY
1	04/04/2015	FILLING OF ANNUAL RETURNS	17,472
2	16/07/2015	INCREASE IN CAPITAL FROM K5000 TO K10000	32,275
3	25/08/2015	INCREASE IN NOMINAL CAPITAL ALL COMPANIES BELOW K10000	32,321
4	18/09/2015	INCREASE IN NOMINAL CAPITAL ALL COMPANIES BELOW K10000	23,729
5	15/10/2015	INCREASE IN NOMINAL CAPITAL ALL COMPANIES BELOW K10000	25,596
6	22/10/2015	FILLING OF ANNUAL RETURNS	82,593
7	31/12/2015	FILLING OF ANNUAL RETURNS	54,278

PICTURE FOCUS

Some of the delegates of the ARIPO ministerial conference held in Lusaka, Zambia

Her Honour, the Vice President of the Republic of Zambia, Mrs. Inonge M. Wina, MP (Centre) with the host minister, Hon minister of Commerce, Trade and Industry Mrs. Margaret Mwanakatwe and other ARIPO officials

Her Honour, the Vice President of the Republic of Zambia, Mrs. Inonge M. Wina, MP (Centre) poses for a picture with ARIPO member countries' ministers and representatives after the official opening of the Ministerial Council meetings.

PACRA employees at the stand during the 2015 Zambia International Trade Fair.

REPORT OF THE DIRECTORS

The Directors present their report and audited financial statements for the year ended 31st December 2015

PRINCIPAL ACTIVITIES

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

The Companies Act;

The Registration of Business Names Act:

The Patents Act;

The Trade Marks Act;

The Industrial Design Act; and

The Companies Certificate Validation Act.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

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

FINANCIAL RESULTS

The Surplus for the year amounted to **K 1,230,943.00** (2014: K 8,284,569). The Surplus being the excess of income and other income over the cost of operating the Agency.

DIRECTORS

The Directors who held office during the year were:

Prof. Mpazi Sinjela	Chairperson
Mr. William Boli Nyirenda, SC	Retired
Mr.George Mpundu Kanja	Vice Chairperson
Mr. Siazongo D. Siakalenge	Retired
Mrs Kayula Siame	Member
Mrs. Brigitte Nangoyi Muyenga	Member
Mr. Joe Hantebe Simachela	Member
Mr. Samson Longwe	Member
Mr. Anthony Bwembya	Board Secretary/ Registrar

REPORT OF THE DIRECTORS *(Continued)*

PROPERTY, PLANT AND EQUIPMENT

The following were the additions to property, plant and equipment during the year:

	K
Motor vehicles	956,852
Office equipment	908,968
Computer equipment	6,219,204
Furniture and fittings	657,041
Land and Buildings	137,571
Total	**8,879,636**

HEALTH AND SAFETY OF EMPLOYEES

The Patents and Companies Registration Agency complies with all factory health and safety regulations.

CORPORATE GOVERNANCE

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

DONATIONS

The Agency made donations amounting to K32,481 during the year (2014: Nil).

REPORT OF THE DIRECTORS *(Continued)*

RESEARCH AND DEVELOPMENT

The Agency did not carry out any research and development activities.

EMPLOYEES

The total remuneration paid to the employees during the year amounted **to K35,136519.00** (2014: K25,818,995).

The average number of employees during each month of the year was as follows:

Month	Interns	Permanent/ Contractual	Total
January	-	162	162
February	3	162	165
March	4	164	168
April	3	165	168
May	3	164	167
June	8	165	173
July	8	169	177
August	8	168	176
September	11	169	180
October	10	168	178
November	6	170	176
December	6	171	177

AUDITORS

Messrs. CYMA - Chartered Accountants and Management Consultants term of office comes to an end after submission of the 2015 Financial Statements.

By order of the Directors.

SECRETARY
Lusaka, Zambia

STATEMENT OF RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

Section 17 of the PACRA Act, No. 15 of 2010 requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Agency and the surplus or deficit for that period.

The Directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. Messrs. CYMA Chartered Accountants and Management Consultants, independent external auditors, have audited the annual financial statements and their report is shown on pages 5 and 6.

The Directors are also responsible for internal control systems. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Based on the audit, nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements are prepared on a going concern basis. Based on the audit, nothing has come to the attention of the Directors to indicate that the Agency will not remain a going concern in the foreseeable future.

In the opinion of the Directors:

i) the statement of comprehensive income is drawn up so as to give a true and fair view of the surplus of the Agency for the financial year ended 31st December 2015;

ii) the statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Agency as at 31st December 2015;

iii) there are reasonable grounds to believe that the Agency will be able to pay its debts as and when they fall due; and

iv) the financial statements have been prepared in accordance with International Financial Reporting Standards and in the manner required by the PACRA Act, No. 15 of 2010).

Signed on behalf of the Board of Directors by:

________________________) **CHAIRMAN**
)
)
)
)
________________________) **CHIEF EXECUTIVE OFFICER**

INDEPENDENT AUDITOR'S REPORT

To the members of
PATENTS AND COMPANIES REGISTRATION AGENCY

Report on the financial statements

We have audited the accompanying financial statements of Patents and Compaines Registration Agency (PACRA) , which comprise the statement of financial position as at 31st December 2015, and the statement of comprehensive income, statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the PACRA Act No, 15 of 2010 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Patents and Companies Registration Agency as at 31st December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the PACRA Act, No. 15 of 2010 and the Public Finance Act, No. 15 of 2004.

CYMA

CHINTU Y. MULENDEMA DATE
MANAGING PARTNER

MCP 00632

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31st December 2015

	NOTES	2015	2014
		K	K
GRANTS	5	**57,316,899**	54,901,040
OTHER INCOME	6	**7,099,360**	2,613,521
OPERATING INCOME		**64,416,259**	57,514,561
OPERATING EXPENDITURE		**(63,185,316)**	(49,229,992)
OPERATING SURPLUS		**1,230,943**	8,284,569
SURPLUS AND COMPREHENSIVE INCOME FOR THE YEAR		**1,230,943**	8,284,569
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**1,230,943**	8,284,569

STATEMENT OF FINANCIAL POSITION
for the year ended 31st December 2015

	NOTES	2015 K	2014 K
ASSETS			
Non current assets			
Property, plant and equipment	9	**41,799,877**	33,990,660
Total non current assets		**41,799,877**	33,990,660
Current assets			
Trade and other receivables	11	**6,199,138**	6,379,469
Bank and cash balances	12	**36,237,912**	46,318,228
Total current assets		**42,437,050**	52,697,697
Total assets		**84,236,927**	86,688,357
EQUITY AND RESERVES			
Capital and reserves			
Accumulated fund		**49,198,972**	46,322,757
Revaluation Reserve		**27,046,931**	26,964,740
Total equity		**76,245,903**	73,287,497
Current liabilities			
Trade and other payables	14	**7,489,842**	3,108,441
GRZ balances	15	**501,182**	10,292,419
Total current liabilities		**7,991,024**	13,400,860
Total liabilities		**7,991,024**	13,400,860
Total equity and liabilities		**84,236,927**	86,688,357

The responsibilities of the Agency's Directors with regard to the preparation of the financial statements are set out on page 4. The financial statements on pages 7 to 37 were approved by the Board of Directors and authorised for issue on .... 2016 and were signed on its behalf by:

