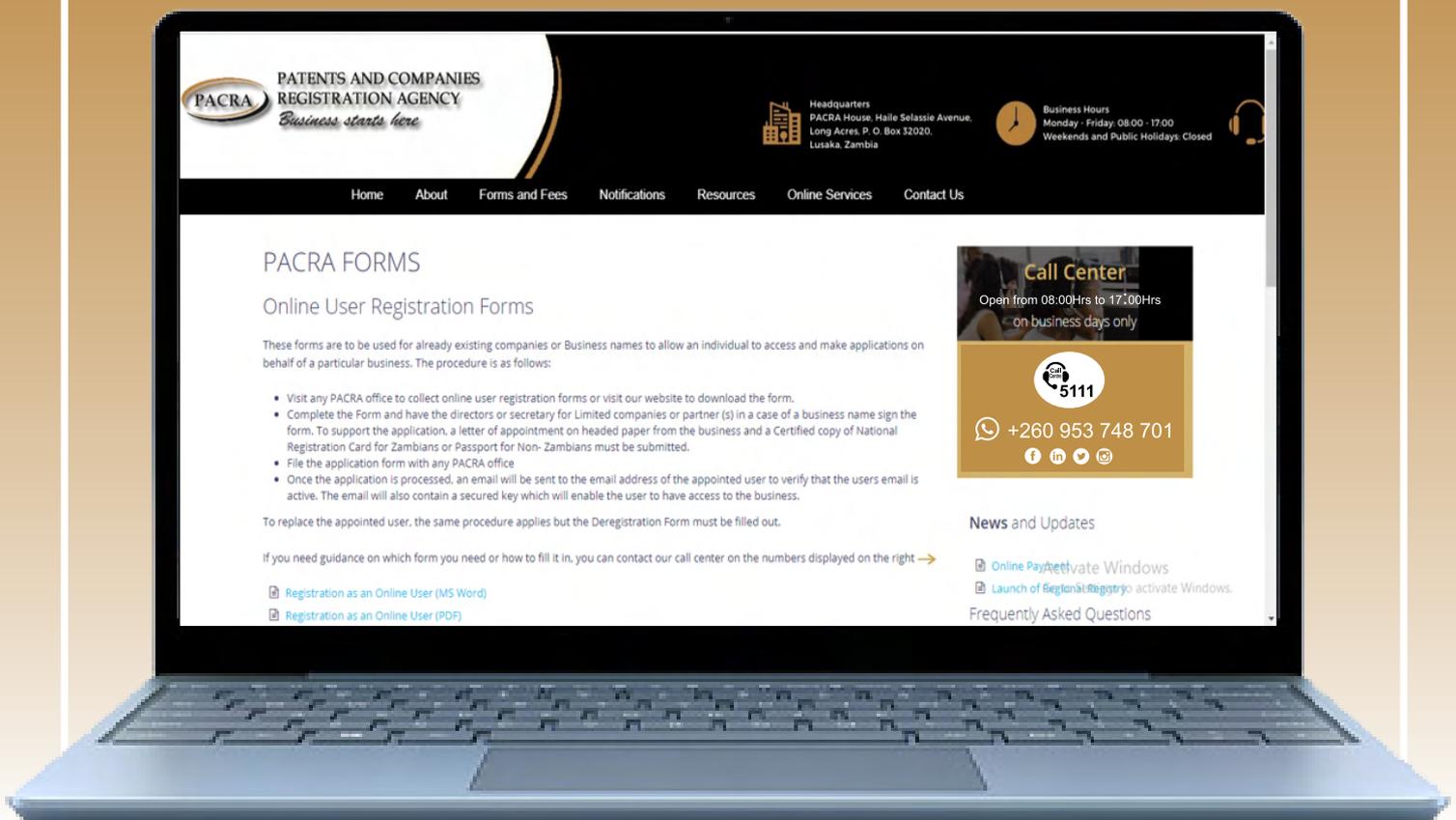




**PATENTS AND COMPANIES
REGISTRATION AGENCY**

ANNUAL REPORT | 2020

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INDUSTRIAL DESIGN

Protect your Industrial Design
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ACRONYMS

AG	- Attorney General
ARIPO	- African Regional Intellectual Property Organisation
CDSP	- Cooperatives Development and Sustainability Project
COVID -19	- Coronavirus Disease of 2019
DOC	- Department of Cooperatives
ESAAMLG	- Eastern and Southern Africa Anti-Money Laundering Group
GSB	- Government Service Bus
HAP	- Harare Action Plan
IP	- Intellectual Property
IPRs	- Intellectual Property Rights
MCST	- Ministry of Culture, Sports and Tourism
MCTI	- Ministry of Commerce, Trade & Industry
MPRS	- Movable Property Registry System
NIPP	- National Intellectual Property Policy
PACRA	- Patents and Companies Registration Agency
RUFEP	- Rural Finance Expansion Programme
R & D	- Research & Development
SI	- Statutory Instrument
UNDP	- United Nations Development Programme
WIPO	- World Intellectual Property Organisation
ZAMCOPS	- Zambia Music Copyright Protection Society
ZARRSO	- Zambia Reprographics Rights Society
ZICTA	- Zambia Information and Communication Technology Authority
50MAWS	- 50 Million African Women Speak

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1. ABOUT PACRA

The Patents and Companies Registration Agency (PACRA) herein after referred to as the “Agency” is a statutory body under the Ministry of Commerce, Trade and Industry. The Agency is established under the Patents and Companies Registration Agency Act, No. 15 of 2010 with the principal mandate to provide business and intellectual property registration services. Additionally, the Agency is responsible for the management of the movable assets collateral registry as well as accreditation of insolvency practitioners.

1.1 VISION

“A beacon of excellence in business and intellectual property rights registration, promotion and protection.”

1.2 MISSION STATEMENT

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

1.3. Functions of the Agency

The functions of the Agency are to –

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

1.4 Services offered by the Agency

The following are the services provided by the Agency:

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

1.5 Core Values

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

- i. Excellence;
- ii. Accountability;
- iii. Confidentiality;
- iv. Impartiality;
- v. Integrity;
- vi. Objectivity; and
- vii. Courtesy.



1.6 Strategic Goals

The Agency, pursuant to the 2016-2020 Strategic Plan, had the following strategic goals:

- i. Invest in ICT infrastructure and fully implement online services to enhance access;
- ii. Re-align the organisational structure and train staff to enhance skills; and integrate systems and streamline procedures in intellectual property and business registration.



BOARD CHAIRPERSON'S MESSAGE

It is my honour and privilege to present to you the 2020 Annual Report of the Patents and Companies Registration Agency.

The 2020 Annual Report highlights some of the key milestones attained in the year including the development of the 2021-2026 Strategic Plan.

The new Strategic Plan builds on the achievements accomplished in the previous plan by focusing on the following three strategic themes:

- i. Business entity and security interests registration intended to promote orderly trade and increased entrepreneurship;
- ii. Innovation and creativity promotion intended to promote the generation, protection and commercialisation of Intellectual Property (IP); and
- iii. Excellence in service delivery to maximise customer satisfaction.

Another notable achievement was the revision and subsequent approval by the Cabinet of the National Intellectual Property Policy. The overall objective of the Policy is to facilitate the creation of an environment that stimulates and fosters the generation, protection, enforcement, management and increased exploitation of Intellectual Property Rights (IPRs). The Agency believes that the revised Policy will encourage innovation and creativity resulting in job creation, industrialisation and economic development.

I am also pleased to report that the review of the Patents and Companies Registration Agency Act No. 15 of 2010 was undertaken in an effort to redefine the functions of the Agency, reconstitute the Board and provide for its functions.

As I conclude, I wish to acknowledge the unwavering support from the Government of the Republic of Zambia, particularly the Ministry of Commerce, Trade and Industry, the Ministry of Finance and the Cabinet Office. I wish to further thank our stakeholders for their support in the realisation of the Agency's objectives. I extend my appreciation to my colleagues on the Board, Management and Staff for their invaluable contribution and dedication towards achieving the Agency's mandate.



Professor Mpazi Sinjela
BOARD CHAIRPERSON

BOARD MEMBERS



Prof. Mpazi Sinjela
Board Chairperson



Mr. George Mpundu Kanja
Vice Chairperson



Mr. Mushuma Mulenga
Permanent Secretary - MCTI



Mr. Joe Hantebe Simachela
Member



Mr. Rocky Sombe
Member



Mr. Samson Longwe
Member



Mrs. Brigitte Nangoyi Muyenga
Member



Mr. Anthony Bwembya
Registrar & CEO



CHIEF EXECUTIVE OFFICER'S OVERVIEW

In 2020, the Agency continued to improve its overall performance despite facing novel and unanticipated challenges.

The public health challenge posed by the COVID-19 pandemic tested the Agency's business continuity capacity. The Agency had to rise above this challenge and continued providing services and implementing measures to attain its 2020 targets without disruptions.

I am glad to report some of the achievements for the year 2020.

1. Strategic Plan

The year 2020 marked the end of the 2016 – 2020 Strategic Plan. The Agency achieved several successes in executing its objectives during the Strategic Plan period. The successes include-

- i. Enactment of seven (7) out of eight (8) statutes that had been targeted for enactment;
- ii. Transfer of the copyright mandate from the Ministry of Information and Broadcasting Services to the Agency;
- iii. Review of the National IP Policy;
- iv. Update of system of the online business registration system;
- v. Hosting of the first ever Inventors Fair and Expo;
- vi. Awards and recognition for improved service delivery; and
- vii. Establishment of the Collateral Registry.

A new six-year Strategic Plan covering the period 2021-2026 was developed and approved by the Board and the Cabinet Office. The Plan seeks to create a conducive environment for an innovative, customer-centred business and intellectual property rights registration Agency.

2. Online Business Registration System.

In order to improve customer service delivery, the Agency developed and implemented a new online business registration system. The new system is user friendly and enables clients to access registration services from any location.

The rollout of the system was timely as it helped mitigate the impact of the reduced public interactions arising from the COVID-19 pandemic.

3. Registration Trends

The Agency recorded an increase of 114% in industrial designs filings, 35% in trademark filings and 17% in patents in 2020 compared to 2019. Additionally, there was a 1.2% increase in business registrations and 26% in the number of annual returns filed by businesses during the same period.

4. Business Rescue Mechanisms

During the year, several businesses faced financial challenges as a result of loss of business due to the COVID-19 pandemic. The Agency heightened the awareness programmes on business rescue mechanisms that were available to financially distressed businesses.

5. Conclusion

I wish to express my gratitude to the Ministry of Commerce, Trade and Industry (MCTI), Management Development Division of Cabinet Office and various stakeholders for the support rendered to the Agency in the year 2020. In addition, I wish to convey my appreciation to the Board, without whose visionary leadership the milestones achieved in the year under review could not have been a reality. Lastly, I pay a glowing tribute to the entire PACRA team for the resilience exhibited during what everybody described as a very challenging year.

A handwritten signature in black ink, appearing to be "Anthony Bwembya", is located below the conclusion text. The signature is written in a cursive, somewhat stylized font.