) **CHAIRMAN**
)
)
)
) **CHIEF EXECUTIVE OFFICER**

STATEMENT OF CHANGES IN EQUITY
for the year ended 31st December 2015

	Revaluation reserves	Surplus on revenue reserves	Total
	K	K	K
Balance at 1st January 2014	**-**	**38,038,188**	**38,038,188**
Revaluations	26,964,740	-	26,964,740
Surplus for the year	-	8,284,569	8,284,569
Balance at 31st December 2014	**26,964,740**	**46,322,757**	**73,287,497**
Prior Year Adjustment	-	1,643,712	1,643,712
Prior Year Adjustment		1,560	1,560
Revaluations	1,782,745	-	1,782,745
Amortisation	(1,700,554)	-	(1,700,554)
Surplus for the year	-	1,230,943	1,230,943
Balance at 31st December 2015	**27,046,931**	**49,198,972**	**76,245,903**

Note:
Prior Year adjustments : adjustment were made to Property, Plant and Equipment to align with the Assets Register.

STATEMENT OF CASH FLOWS
for the year ended 31st December 2015

	NOTES	2015 K	2014 K
OPERATING ACTIVITIES			
Excess of income over expenditure		**1,230,943**	8,284,569
Adjusted for:			
- loss on disposal of motor vehicles		**19,611**	441,274
-Donated assets		**32,481**	-
Amortisation	6	**(1,700,554)**	-
- Interest received	6	**-**	(2,362,387)
- Depreciation expense	10	**4,156,212**	1,990,100
Operating cash flows before working Capital movements		**3,738,693**	8,353,556
Movements in working capital			
Decrease (increase) in trade and other receivables		**180,331**	(7,878,421)
GRZ Balances		**(9,791,237)**	-
Increase (decrease) in trade and other payables		**4,381,401**	11,349,791
Cash generated from operations		**(1,490,812)**	11,824,926
Net cash generated from operating activities		**(1,490,812)**	11,824,926
INVESTING ACTIVITIES			
Payment for property, plant and equipment	10	**(8,879,636)**	(2,724,734)
Disposal proceeds		**288,572**	264,017
Net cash used in investing activities		**(8,591,064)**	(2,460,717)
FINANCING ACTIVITIES			
Interest received	6	**-**	2,362,387
Prior Year adjustment		**1,560**	-
Net cash generated from (used in) financing activities		**1,560**	2,362,387
Net increase (decrease) in cash and cash equivalents		**(10,080,316)**	18,817,596
Cash and cash equivalents at the beginning of the year		**46,318,228**	27,500,632
Cash and cash equivalents at end of year		**36,237,912**	46,318,228
COMPRISING OF:			
Bank and cash balances		**36,237,912**	46,318,228

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 2015

1. GENERAL INFORMATION

The Patents and Companies Registration Agency (the "Agency") is a corporate body established by an Act of Parliament, Act No.15 of 2010. The addresses of its registered office and principal place of business are shown in the report of the Directors on page 1. The principal activities of the Patents and Companies Registration Agency are to administer the following Acts:

The Companies Act;
The Registration of Business Names Act:
The Patents Act;
The Trade Marks Act;
The Industrial Design Act; and
The Companies Certificate Validation Act.

1.2 GOING CONCERN

The Financial Statements have been prepared on a going concern basis, which assumes that the Agency will contiune in operational existence for the foreseeable future. The Directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised IFRSs affecting amounts reported in the current year (and/or prior years)

The following new and revised IFRSs have been applied in the current period and have affected the amounts reported in these financial statements. Details of other new and revised IFRSs applied in these financial statements have had no material effect on the financial statements as set out in section 2.2.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

2.1 New and revised IFRSs affecting amounts reported in the current year (and/or prior years) - Continued

New and revised IFRSs affecting presentation and disclosure only

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income	The amendments introduce new terminology for the statement of comprehensive income. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that maybe reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The Agency has applied the amendments to IAS 1 presentation of items of other comprehensive income. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (*Continued*)

2.1 New and revised IFRSs affecting amounts reported in the current year (and/or prior years) (*Continued*)

Amendments to IFRS 7 Disclosures – Transfer of Financial Assets	The amendments increase the disclosure requirements for transactions involving the transfer of financial assets in order to provide greater transparency around risk exposures when financial assets are transferred.
Improvements to IFRSs issued in 2015	Except for the amendments to IAS 1 described earlier above, the application of Improvements to IFRSs issued in 2015 has not had any material effect on amounts reported in the financial statements.

2.2 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs have also been adopted in these financial statements. The application of these new and revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IAS 32 Classification of Rights Issues	The amendments address the classification of certain rights issues denominated in a foreign currency as either equity instruments or as financial liabilities. Under the amendments, rights, options or warrants issued by an entity for the holders to acquire a fixed number of the entity's equity instruments for a fixed amount of any currency are classified as equity instruments in the financial statements of the entity provided that the offer is made pro rata to all of its existing owners of the same class of its non-derivative equity instruments. Before the amendments to IAS 32, rights, options or warrants to acquire a fixed number of an entity's equity instruments for a fixed amount in foreign currency were classified as derivatives. The amendments require retrospective application.
IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments	The Interpretation provides guidance on the accounting for the extinguishment of a financial liability by the issue of equity instruments. Specifically, under IFRIC 19, equity instruments issued under such arrangement will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the consideration paid will be recognised in profit or loss. The application of IFRIC 19 has had no effect on the

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING

2.3 New and revised IFRSs in issue but not yet effective

The Agency has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	*Financial instruments* [3]
IFRS 12	*Disclosure of interests in Other entities* [1]
Amendments to IFRS 7	*Disclosures-Offsetting Financial Assets and Financial Liabilities* [1]
Amendments to IFRS 9 and IFRS 7	*Mandatory Effective Date of IFRS 9 and Transition Disclosures* [3]
IAS 19 (as revised in 2011)	*Employee Benefits* [2]
IAS 27 (as revised in 2011)	*Separate Financial Statements* [2]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.

IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (*Continued*)

2.3 New and revised IFRSs in issue but not yet effective (*Continued*)

IFRS 9 is effective for annual periods beginning on or after 1st January 2015, with earlier application permitted.

The Directors anticipate that IFRS 9 will be adopted in the Agency’s financial statements for the annual period beginning 1st January 2018 and that the application of IFRS 9 may have significant impact on amounts reported in respect of the Agency's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (*Continued*)

2.3 New and revised IFRSs in issue but not yet effective (*Continued*)

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current Standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The Annual Improvements to IFRSs 2009 – 2011 Cycle include a number of amendments to various IFRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. Amendments to IFRSs include:

- Amendments to IAS 16 Property, plant and equipment; and
- Amendments to IAS 32 Financial Instruments: Presentation.

The amendments to IAS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in IAS 16 and as inventory otherwise. The directors do not anticipate that the amendments to IAS 16 will have a significant effect on the Agency's financial statements.

The amendments to IAS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes. The directors anticipate that the amendments to IAS 32 will have no significant impact on the company's financial statements.

The amendments to IAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

2.3 New and revised IFRSs in issue but not yet effective (*Continued*)

The amendments to IFRS 7 are effective for annual periods beginning on or after 1st January 2016 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to IAS 32 are not effective until annual periods beginning on or after 1st January 2014, with retrospective application required.

The directors anticipate that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

The amendments to IAS 19 change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements have been prepared in accordance with operative International Financial Reporting Standards ("IFRS").

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3.3 Grants

Revenue grants are recongnised as income in the income statement in full on a receipt basis in the year received.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

3.4 Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost less accumulated depreciation and any recognised impairment losses.

Depreciation on revalued buildings is recognised in the revaluation reserve. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Leasehold land is not depreciated.

Fixtures and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

3.5 Property, plant and equipment (*Continued*)

Leasehold land and buildings	2%
Furniture and fittings	25%
Computer equipment and software	25%
Motor vehicles	25%
Plant and machinery	25%

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

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between sales proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income.