Anthony Bwembya

REGISTRAR AND CHIEF EXECUTIVE OFFICER

2.0 PACRA MANAGEMENT



Mr. Anthony Bwembya
Registrar & CEO



Mr. Wilson Banda
Assistant Registrar
Commercial Unit



Mr. Benson Mpalo
Assistant Registrar
Intellectual Property Unit



Mr. Ben Mulenga
Chief Financial Officer



Mr. Kaseke Chinyemba
Information &
Communication Technology Manager



Mr. Maikisa Ilukena
Human Resources and
Administration Manager



Ms. Masuzyo Muleya
Acting Chief Internal Auditor



Mrs. Belinda Musopelo Siankumo
Legal Counsel

3.0 STATEMENT ON CORPORATE GOVERNANCE

3.1. Governing Body

The governing body of the Agency is the Board which is constituted in section 6 of the Patents and Companies Registration Agency Act, No. 15 of 2010.

3.2. Composition of the Board

The Board consists of the following non-executive members who are appointed by the Minister in accordance with section 6 of the Patents and Companies Registration Agency Act, No. 15 of 2010:

- i. a representative of the Ministry responsible for commerce;
- ii. a representative of the Attorney General;
- iii. an accountant registered with the Zambia Institute of Chartered Accountants;
- iv. a representative of the Zambia Association of Chambers of Commerce and Industry;
- v. one person with expertise in matters of intellectual property; and
- vi. two other persons.

During the year 2020, the Board consisted of the following members:

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

3.3 Functions of the Board

The key functions of the Board are to -

- i. Provide leadership to the Agency by overseeing the implementation and successful operation of its policies and functions;
- ii. Provide guidance on policy formulation and strategic plans of the Agency;
- iii. Approve the annual budget, work plans, activity reports and financial statements of the Agency;
- iv. Monitor and evaluate the performance of the Agency against budgets and plans;
- v. Appoint the Registrar and Chief Executive Officer, Deputy Registrars and other senior staff of the Agency; and
- vi. Do all such things as are connected with, or incidental to, the functions of the Board.

3.4 Committees of the Board

During the year 2020, the Board continued with the following committees constituted pursuant to section 9 of the Patents and Companies Registration Agency Act:

3.4.1 The Audit and Risk Management Committee

The functions of the Committee are to -

- i. Review internal controls, audit systems, risk management and governance policies;
- ii. Recommend the appointment of the chief internal auditor to the board;
- iii. Make recommendations to the board in relation to the appointment of the external auditor;
- iv. Review the results on internal and external audits and the systems for ensuring compliance with laws and ethical standards and the results of management's investigations and follow-up;
- v. Monitor the integrity of the financial statements of the agency;
- vi. Monitor and review the effectiveness of the agency's internal audit function; and
- vii. Perform any function related to the above.

3.4.2 The Finance and Projects Committee

The functions of the Committee are to -

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

3.4.3 The Administration and Operations Committee

The functions of the Committee are to-

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

4.0 ACTIVITIES UNDERTAKEN BY THE AGENCY IN 2020

4.1 LAW AND POLICY REFORM

4.1.1 Amendments to the Companies Act

During the year under review, the Companies Act, No. 10 of 2017 was amended. The purpose of the amendment was to revise the definition of “beneficial ownership” so as to align it to the definition provided in the Financial Intelligence Centre Act, No.46 of 2010. Additionally, the definition was revised so as to conform to the recommendation of the Mutual Evaluation Report which was compiled by the Eastern and Southern Africa Anti - Money Laundering Group (ESAAMLG) to which Zambia is a member.

Furthermore, the amendment incorporated new definitions for the terms “substantial interest” and “substantial economic benefit” so as to ensure that a natural person with an interest in a company can easily be held liable for offences of money laundering or terrorist financing which are committed under the disguise of legal entities.

4.1.2 Repeal and Replacement of the PACRA Act

During the year under review, the Patents and Companies Registration Agency Act, No. 15 of 2010 was repealed and replaced by the Patents and Companies Registration Agency Act, No. 4 of 2020. The repeal was necessitated by the expansion of the Agency's mandate.

The expanded mandate includes the administration of the following Acts:

- i. Copyright and Performance Rights Act, Cap. 406;
- ii. Movable Property (Security Interests) Act, No. 3 of 2016;
- iii. Layout-designs of Integrated Circuits Act, No. 6 of 2016;
- iv. Protection of Traditional Knowledge, Genetic Resources and Expressions of Folklore Act, No. 16 of 2016;
- v. Industrial Designs Act, No. 22 of 2016; and
- vi. Corporate Insolvency Act, No. 9 of 2017.

The new Act has also expressly provided for the following functions of the Board:

- I. Promote good governance;
- ii. Formulate policies, programmes and strategies;
- iii. Approve the annual work plan and activity reports;
- iv. Approve the annual budget estimates and financial statements; and
- v. Monitor and evaluate the performance of the Agency against budgets and plans.

4.1.3 **Discount for Online Services**

The Companies (Fees) Regulations, 2019 - Statutory Instrument No.15 of 2019 was amended in order to harmonise the fees charged for services accessed online through the Government Service Bus and e-pacra. The amendment removed the discount on the fees payable for incorporation of companies and filing of annual returns on the e-PACRA online platform.

4.1.4 **National Intellectual Property Policy**

The revised National Intellectual Property Policy (NIPP) was approved by Cabinet in June 2020. The Policy was developed after extensive consultations with various stakeholders in the private sector, civil society, academia and Government.

The overall objective of the National IP Policy is to facilitate the creation of an environment that stimulates and fosters the generation, protection, enforcement, management and increased exploitation of Intellectual Property Rights (IPRs). The revised Policy also provides a framework within which the various Government agencies and key stakeholders will collaborate in promoting innovation and creativity at all levels of Zambian society in order to accelerate socio-economic development.

The Policy has the following specific objectives:

- i. Promote innovation, research and development, creativity and the generation of intellectual property assets;
- ii. Promote and facilitate the exploitation and commercialisation of intellectual property assets and technology transfer;
- iii. Ensure that intellectual property rights are respected and effectively enforced;
- iv. Educate and enable the business community and the general public to understand, manage and protect their intellectual property;
- v. Promote strategic use of IP systems for the protection of traditional knowledge, genetic resources and expressions of folklore; and
- vi. Promote IP awareness for the public at large.

4.2 **SYSTEMS ENHANCEMENTS**

4.2.1 **Registration System**

The Agency developed a new user friendly online business registration system to replace the old system. The new system enables clients to apply for name clearance and reservation, register business names, incorporate companies, file annual returns and request for computer printouts. The system also enables clients to conduct searches on companies and businesses on the business registry, as well as generate invoices for annual returns and increase in capital.

Further, to encourage and increase the use of this system, the Agency rolled out online terminals in all its customer service centres.

4.2.2 Government Service Bus

The Agency in 2020 introduced four (4) of its services on the Government Service Bus (GSB). The Government Service Bus is a public online platform on which services offered by Government departments and statutory bodies can be accessed. This platform was established by the Ministry of Finance in collaboration with Smart Zambia Institute.

The PACRA services that can be accessed on the GSB platform are computer printout, name clearance, reservation of a name and filing of annual returns. These services can be accessed via <https://zamportal.gov.zm/>.

4.2.3 Electronic filing and processing of International Patent Applications (ePCT)

The Agency in its capacity as a Receiving Office, notified the International Bureau of the World Intellectual Property Organisation (WIPO) in accordance with the Patent Cooperation Treaty (PCT) rules that it was prepared to receive and process international applications in electronic form with effect from 1st October 2020.

The ePCT system is an online portal that provides PCT services for both applicants and IP Offices that have notified WIPO on the use of this service. The Agency is now able to receive and process International Patent applications in electronic form.

4.3 STAKEHOLDER ENGAGEMENTS

4.3.1 Presidential Arts Development And Empowerment Scheme

The Agency in collaboration with the Citizens Economic Empowerment Commission (CEEC) trained 152 beneficiaries of the Presidential Arts Development and Empowerment Scheme on the importance of business registration and protection of IP rights. The scheme is a Government revolving fund aimed at cushioning the devastating effects of COVID-19 on the Arts as well as stimulating employment opportunities for the youth.

4.3.2 Awareness creation on Copyrights

The Agency in collaboration with WIPO organised a webinar titled "*The Business of Music: Promoting and Selling Music during and after COVID*". The webinar which attracted artistes from different parts of the country, was aimed at helping local artistes with online marketing strategies to remain resilient during and after the Covid-19 pandemic.

Five artistes were later identified for further training to help in enhancing online marketing skills through various platforms.

4.3.3 World IP Day

The Agency joined the rest of the world on 26th April, 2020 in commemorating the World Intellectual Property (IP) Day under the theme "*Innovation for a Green Future*".

In light of the Covid-19 pandemic, the IP day was commemorated via virtual platforms. Key messages on intellectual property campaign and other materials were made available on the PACRA website, print and

social media platforms as well as through a television interview on the Zambia National Broadcasting Corporation.

4.3.4 Copyright Licensing Campaign

The Agency in collaboration with the Zambia Music Copyright Protection Society (ZAMCOPS) conducted a mobile licensing campaign for copyright and related rights in Kamwala, Lusaka. During the campaign, the business license holders were sensitised on the importance of registration and renewal of copyright licenses.

4.3.5 Interpretation of section 21(1) (f) of the Copyright and Performance Rights Act, Chapter 406 of the Laws of Zambia

The Agency sought the opinion of the Attorney General on whether learning institutions in Zambia are exempted from obtaining a reproduction license from the Zambia Reprographics Rights Society (ZARRSO) in view of the provision under section 21 (1) (f) of the Copyright and Performance Rights Act.

The Attorney General guided that educational institutions in Zambia require a licence to reproduce copyright works where they use an appliance capable of making multiple copies and where they use copyright works as part of their study material to students on a multiple scale. The interpretation of the law by the Attorney General is an important development that will guide both private and public learning institutions on the need to obtain reproduction licenses to avoid legal proceedings for copyright infringement.

4.3.6 Market Study on Movable Assets based lending in Zambia

During the year under review, the International Finance Cooperation (IFC) of the World Bank Group conducted a market study on the Movable Asset Based Lending in Zambia. The objective of the study was to analyse the overall performance of the Collateral Registry since its establishment in 2016 and suggest recommendations to improve the usage of the Registry. The report revealed that the Collateral Registry has had lower than expected usage since its launch, especially in the rural areas.

The Agency will adopt the recommendations from the report to develop strategies aimed at enhancing usage of the Registry. Additionally, the Agency will engage key stakeholders in addressing gaps in the movable asset-based lending ecosystem.

4.4 FAIRS AND EXHIBITIONS

4.4.1 Fifty (50) Million African Women Speak (50MAWS)

The Agency participated in the 50 Million African Women Speak (50MAWS) Exhibition held at Mulungushi Conference Centre in Lusaka. The 50MAWS is a digital platform whose objective is to

contribute to the economic empowerment of women through the provision of an online platform to access real-time information on financial and non-financial services. The Agency was identified as a key stakeholder given its mandate to register businesses and protect intellectual property rights. The Agency also used this platform to provide information to the women on the use of movable property as collateral.