3.6 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Agency as lessee

Assets held under finance leases are initially recognised as assets of the Agency at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Agency's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

3.6 Leasing (*Continued*)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed

3.7 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Agency reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Agency estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

3.8 Provision for bad and doubtful debts

Any debts identified as bad are written off. Where it is likely that a debt may eventually become bad, a specific provision is made in the financial statements to reflect the reality.

3.9 Retirement benefits

The Agency operates a defined contribution scheme, established on 1st January 2013, for employees who are on contract. The assets of the scheme are held in separate trustee administered funds, which are funded by contributions from both the Agency and employees. The Agency and its employees also contribute to the National Pension Scheme Authority, which is a statutory defined contribution scheme.

A defined contribution scheme is a pension plan under which the Agency pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods. The Agency's contributions to both the defined contribution schemes are charged to surplus or deficit account in the year to which they relate. The Agency has no further obligation once the contributions have been paid in relation to staf on contracts.

3.10 Foreign currencies

In preparing the financial statements of the entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

3.11 Provisions

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, 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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the 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.

3.12 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.13 Financial instruments

Financial assets and financial liabilities are recognised on the Agency's statement of financial position when the Agency becomes a party to the contractual provisions of the instrument.

3.13.1 Financial assets

The principle financial assets of the Agency are cash and cash equivalents, trade and other receivable and amounts due from related parties, are accounted for as follows:

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

3.13 Financial instruments (*Continued*)

3.13.1 Financial assets (*Continued*)

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade and other receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in the active market are classified as trade and other receivables, and measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all financial assets objective evidence of impairment could include:

i) significant financial difficulty of the issuer or counterparty; or

ii) default or delinquency in interest or principal payments; or

iii) it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

3.13 Financial instruments (*Continued*)

3.13.1 Financial assets (*Continued*)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Agency's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Agency derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Agencyneither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Agencyrecognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3.13.2 Financial liabilities and equity

The Agency's principal financial liabilities are trade and other payables, accrued expenses and amounts due to related parties. Financial liabilities are classified according to the substance of the contractual arrangements entered into.

The accounting policies adopted for specific financial liabilities and equity instruments are as set out below:

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

3 SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

3.13 Financial instruments (*Continued*)

3.13.1 Financial liabilities and equity (*Continued*)

Trade and other payables

Accounts payable and accrued expenses are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Agency are recorded at the proceeds received, net of direct issue costs.

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION INCERTAINTY

4.1 Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations below, that the directors have made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAIINTY (*Continued*)

4.1 Critical judgments in applying accounting policies (*Continued*)

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimates of asset lives, residual values and depreciation methods

Property and equipment are depreciated over their useful life taking into account residual values. Useful lives and residual values are assessed annually. Useful lives are affected by maintenance programmes and future productivity. Future market conditions determine the residual values. Depreciation is calculated on a straight line bases which may not represent the actual usage of the asset.

5. GRANT INCOME

Ministry of Finance	**57,316,899**	54,901,040
	57,316,899	54,901,040

All the revenues generated in 2015 where remitted to the GRZ account.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

	2015 K	2014 K
6. OTHER INCOME		
Interest received	**-**	2,362,387
ARIPO	**290,000**	-
PSD Project	**3,670,000**	-
Collateral Registry	**735,000**	-
Amortisation	**1,700,554**	-
Other income	**703,806**	251,134
	7,099,360	2,613,521

7. EXCESS OF INCOME OVER EXPENDITURE FOR THE YEAR

Excess of income over expenditure is stated after charging :

	2015 K	2014 K
Total remuneration paid to the employees	**35,136,519**	25,818,995
Depreciation expense (note 9)	**4,156,212**	(7,551,336)
Directors' remuneration	**790,803**	966,801
Donations & Subcriptions	**432,145**	618,441