4.4.2 **Inaugural National Innovation Initiative**

The Agency took part in the National Innovation Initiative aimed at mapping out existing innovations across Zambian communities with a view to supporting initiatives with the highest impact in solving societal challenges. During the workshop the Agency made presentations on the importance of protecting intellectual property rights through registrations.

The initiative was organised by the National Technology Business Centre (NTBC), United Nations Development Programme's (UNDP) Accelerator lab in collaboration with Zambia Information Technology Authority (ZICTA).

4.5 **MEETINGS AND CONFERENCES**

4.5.1 **Biennial Credit information sharing Regional Conference**

The Agency had the privilege to share its success story on the establishment of the Collateral Registry during the 5th Biennial Credit Information sharing Regional Conference that was held in Kenya.

The theme of the Conference was “***Embedding Robust Credit Infrastructure for Accelerated Economic Growth in Africa – Roadmap towards Inclusive and Sustainable Growth***”.

Among the topics of discussion was the role of Secured Transactions and Collateral Registries as critical components of Credit Infrastructure to improve access to finance particularly for Micro, Small and Medium Enterprises (MSMEs) who have no access to land or buildings that are commonly accepted by banks.

The Conference was organised by the Credit Information Sharing Association of Kenya (CIS Kenya) to provide a unique meeting point for Africa's financial sector players to share emerging developments on credit information sharing and related aspects.

4.5.2 **WIPO Assemblies**

The Agency participated in the 60th series of meetings of the World Intellectual Property Organisation (WIPO) Assemblies held from 21st to 25th September, 2020 through virtual means.

The Agency held sideline meetings with the WIPO Regional Bureau for Africa, where various activities were agreed to be implemented in the year 2021 with the support of WIPO. The following were the activities that were agreed to be implemented:

- i. Launch and implementation of the National IP Policy;
- ii. Integration of IP in the school curriculum;

- iii. Capacity building programmes for Universities and Research and Development (R&D) institutions in the context of implementation of the Harare Action Plan (HAP 2019);
- iv. Expansion of Technology and Innovation Support Centre (TISC) networks to universities and R&D institutions; and
- v. Revision of the Copyright and Performance Rights Act, Cap. 406.

4.5.3 African Regional Intellectual Property Office (ARIPO) Administrative Council

The Agency took part in the Forty-Fourth session of the Administrative Council of ARIPO held from 16th to 20th November, 2020. During the Session the Administrative Council deliberated on a number of issues and elected Mr. Twebaze Bemanya, of Uganda as the new Director General of ARIPO.

The Administrative Council also considered the achievements and challenges faced by the organisation during the implementation of its 2016-2020 Strategic Plan. Further, the Administrative Council discussed the Going Concern aspects of the organisation as well as the proposed programme of activities and budget for the year 2021.

It was agreed at the meeting that the Administrative Council should hold an extra-ordinary Session in 2021 together with the Diplomatic Conference for the adoption of the Protocol on Voluntary Registration of Copyright and Related Rights. The Republic of Uganda undertook to host both the Extra-ordinary Session and the Diplomatic Conference.

4.5.4 Copyright Enforcement Training Workshop

The Agency participated in the webinar conference on copyright enforcement organised by the World Intellectual Property Organisation (WIPO) and the Ministry of Culture, Sports and Tourism (MCST) of the Republic of Korea held on 30th June, 2020. The purpose of the workshop was to train participants in the latest enforcement mechanisms that are available to owners of copyright in the digital space.

4.5.5 Cooperatives Development And Sustainability Project (CDSP)

The Agency participated in the implementation of the Cooperatives Development and Sustainability Project (CDSP) spearheaded by the Ministry of Commerce, Trade and Industry. As part of the implementation plan, an information dissemination and material development workshop was conducted to sensitise the Department of Cooperatives (DOC) on the operations of the Ministry and its statutory bodies.

During the workshop, an information toolkit on services offered by the Ministry and its statutory bodies was developed for use by the Department of Cooperatives. The toolkit is aimed at enhancing knowledge of District Cooperative Officers on services provided by the Ministry and its statutory bodies. Information on PACRA services that form part of the toolkit include business and trademark registration.

4.6 PARTNERSHIPS

4.6.1 Rural Finance Expansion Programme Project

The Agency entered into a partnership with the Rural Finance

Expansion Programme (RUFEP) which commenced in 2018 and was successfully concluded in 2020. The PACRA-RUFEP Project sought to formalise and strengthen rural based businesses, particularly in the agricultural sector in order to enhance their capacity to access finance through business registration and financial literacy.

During the lifespan of the Project, the Agency registered a total of 2,136 rural based businesses against a target of 2,250 representing 95% of the target. Further, the Agency through its partnerships with financial institutions facilitated a total of 484 loan applications against a target of 500 representing 97% of the target.

The Agency intends to engage RUFEP in 2021 on a new partnership centred on access to finance and effective usage of the Collateral Registry.

4.6.2 Awareness and Sensitisation Activities

During the year, the Agency successfully engaged the media and utilised its website to raise awareness on the services offered as well as new developments in the laws affecting businesses. The Agency focused its awareness campaigns on business rescue mechanisms available to companies that faced challenges as a result of the COVID-19 pandemic. Business rescue refers to a company being placed under supervision and protected from legal suits to facilitate its rehabilitation. This is essential because it preserves jobs, business relationships and provides creditors with a greater return than if the company was to go into liquidation.

Further, the awareness campaigns also aimed at encouraging creators of Intellectual Property, especially those related to COVID-19 inventions to have their products and innovations protected.

4.7 HUMAN RESOURCES AND ADMINISTRATION

4.7.1 Health and Wellness

During the year under review, the Agency implemented measures aimed at mitigating the effects of COVID-19 pandemic. The measures included testing of members of staff, fumigation of offices, provision of hand sanitiser dispensers and adherence to public health guidelines such as mandatory wearing of face masks.

4.7.2 Capacity Building

The Agency continued to support career growth and development in different disciplines by facilitating training in areas such as customer service, law, finance and administration. Further, the Agency continued to benefit from the short-term training on intellectual property provided by WIPO and other stakeholders.

4.7.3 Relocation of the Kasama Regional Office

The Agency, in December 2020, relocated the Kasama Regional office to Kasama House. The new office space is spacious and also houses other Government agencies that provide various services to the business community in Kasama.

Table 1 : Staff Establishment 2020

Establishment	Male	Female	Total
Staff Complement as at 01.01.2020	96	82	178
Recruitments	2	1	3
Resignations	6	0	6
Retirements	1	0	1
Dismissals	1	0	1
Staff Complement as at 31.12.2020	90	83	173

5. 0 PICTURE FOCUS



Participants at the Government Service Bus (GSB) training workshop in Kabwe, Central Province.



First Lady Esther Lungu visits the PACRA exhibition stand at the 50MAWS Conference at the Mulungushi International Conference Centre



Members of staff during the review of the 2016-2020 Strategic Plan



Association of the Indian Community of Zambia fumigated the PACRA Head Office in an effort to curb the spread of the COVID-19 pandemic.

6.0 STATISTICS

6.1.1 Companies and Business Names Statistics

Figure 1. Business Registrations 2017 to 2020

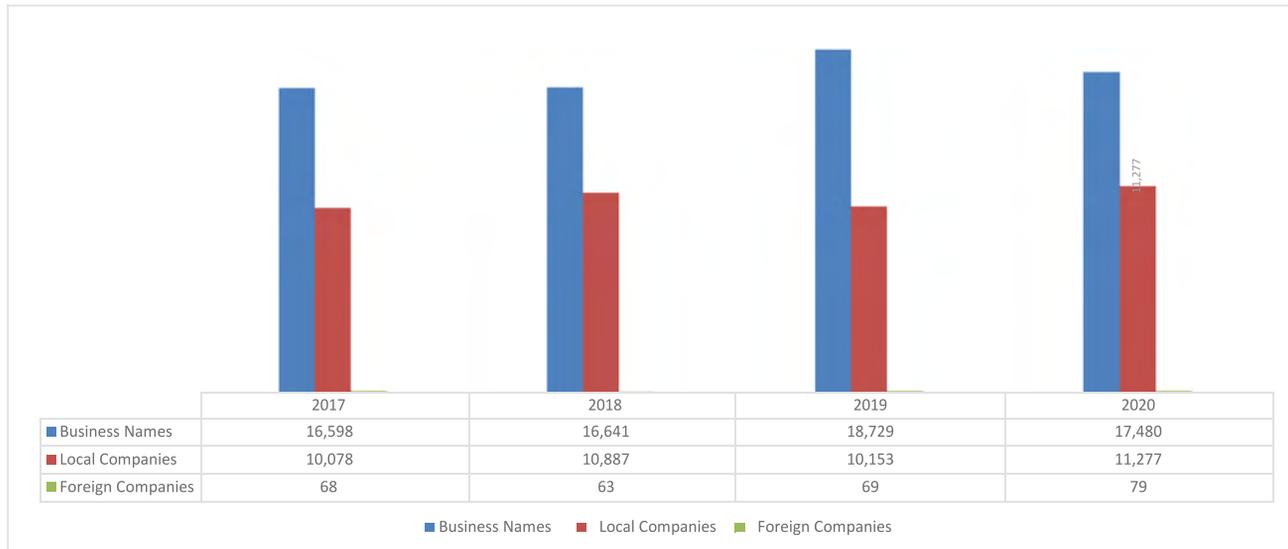


Figure 1: Registration of Business 2017 to 2020

The figure above shows an increase of 11% for local company registration and 14% increase in foreign company registration respectively in 2020 compared to 2019. There was a reduction of 7% in business name registrations.

6.1.2 Business Registrations by Province 2020

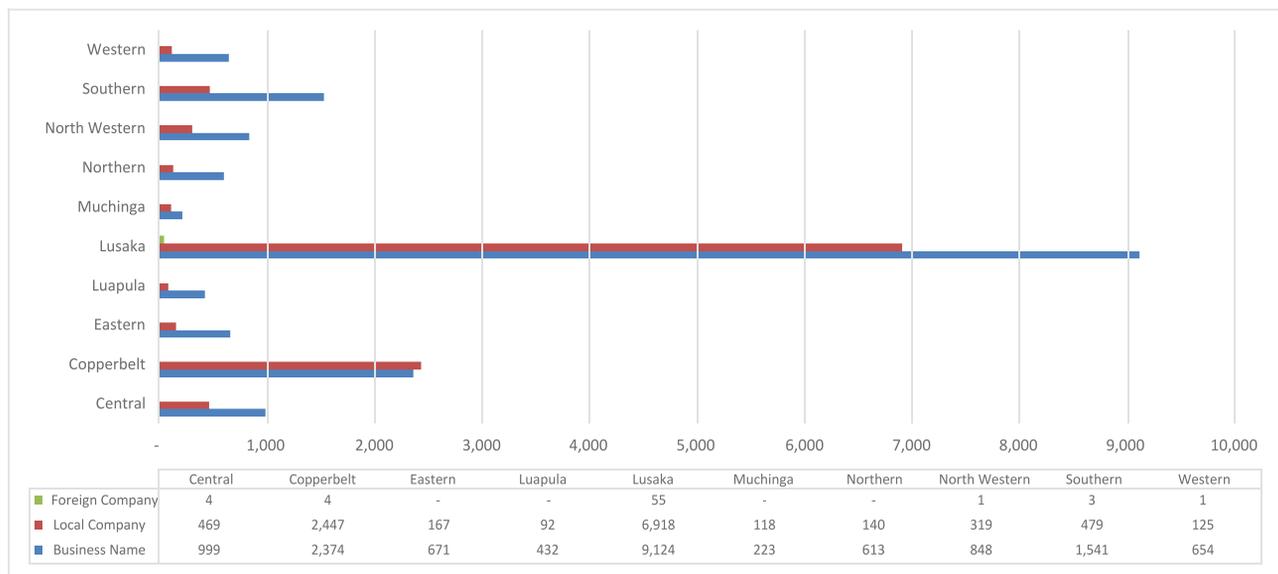


Figure 2: Registration of Businesses by Province 2020

Figure 2 above shows that Lusaka province continued to record the highest registrations in the country.