8. TAXATION

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings K	Office equipment K	Motor vehicles K	Fixtures, fittings and equipment K	Computer equipment K	Library K	Total K
COST							
At 1st January 2014	**750,068**	**1,372,657**	**7,404,980**	**1,964,998**	**2,998,607**	**56,603**	**14,547,913**
Revaluation	23,579,932	(589,901)	(1,346,450)	(458,415)	(1,758,973)	(12,788)	19,413,405
Additions	481,843	73,026	562,309	363,479	1,244,077	-	2,724,734
Disposals	-	-	(780,853)	-	-	-	(780,853)
At 31st December 2014	**24,811,843**	**855,782**	**5,839,986**	**1,870,062**	**2,483,711**	**43,815**	**35,905,199**
Additions	137,571	908,968	956,852	657,041	6,219,204	-	8,879,636
Reclassification	-	252,876	-	(5,995)	(203,066)	(43,815)	-
Revaluation	74,800	225,076	-	(57,807)	1,540,676	-	1,782,745
Prior Year Adjustments	-	159,500	-	14,280	1,345,530	-	1,519,310
Transfer to recievables	-	-	-	-	-	-	-
Disposals/Donations	-	-	(510,095)	(18,959)	(34,743)	-	(563,797)
At 31st December 2015	**25,024,214**	**2,402,202**	**6,286,743**	**2,458,622**	**11,351,312**	**-**	**47,523,093**
DEPRECIATION							-
At 1st January 2014	**198,822**	**810,076**	**3,387,215**	**1,369,582**	**1,729,617**	**56,024**	**7,551,336**
Revaluation	(198,822)	(810,076)	(3,387,215)	(1,369,582)	(1,729,617)	(56,024)	(7,551,336)
Charge for year	405,500	143,153	914,334	276,295	243,515	7,303	1,990,100
Disposals	-	-	(75,561)	-	-	-	(75,561)
At 31st December 2014	**405,500**	**143,153**	**838,773**	**276,295**	**243,515**	**7,303**	**1,914,539**
Reclassification	-	7,303	-	-	-	(7,303)	-
Prior Year Adjustments	(181,986)	21,489	(9,456)	(612)	46,163	-	(124,402)
Charge for year	427,429	484,992	1,521,436	497,931	1,224,424	-	4,156,212
Disposals/Donations	-	-	(201,912)	(7,468)	(13,753)		(223,133)
At 31st December 2015	**650,943**	**656,937**	**2,148,841**	**766,146**	**1,500,349**	**-**	**5,723,216**
CARRYING AMOUNT						-	
At 31st December 2015	**24,373,271**	**1,745,265**	**4,137,902**	**1,692,476**	**9,850,963**	**-**	**41,799,877**
At 31st December 2014	24,406,343	712,629	5,001,213	1,593,767	2,240,196	36,512	33,990,660

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

10. PROPERTY, PLANT AND EQUIPMENT (*Continued*)

Land and Buildings includes the value of Land which is currently valued at K 6,194,800.

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

11. TRADE AND OTHER RECEIVABLES

	2015 K	2014 K
Trade receivables	**499,123**	1,081,169
Staff loans and advances	**5,700,015**	5,298,300
	6,199,138	6,379,469
Less Bad debts impairment	**-**	-
	6,199,138	6,379,469

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

Trade receivables

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

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

Maturity analysis of Staff loans and advances	2015 K	2014 K
Amounts falling due within one year	**2,258,298**	1,945,804
Amounts falling due after more than one year	**3,441,717**	3,352,496
	5,700,015	5,298,300

Interest is charged on Staff Loans at 7 % pa.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

12. CASH AND CASH EQUIVALENTS

	2015 At end of period K	Movement for the period	2014 At beginning of period K
Cash and Bank Balances	**36,237,912**	(10,080,316)	46,318,228

13. RELATED PARTY TRANSACTIONS

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

i) The Government of the Republic of Zambia

ii) The Board of Directors of the Agency

iii) Government ministries and parastatals

The transactions to be reported are those that affect the Agency in making financial and operating decisions.