6.1.3 Annual Returns 2017 to 2020

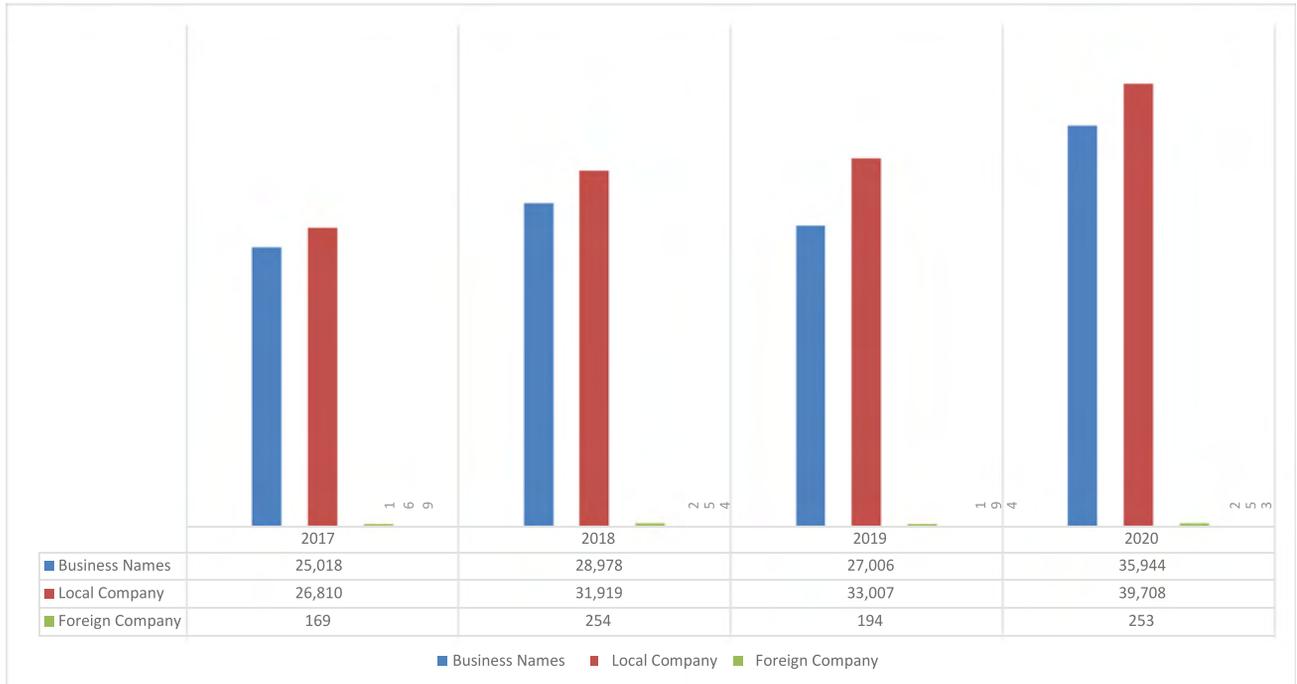


Figure 3: Filing of Annual Returns

The Agency recorded an increase in filing of annual returns as a result of the interventions that were put in place. The increase translated to 33% for business names, 20% for local companies and 31% for foreign companies.

6.1.4 Online Services 2017 to 2020

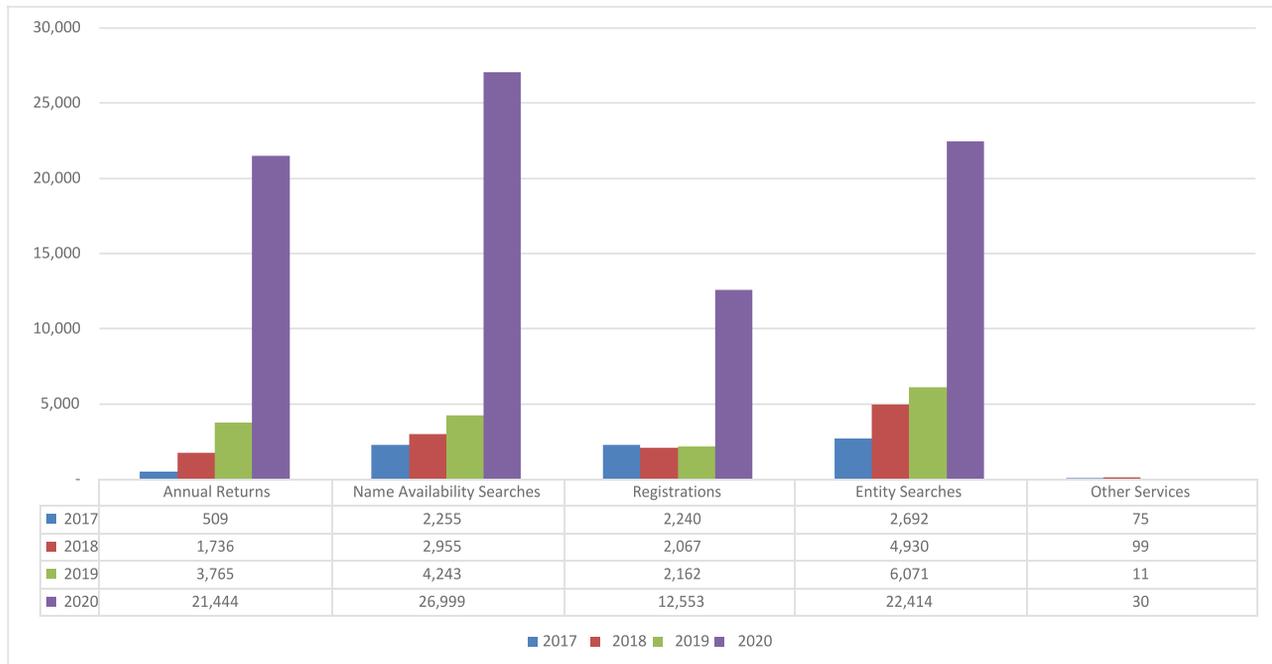


Figure 4: Online Services 2017 to 2020

Usage of online services increased in 2018 compared to the year 2017.

6.1.5 Business Registrations Walk-In vs Online 2020

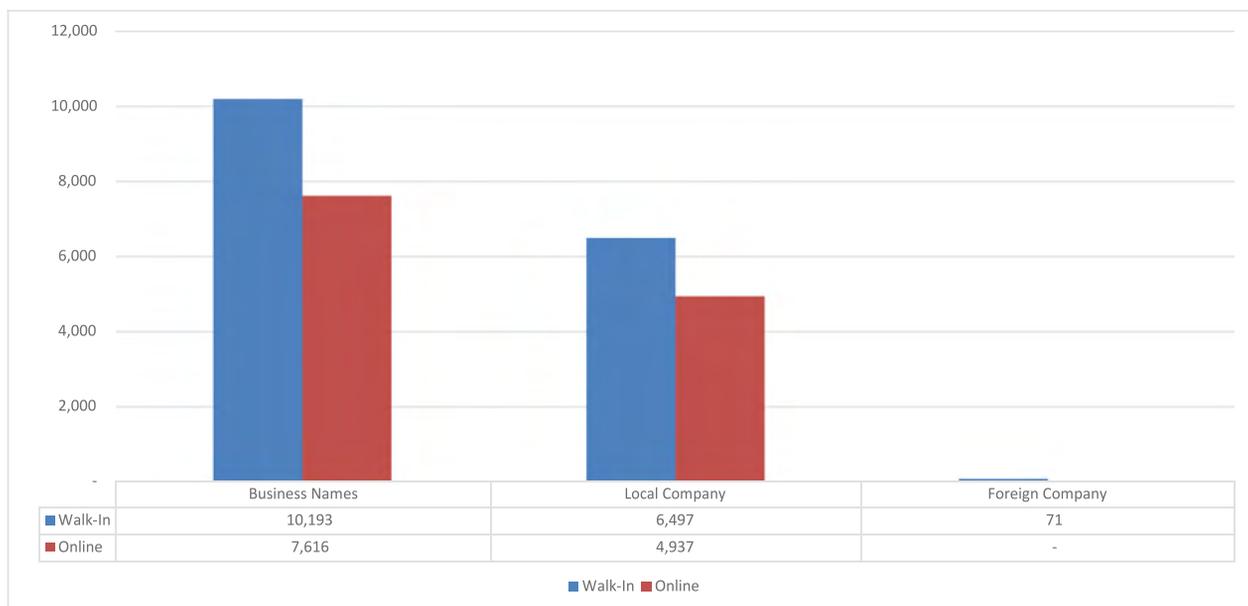


Figure 5: Business Registration Walk-in Vs Online 2020

6.2 MPRS Statistics

6.2.1 MPRS Service Applications 2017 to 2020



Figure 6: MPRS Service Applications 2017 to 2020

6.2.2 Collaterals Used for Financing Statements 2017 to 2020

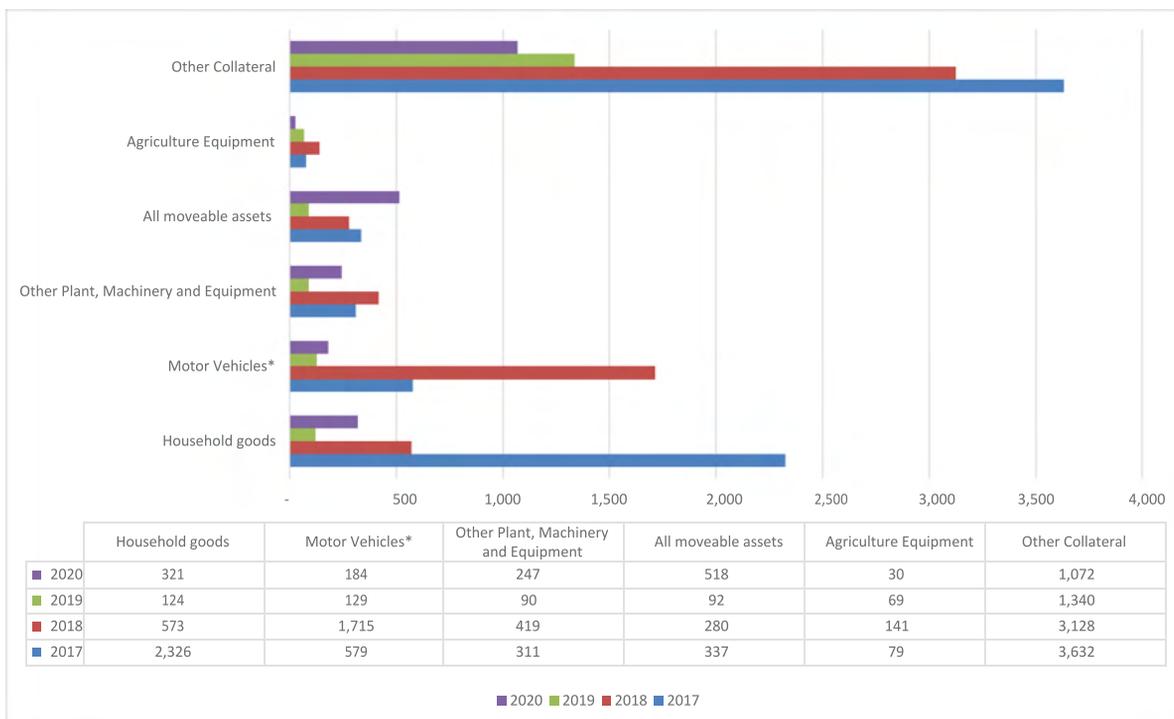


Figure 7: Collateral Used for Financing Statements 2017 to 2020

6.2.3 Debtors by Province 2017 to 2020

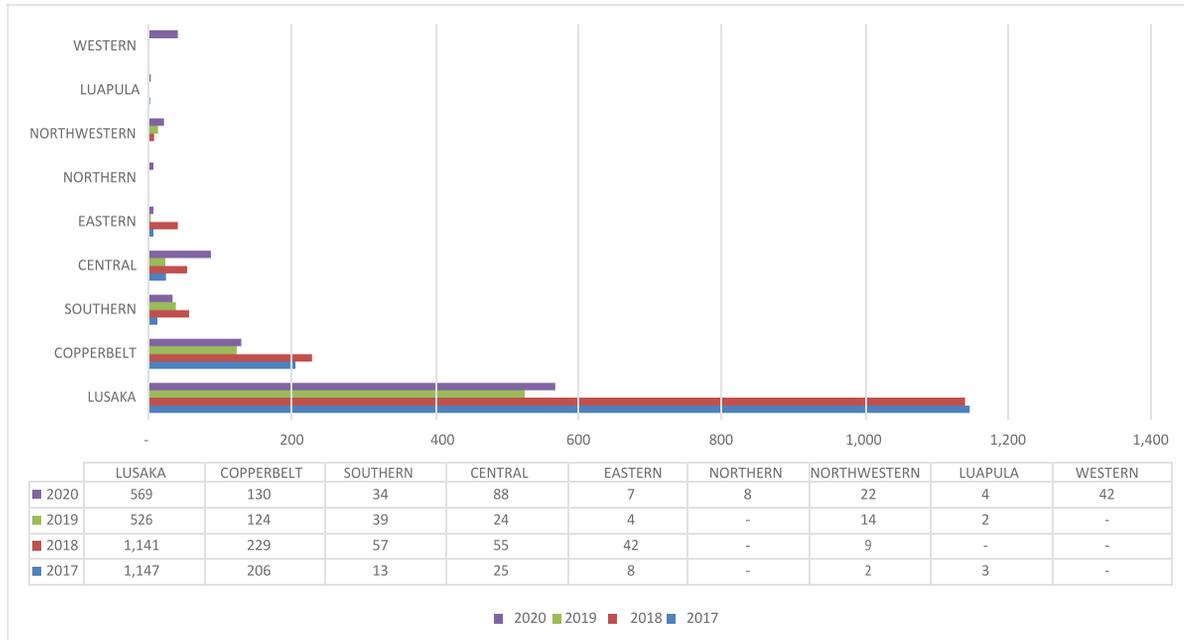


Figure 8: Debtors by Province 2017 to 2020

6.2.4 Total Facilities provided by Lender Type 2017 to 2020

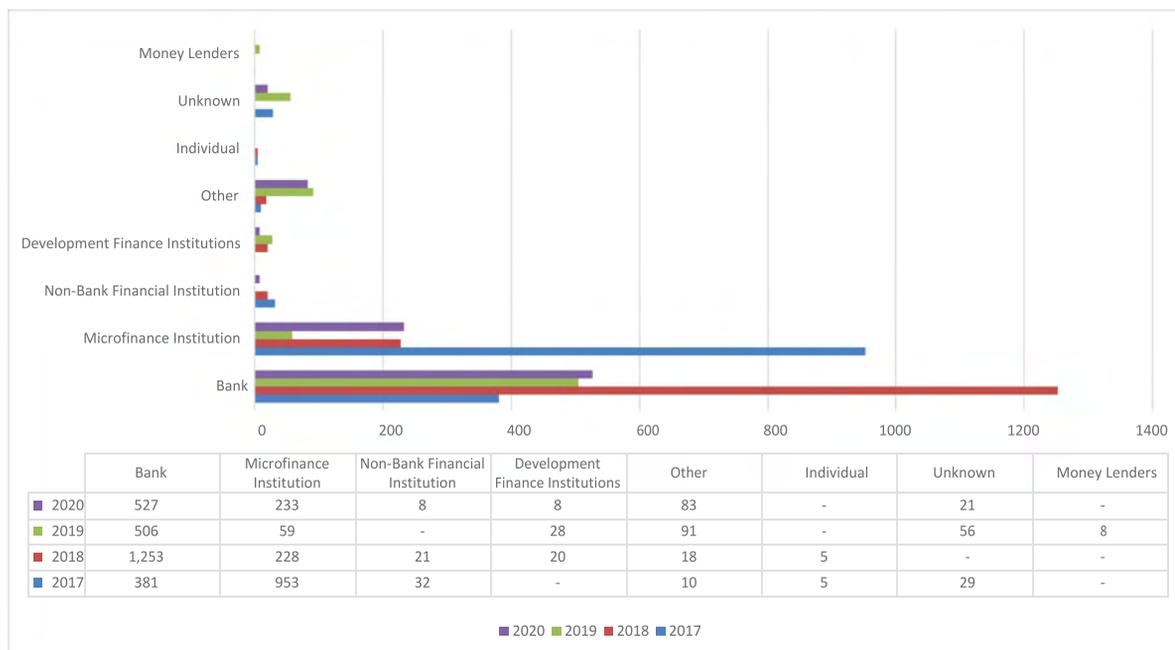


Figure 9: Total Facilities provided by Lender Type 2017 to 2020

6.3 Call Centre Statistics

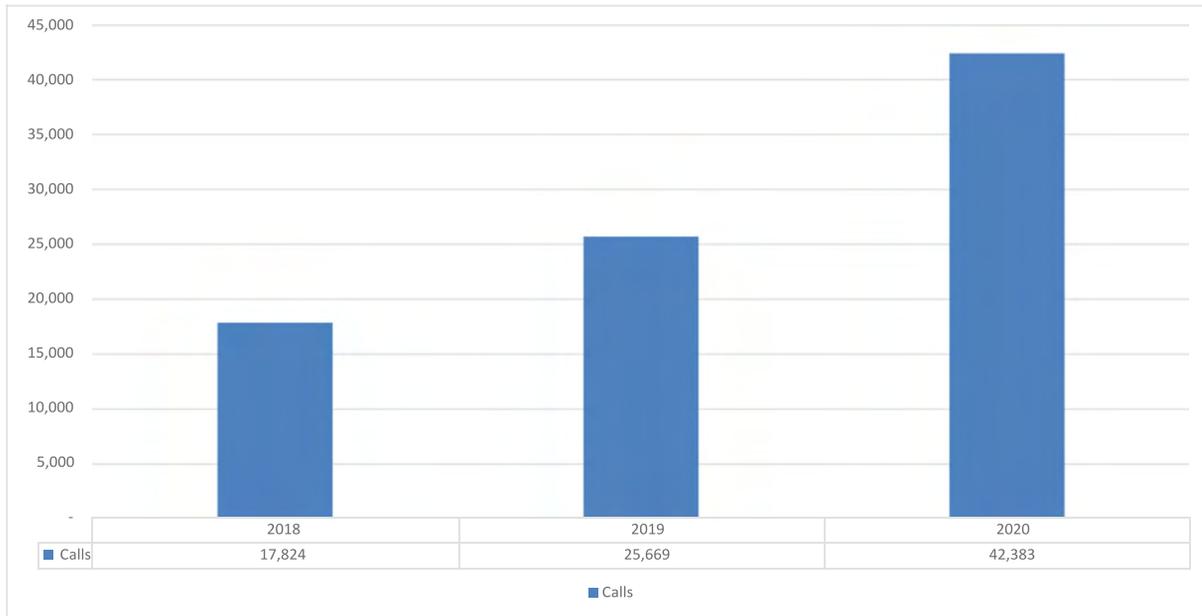


Figure 10: Call Centre Statistics 2020

The PACRA Call Centre received a total of 42,383 Calls between January and December 2020.