Examples of such transactions include:

i) Funding
ii) Investment
iii) Financial (Loans)
iv) Procurement and investment contracts; and
v) Disposal of assets

The Agency undertakes to disclose the nature of related party relationships, types of transactions necessary for the understanding of the annual financial statements.

(a) Directors fees

	2015 K	2014 K
Directors Fees	**790,803**	966,801

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

14. TRADE AND OTHER PAYABLES

	2015	2014
	K	K
Trade payables	**2,965,327**	1,313,940
Other payables	**1,846,211**	-
Provision for leave pay	**2,678,304**	1,794,501
	7,489,842	3,108,441

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

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

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

15. GRZ BALANCES

	2015	2014
	K	K
Opening Balance	**10,292,419**	**-**
Commercial Unit	**35,587,809**	28,876,453
Industrial Property Unit	**12,178,659**	6,981,186
Remitances to GRZ	**(57,557,705)**	(25,565,220)
	501,182	10,292,419

16. FINANCIAL INSTRUMENTS

Capital risk management

The Agency manages its capital to ensure that the Agency will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Agency consists of cash and cash equivalents and equity attributable to equity holders of the Agency, retained earnings as disclosed on page 9.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in the accounting policies to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

16. FINANCIAL INSTRUMENTS (*Continued*)

Categories of financial instruments	2015 K	2014 K
Financial assets:		
- Trade receivables	**5,700,015**	5,298,300
- Sundry receivables	**499,123**	1,081,169
- Bank and cash	**36,237,912**	46,318,228
	42,437,050	52,697,697
Financial liabilities:		
- Trade payables	**2,965,327**	1,313,940
- Other payables	**4,524,515**	1,794,501
	7,489,842	3,108,441

Financial risk management objectives

The Agency's Finance Department co-ordinates access to domestic markets, monitors and manages the financial risks relating to the operations of the Agency. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk.

The Agency does not enter into any trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Agency's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Agency does not enter into any derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk.

There has been no change to the Agency's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Agency undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

16. FINANCIAL INSTRUMENTS (*Continued*)

Foreign currency risk management (*Continued*)

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The carrying amounts of the Agency's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

Exposure to currency risk

	K	USD	Total K
At 31st December 2015			
Foreign currency assets			
Foreign currency cash and bank balances	129,792	11,831	**129,792**
Total foreign currency assets	129,792	11,831	**129,792**
Foreign currency liabilities			
Foreign currency trade and other payables	-	-	**-**
Total foreign currency liabilities	-	-	**-**
Net exposure	129,792	11,831	**129,792**
At 31st December 2014			
Foreign currency assets			
Foreign currency cash and bank balances	2,197,370	344,653	2,197,370
Total foreign currency assets	2,197,370	344,653	2,197,370
Foreign currency liabilities			
Foreign currency trade and other payables	-	-	-
Total foreign currency liabilities	-	-	-
Net exposure	2,197,370	344,653	2,197,370

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

16. FINANCIAL INSTRUMENTS (*Continued*)

Credit risk management

Credit risk management refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Agency. The Agency is exposed to credit risk in respect of trade and other receivables. As at the year end the Agency had trade receivables which were due from the Agency's customers. These amounted to K 6,199,138 due from customers (2014: K6,379,469).

The Agency’s maximum exposure to credit risk is analysed below:

	2015	2014
Sundry receivables	**499,123**	1,081,169
Trade receivables	**5,700,015**	5,298,300
	6,199,138	6,379,469

Liquidity risk management

The Agency manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profile of financial assets and liabilities.