6.4 Intellectual Property Statistics

6.4.1 ARIPO 2017 to 2020

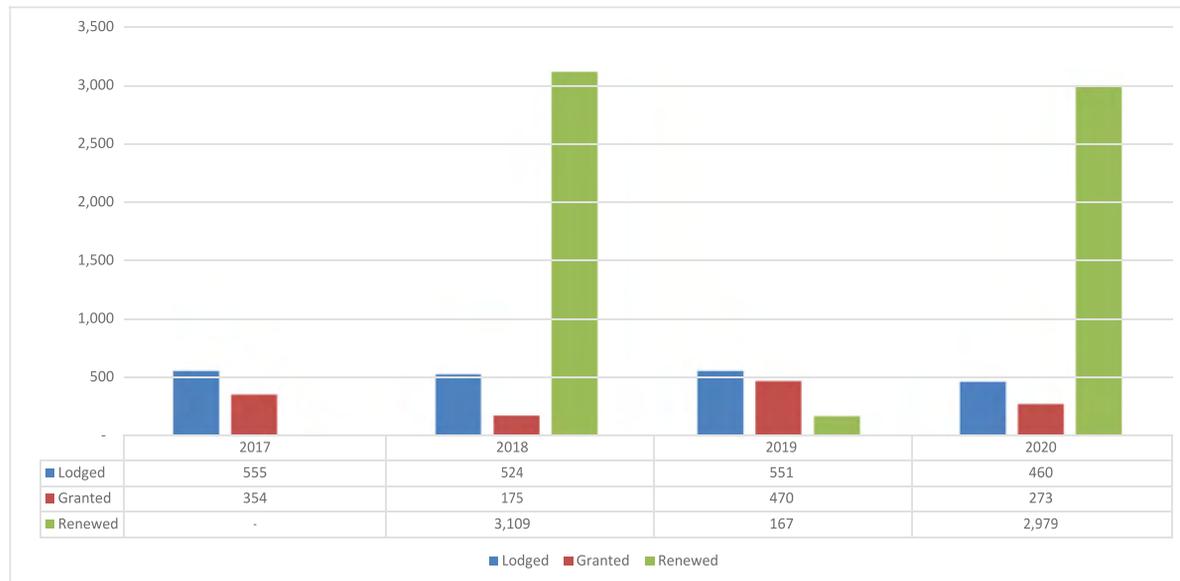


Figure 11: ARIPO Patents 2017 to 2020

6.4.2 ARIPO Industrial Designs 2020

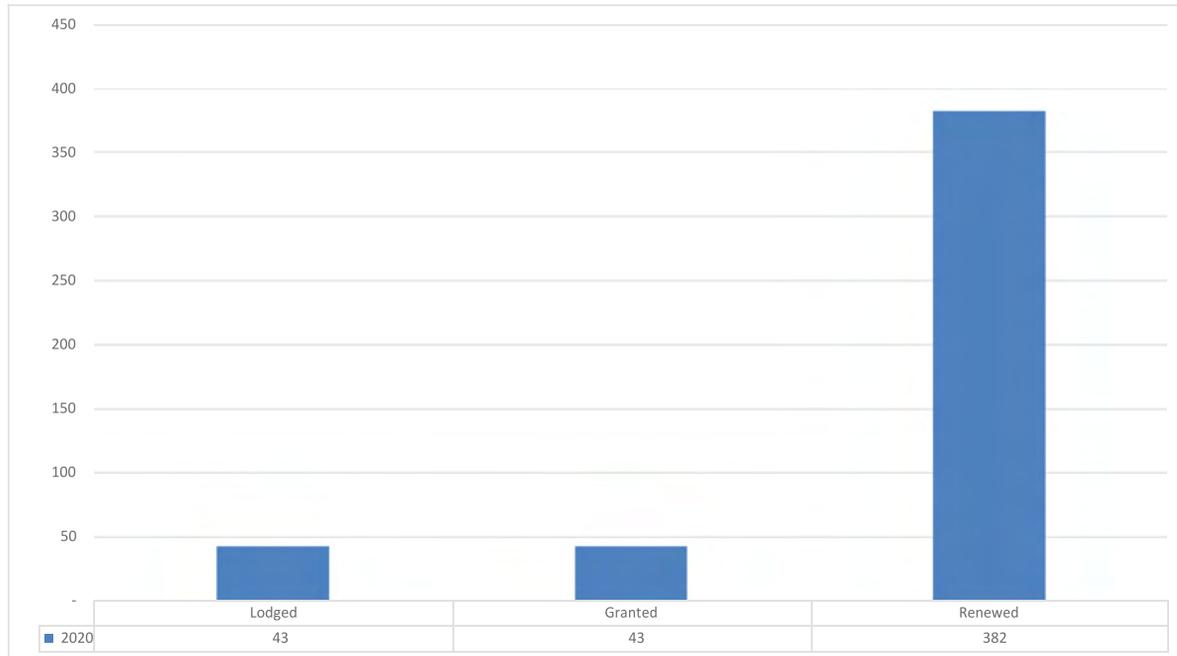


Figure 12: ARIPO Industrial Designs 2020

6.4.3 ARIPO Utility Models

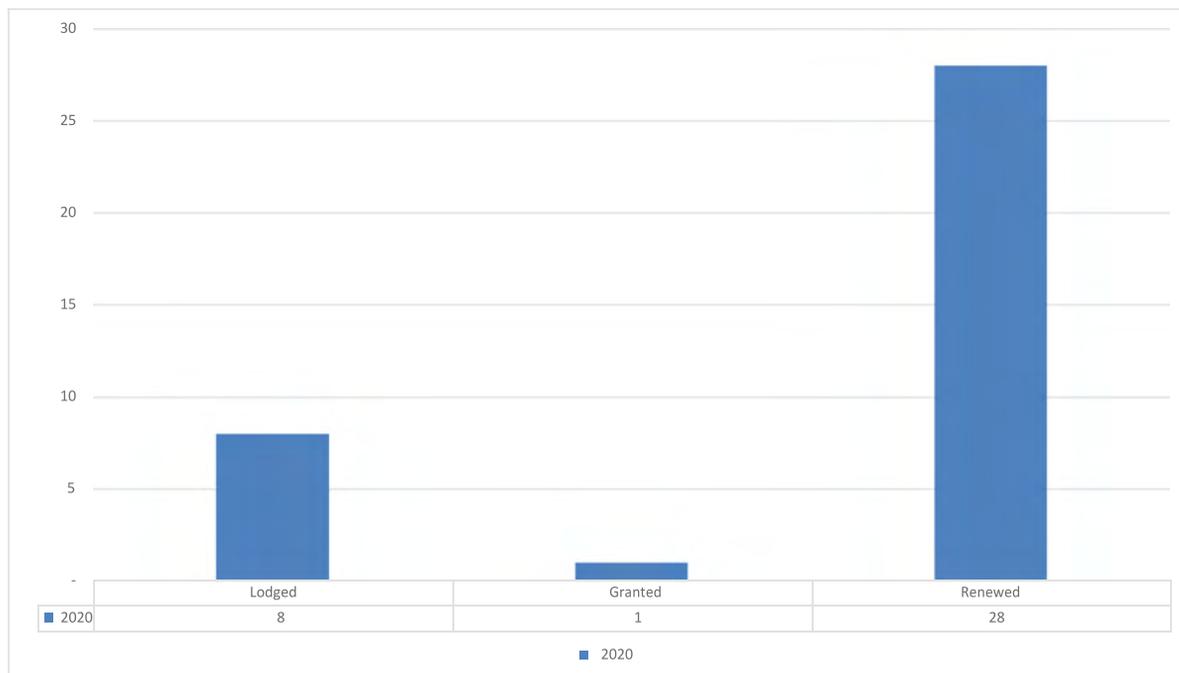


Figure 13: ARIPO Utility Models

6.4.4 Industrial Designs 2017 to 2020 (National)



Figure 14: Industrial Designs 2017 to 2020 (National)

Industrial Designs applications increased by 114% to reach 124 applications in 2020. This significant increase can be attributed to increased awareness by local manufacturing enterprises on the importance of industrial designs on the market.

6.4.5 Trademarks 2017 to 2020

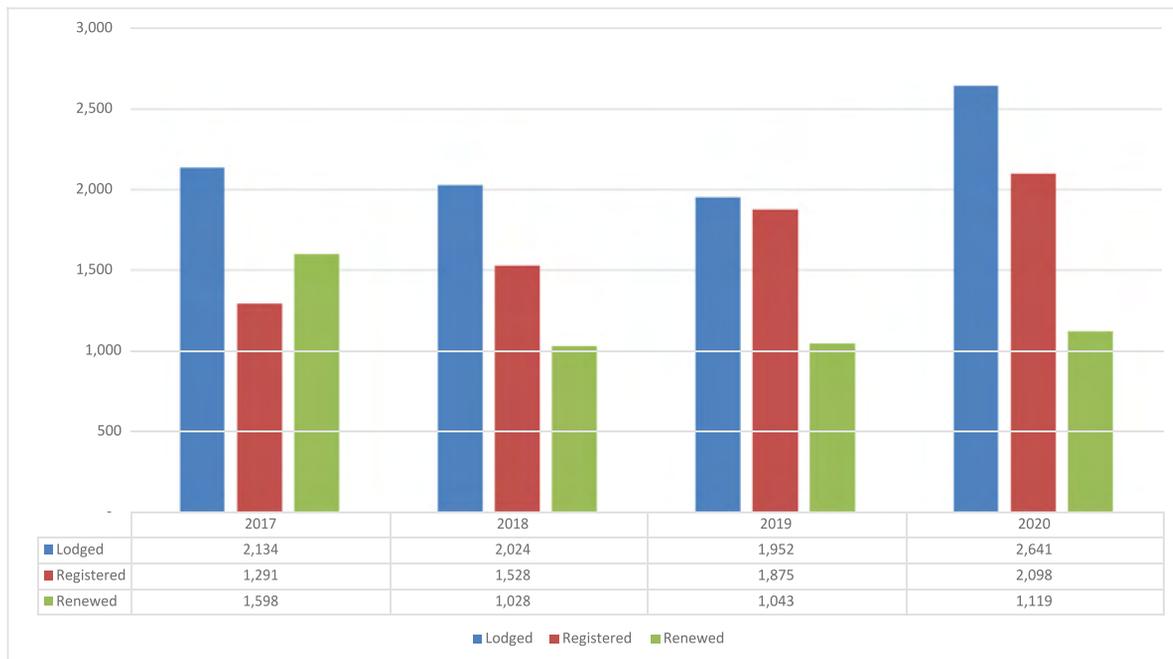


Figure 15: Trademarks 2017 to 2020

Trademark applications increased by 35% to reach 2,641 in 2020 from 1,952 in 2019 despite the effects of COVID-19 pandemic.

6.4.6 Patents 2017 to 2020 (National)

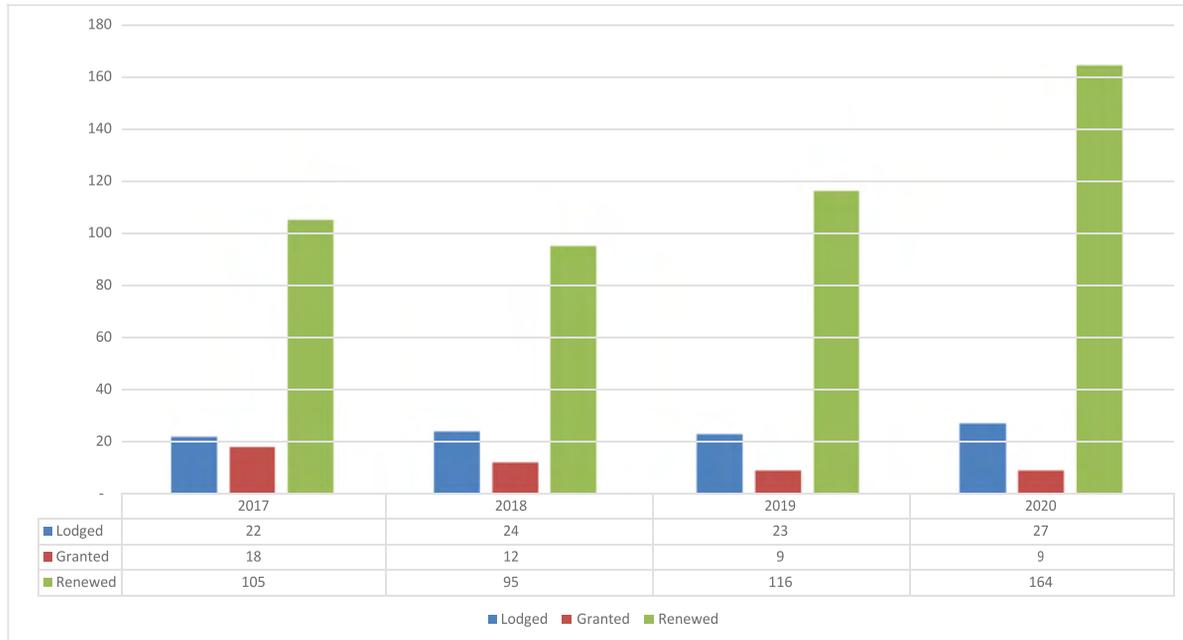


Figure 16: Patents 2017 to 2020 (National)

Patent applications increased by 17% to reach 27 in 2020 from 23 in 2019.

6.4.7 Copyrights 2017 to 2020

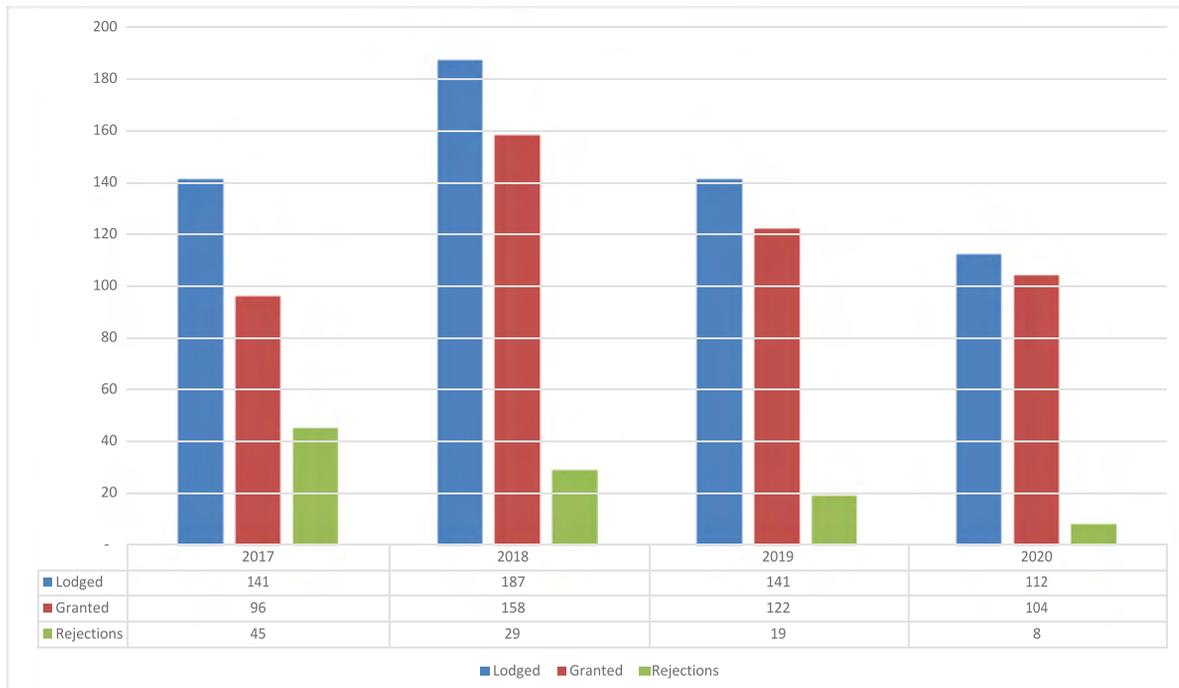


Figure 17: Copyrights 2017 to 2020

6.4.8 Holograms Affixed for 2017 to 2020

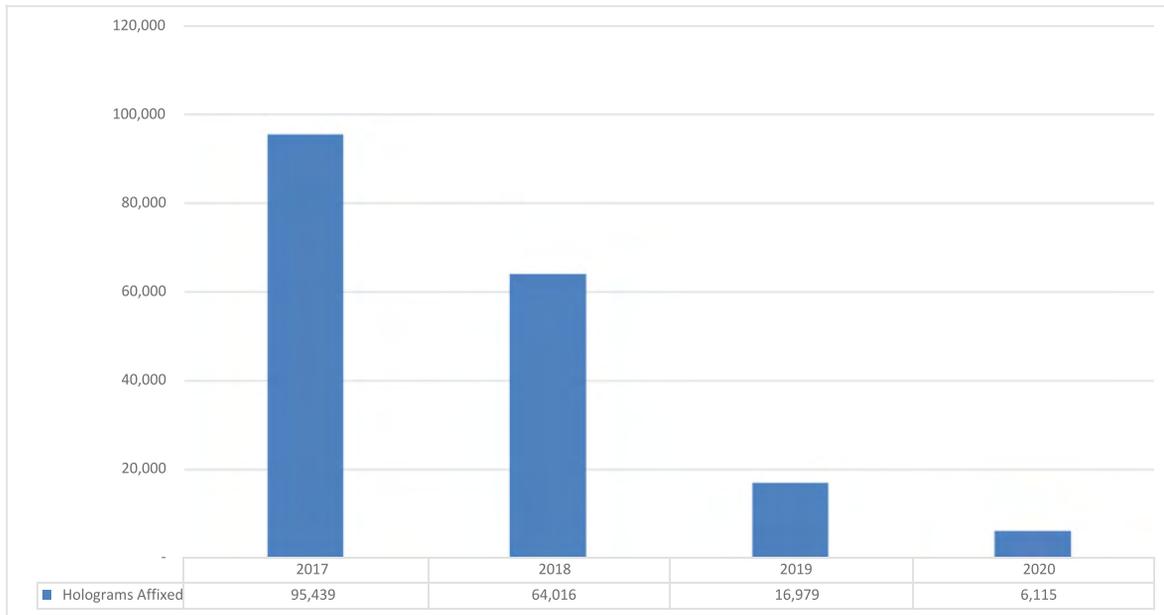


Figure 18: Holograms Affixed for 2017 to 2020

The drop in the number of holograms sold between 2017 and 2020 is attributed to the technological changes in the production and distribution of audio-visual works from physical to digital formats.



DID YOU KNOW

that a Patent protects your invention from unauthorised exploitation?



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REPORT OF THE BOARD OF THE AGENCY

Amounts in Zambian Kwacha

The Agency submits its report together with the financial statements for the Patents and Companies Registration Agency (“the Agency”) for the year ended 31st December 2020.

1. BACKGROUND

The Patents and Companies Registration Agency (“PACRA”) is a Statutory Body established under Patents and Companies Registration Act No. 15 of 2010.

2. PRINCIPAL ACTIVITY

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

3. REGISTERED OFFICE AND PHYSICAL PRESENCE

- (a). The address of the Agency's registered office and principal place of business is:
Patents and Companies Registration Agency
PACRA House, Longacres
Haile Selassie Avenue
Lusaka
- (b). PACRA has physical presence in all provincial centres as well as Kitwe and Livingstone and offers business registration services online at www.pacra.org.zm.
- (c). The Agency also has strategic partnerships with Local Authorities countrywide.

4. VISION AND MISSION

4.1. Vision

“A beacon of excellence in business and intellectual property rights registration, promotion and protection”.

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4.2. Mission Statement

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

5. FUNCTIONS OF THE AGENCY

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

6. ACTIVITIES AND SERVICES

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

7. DIRECTORS

(a) Composition

The Agency is subject to legislative requirements regarding the composition, powers, functions, committee structure and responsibilities of its Board. The Board is accountable to Parliament

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through the Ministry of Commerce, Trade and Industry. The Board is responsible for providing strategic direction to the Agency and ensures that it is managed in an effective and efficient manner. The Board consists of the following non-executive directors who are appointed by the Minister responsible for Commerce, Trade and Industry in accordance with section 6 of the Patents and Companies Registration Agency Act, No. 15 of 2010:

- (i). A representative of the Ministry of Commerce, Trade and Industry;
- (ii). A representative of the Attorney General;
- (iii). An accountant registered with the Zambia Institute of Chartered Accountants;
- (iv). A representative of the Zambia Association of Chambers of Commerce and Industry;
- (v). One person with expertise in matters of intellectual property; and
- (vi).. Two other persons.

(b) Board Composition

The Board consisted of the following members during the year under review:

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

Board members' appointment dates, terms of office, committee membership and their biographies are available from the Agency, along with details of recent changes to Board membership. The key responsibilities of the Board are set out in the Patents and Companies Registration Act No. 15 of 2010.

(c) Directors' Interests

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

(d) Directors' Emoluments

Directors' emoluments during the year amounted to K968,176 (2019:- K854,500)

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8. SENIOR MANAGEMENT

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

- | | | |
|---------|--------------------------|---|
| (i). | Mr. Anthony Bwembya | -Registrar and Chief Executive Officer |
| (ii). | Mr. Wilson Banda | -Assistant Registrar (Commercial) |
| (iii). | Mr. Benson Mpalo | -Assistant Registrar (Intellectual Property) |
| (iv). | Mr. Ben Mulenga | -Chief Financial Officer |
| (v). | Mr. Kaseke Chinyemba | -Information and Communication Technology Manager |
| (vi). | Mr. Maikisa Ilukena | -Human Resources and Administration Manager |
| (vii). | Ms. Masuzyo Muleya | -Acting Chief Internal Auditor |
| (viii). | Mrs. Belinda M. Siankumo | -Legal Counsel |

9. CAPITAL AND RESOURCES

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

10. FINANCIAL AND OPERATIONAL HIGHLIGHTS

- (a) Operating Results
The operating surplus for the year ended 31st December 2020 amounted to K1.155million (2019: Deficit: K9.401million).
- (b) Income
Total incoming resources for the year amounted to K67.794million (2019: K65.859million).
- (c) Expenditure
-Expenditure totalled K66.638million (2019: K75.261million).
-The main operating costs were depreciation and amortisation costs K2.107million (2019: K4.080million), costs of personnel of K53.710million (2019: K52.526million) and recurrent expenditures K9.834million (2019: K8.599million).
- (d) Capital Expenditure
Capital expenditure amounted to K982,316 (2019: K1.756million).

11. RISK FACTORS

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

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(a) Operational Risk

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

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

(b) Legal Risk

The Agency is subject to a comprehensive range of legal obligations, mostly covered by the Patents and Companies Registration Act No. 15 of 2010. As a result, it is exposed to many forms of legal risk, which may arise in a number of ways: its business may not be conducted in accordance with requirements of the Act; contractual obligations may either not be enforceable as intended or may be enforced against the Agency in an adverse way; the Agency may face risk where legal proceedings are brought against it, in the course of carrying out its mandate, etc. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered, even if the Agency is successful.

(c) Reporting Risk

- (i) **Financial Reporting Risk** - Financial reporting risk arises from a failure or inability to comply fully with regulations or codes in relation to the preparation, presentation or disclosure of financial information. Non-compliance could lead to damage to reputation or, in extreme cases, withdrawal of external funding.

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- (ii). Accounting Risks - The Agency's future performance and results could be materially different from expected results depending on the outcome of certain potential risks and uncertainties, details of which are discussed above. The reported results of the Agency are also sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. Details of its critical accounting policies and key sources of accounting judgments are included on pages 19 to 30.
- (iii). Financial Risks - The Agency through its normal operations is exposed to a number of risks on its financial instruments, the most significant of which are credit and liquidity. Market (currency and interest) risks are generally low. The two main risks on its financial instruments are generally deemed to be within manageable limits. The Agency's financial risk exposures are discussed on pages 38 to 40 in Note 18 to the financial statements.