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

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

14. FINANCIAL INSTRUMENTS (*Continued*)

Liquidity risk management (*Continued*)

Year ended 31st December 2015	1 to 12 months K	1 to 5 year K	Total K
Financial liabilities			
- Trade and other payables	7,489,842	-	**7,489,842**
	7,489,842	**-**	**7,489,842**
Financial Assets			
- Staff receivables	2,258,298	3,441,717	**5,700,015**
- Sundry receivables	499,123	-	**499,123**
- Bank and cash balances	36,237,912	-	**36,237,912**
	38,995,333	**3,441,717**	**42,437,050**

Year ended 31st December 2014			
Financial liabilities			
- Trade and other payables	3,108,441	-	3,108,441
	3,108,441	-	3,108,441
Financial Assets			
- Staff receivables	1,945,804	3,352,496	5,298,300
- Sundry receivables	1,081,169	-	1,081,169
- Bank and cash balances	46,318,228	-	46,318,228
	49,345,201	3,352,496	52,697,697

Market risks - sensitivity analysis

The objective of the Agency's market risk management is to manage and control market risk exposures in order to optimize return on risk while maintaining a market profile consistent with the Agency's profile.

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

17. CONTINGENT LIABILITIES

There were no known material contingent liabilities at 31st December 2015.

18. COMPARATIVE FIGURES

Comparative figures have been restated where necessary to afford reasonable assessment and comparison of figures between the year 31st December 2015 and corresponding previous year.

19. EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting date that require disclosure in or adjustments to the financial statements for the year ended 31st December 2015.

DETAILED OPERATING STATEMENT
for the year ended 31st December 2015

	2015	2014	
OPERATING EXPENDITURE	K	K	
Advertising	**2,082,041**	1,519,525	
Amendments of laws	**700,284**	18,000	
Audit fees	**90,020**	80,500	
Bank Charges	**77 382**	49,906	
Boards & Committee Meetings	**790,803**	966,801	
Budget Preparation	**35,572**	-	
Business Promotions	**52,031**	33,550	
Business Travel- Foreign	**1,335,879**	1,739,215	
Business Travel- Local	**1,238,102**	994,443	
Cleaning	**228,368**	141,519	
Committee meetings management	**495,488**	128,003	
Loss on disposal	**19,611**	441,274	
Computer Expenses	**56,136**	106,431	
Consultancy	**389,824**	1,324,203	
Depreciation	**4,156,212**	1,990,100	
Donations & Subscriptions	**432,145**	618,441	
Electricity & Water	**246,604**	220,623	
Fuel & Oils	**333,231**	314,337	
Inspection costs	**151,153**	118,849	
Insurance	**411,175**	573,487	
Internet services	**552,126**	288,047	
Mobile airtime	**92,316**	74,394	
Mobile registration	**-**	-	
Motor Vehicles Expense	**586,521**	494,935	
Office Expenses	**99,784**	135,964	
Penalties (Napsa)	**66,908**	2,363,857	
Postage & Freight	**189,263**	156,319	
Prosecutions &Collaborations	**136,474**	4,100	
ARIPO	**832,458**	-	
Rates	**18,707**	30,680	
Refreshments	**148,130**	163,176	
Rentals	**548,783**	91,000	
Repairs & Maintenance-Building	**699,183**	577,732	
Repairs & Maintenance-Furniture & Fittings	**157,185**	178,680	
Repairs & maintenance-Office Equipment	**281,803**	85,450	
Security	**284,684**	456,183	
Seminars & workshops	**1,523,208**	1,703,412	
Shows & Exhibitions	**659,204**	403,476	
Emoluments	**35,136,519**	25,818,995	Note 20
Staff Welfare	**2,358,916**	1,212,367	
Stationary & Printing expense	**1,299,259**	773,749	
Sundry expenses	**23,300**	9,089	
Telephone & Fax	**612,728**	637,927	
Strategic Meeting	**633,877**	80,568	
Training	**2,921,919**	2,110,685	
TOTAL OPERATING EXPENDITURE	**63,185,316**	49,229,992	

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
for the year ended 31st December 2015

20. OPERATING EXPENDITURE

During 2015 the Agency continued with the expansion project aimed at reducing the cost of doing business. This expansion project meant that all costs directly attributable to expansion went up. Such costs included emoluments as the Agency had to employ staff in the Regional Offices, rental expense as new office had to be rented, printing, stationary and advertising.

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