12. RISK MANAGEMENT AND CONTROL

As explained on Statement 6 above, the Agency through its normal operations is exposed to a number of risks, the most significant of which are operational, legal and financial risks. The Board of the Agency is responsible for establishing and ensuring maintenance of adequate internal controls over financial reporting. However, all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

13. 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.

14. COMPLIANCE

The Agency's management are responsible for establishing and maintaining adequate internal controls over financial reporting. Under the supervision of the Chief Executive Officer/Registrar, the Agency's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external

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purposes in accordance with IFRSs. The Board has responsibility for monitoring compliance with the regulatory environment and the various internal control processes and procedures.

15. PENSION SCHEME

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

16. RELATED PARTY TRANSACTIONS

The Agency has a common enterprise relationship with Government of the Republic of Zambia (“GRZ”) and its departments. Other related party relationships and material balances that the Agency has with its related parties are listed in Note 19 to the financial statements.

17. POST BALANCE SHEET EVENTS

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

18. AUDITORS

In accordance with the provisions of Patents and Companies Registration Act No 15 of 2010, the auditors, Messrs EMM Corporate Partners, will retire, and having expressed their willingness to continue in office a resolution for their re-appointment will be proposed at the annual general meeting of the Agency.

On behalf of the Board:



Chief Executive OfficerDate 24th March 2021

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STATEMENT OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the Auditors' report on page 7, is made with a view to distinguishing the respective responsibilities of the Board of the Agency (“the Board”) and of the Auditors in relation to the financial statements for the year to 31st December 2020.

Statement of Responsibility for Financial Statements

In conformity with International Financial Reporting Standards (“IFRSs”), the Board is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Agency and of the operating result for that year. IFRSs provide, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation. The Board considers that, in preparing the financial statements on pages 14 to 18, and the additional information contained on pages 19 to 44, the Agency has used appropriate accounting policies, supported by reasonable judgements and estimates, and all accounting standards which it considers to be applicable.

Section 17 of the Patents and Companies Registration Act No. 15 of 2010 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Agency as at the end of the financial year and of its surplus or deficit. The Board has responsibility for ensuring that the Agency keeps accounting records which disclose with reasonable accuracy the financial position of the Agency and which enable it to ensure that the financial statements comply with generally accepted reporting standards. The Board has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Agency and to prevent and detect fraud and other irregularities. The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRSs. In preparing such financial statements, the Board is required to: select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether the applicable accounting standards have been followed; and comply with IFRSs.

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In the opinion of the Board:

1. The statement of comprehensive income is drawn up so as to give a true and fair view of the results of the Agency for the year ended 31st December 2020;
2. Based on current records that it holds:
 - (a) The statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Agency as at 31st December 2020; and
 - (b) There are reasonable grounds to believe that the Agency will be able to pay its debts as and when they fall due.

The financial statements set out on pages 52 to 56 were approved on 24th March 2021 and signed by:

A handwritten signature in black ink, appearing to read "J. J. J.", is written above a horizontal line.

Board Chairperson

A handwritten signature in black ink, appearing to read "R. R.", is written above a horizontal line.

Board Member

EMM Corporate Partners

Chartered Accountants and Management Consultants



A member of



A MEMBER OF CPAAI-EMEA

CPA Associates International (CPAAI) is a worldwide association of accounting and consulting firms with its head office in New York, USA. EMM is a member of the Europe, Middle East and Africa region of CPAAI. In January 2020, CPAAI merged with MGI Worldwide to create a major, bigger and better international accounting association.

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Website: emmzambia.com

REPORT OF THE INDEPENDENT AUDITORS TO THE MINISTER OF COMMERCE, TRADE AND INDUSTRY

Opinion on Financial Statements

We have audited the financial statements of the Patents and Companies Registration Agency (“the Agency”), which comprise the statement of financial position as at 31st December 2020, the statement of surplus and deficit, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is Patents and Companies Registration Act No. 15 of 2010 and International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Patents and Companies Registration Agency as at 31st December 2020, and its financial performance and their cash flows for the year then ended.

The financial statements as of, and for the year ended 31st December 2019 were audited by another auditor who expressed an unqualified opinion on those financial statements.

Separate Opinion in relation to IFRS as issued by the IASB

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are

EMM Corporate Partners

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further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity within the meaning of relevant ethical requirements in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. VALUATION OF INTANGIBLE ASSETS.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three to five years). Our audit procedures also included, among others, testing management's controls related to the ownership, valuation and fair presentation of the software. Our audit procedures determined it was not necessary to make any adjustments to the reported amount to reflect the assumptions that similar entities would use in similar circumstances.

2. WORK IN PROGRESS

The costs of acquired but not in use asset are accumulated in the CWIP account until the asset is placed into service. When the asset is completed and placed into service, the CWIP account will be credited for the accumulated costs of the asset and will be debited to the appropriate Property, Plant and Equipment account. Amortisation

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begins after the asset has been placed into service. We focused on this transaction because it is material to the financial statements as a whole, uncommon, and the fact that it is likely that when the software is commissioned, independent market valuations will have to be performed under the cost model. In addition, determining the assumptions that underlie the initial accounting and the useful lives associated with the acquired intangible assets involves significant management judgment given the nature of the entity. Our audit procedures also included, among others, testing management's controls related to the classification of and disclosure of CWIP. We found that it was not necessary to make adjustments to the reported amount to reflect the assumptions that similar entities would use in similar circumstances.

3. INVENTORY

Office consumables are not expended but maintained as inventory and reflected on the statement of financial position at cost. Thus, although our year-end audit procedures did not include physical stock count attendance as that was prior to our date of appointment, subsequent roll back procedures, testing of cost against net realisable values, and testing of potential impairment of damaged inventories. Our audit procedures determined it was not necessary to make any adjustments to change in accounting policies and to the amounts capitalised under inventory costs to reflect the assumptions that similar entities would use in similar circumstances until the matter had been considered by the Board.

Emphasis of Matter

We draw attention to Note 10 of the financial statements - Inventory. As part of our audit, we are required to obtain reasonable assurance that the Agency's financial statements are free of material misstatement. As such, we designed specific procedures to test inventory balances for the Agency.

- (a). Inventory Count Observation:** International Standards on Audit require us to physically observe the Agency's inventory count procedures and make our own independent tests of the physical count of inventory. This requirement is in response to the multitude of accounting frauds that have been perpetuated through falsification of inventory records. We did not observe the counting of the physical inventories as of 31st December 2020, because that date was prior to

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the time we were initially engaged as auditors for the Agency. However, the Agency carried out an inventory count as at that date. Through performance of roll-back procedures performed during the audit, we were able to satisfy ourselves as to inventory quantities or condition. This procedure requires the counting of stocks quantities as at the date of the audit and moving backwards to adjust for issues and receipts to inventory in the period between the year end date and the date of the auditor's physical count. Our results from our roll-back procedures were satisfactory.

- (b). **Realisable Value:** The inventory balance on the Agency's financial statements is a function of the quantity of inventory on hand and the value of the inventory. While the inventory observation tests the quantity, price testing tests the cost of the inventory. International Financial Reporting Standards require that inventory is held in the financial statements at the lower of cost or market price. Price testing is the verification of the cost that the Agency paid for the materials, labour and overhead that goes into the production of inventory. As items held in inventory are held for utility, no price testing was performed, although cost was tested and verified, through the analysis of original documentation, such as supplier invoices and goods received notes, that the inventory's cost is carried in the Agency's financial records accurately. Our results were satisfactory.
- (c) **Control Testing:** We tested the internal controls around the inventory cycle. The extent of control testing was dependent on the materiality of the inventory balance, the extent that we wish to rely on controls to reduce audit testing and other risk factors involving the cycle. However, auditing standards require that we at least obtain a general understanding of the internal controls related to the inventory accounting system and use this knowledge to plan and perform the audit. We found that internal controls on the inventory management system was satisfactory.
- (d). **Reserve Testing:** Because inventory may spoil or become obsolete, inventory reserve testing is an important part of the audit. Because of the lower of cost or market assumption that generally accepted accounting principles prescribe, testing must be conducted to ensure that the market value of inventory does not exceed the cost verified during price testing. We assessed the risk of obsolete inventory during

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the testing of internal controls. Our results on controls were satisfactory.

Accordingly, we were able to determine that no adjustments were necessary to the amounts shown in the financial statements for consumable stores and our opinion is not modified in that respect.

GOING CONCERN

1. GENERAL ASSESSMENT

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

As part of our audit of the financial statements, we have concluded that the Agency's use of the going concern basis of accounting in the preparation of the entity's financial statements is appropriate. Our assessment considers the assumptions sound and, as such, our opinion is not qualified in this case.

2. IMPACT OF COVID 19

ISA 570 - Going Concern requires the audit to review and report within the report on the date the accounts are issued, on any significant events occurring prior to the reporting date. These responsibilities are also placed on the audit by regulators including the International Federation of Accountants ("IFAC") and the Zambia Institute of Chartered Accountants ("ZICA"), in light of the Coronavirus COVID 19 pandemic facing the global economy and specific circumstances of individual reporting entities. In that regard the audit has considered

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the impact of Coronavirus COVID 19 and resulting government restrictions on business and social operations.

The Audit recognises that sustained effect of the virus and the associated implementation of government measures to control the pandemic may create conditions that affect the ability of the business to continue operations. As at the date of this report, no direct implications have been estimated and quantified by the audit as a result of the global pandemic.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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maintain professional scepticism throughout the planning and performance of the audit.

We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control.
3. Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Agency to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Agency audit. We remain solely responsible for our audit opinion.
7. We are required to communicate with the Board regarding, among

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other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

8. We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In carrying out our audit we are required to consider whether the Agency has kept the accounting and other records, and has issued all reports in such form and manner as required by the Patents and Companies Registration Act, No. 15 of 2010. We confirm that, in our opinion, the Agency has complied with the record-keeping and reporting requirements, so far as appears from our examination of those records and reports.

Other Information

The Board and the Chief Executive Officer/Registrar are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Directors' Report described in this set of financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on Other Matters

In our opinion:

1. The parts of the Financial Report to be audited have been properly

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- prepared in accordance with Minister directions made under the Patents and Companies Registration Act, No. 15 of 2010);
2. In the light of the knowledge and understanding of the Agency and its environment obtained during the audit, we have not identified any material misstatements in the financial statements; and
 3. The information given in the reports prepared for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we Report by Exception

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

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

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



Elasto Mambo
PC/MPC: 000856



EMM CORPORATE PARTNERS

Chartered Accountants and Management Consultants

25th March 2021

Date

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<i>Amounts are Stated in Zambian Kwacha</i>	Note	2020	2019
Operating Income			
Grant Income	1.	66,177,782	63,956,710
Investment Income	2.	1,719,683	997,677
		67,897,465	64,954,386
Non-Operating Income			
Project Income	3.	-	1,881,600
Other Income	4.	83,724	889,906
		83,724	2,771,506
		67,981,189	67,725,892
Expenditure			
Costs of Operating Activities	5.	905,854	721,043
Impairment Loss on Financial Assets	6.	80,272	9,333,332
Depreciation and Amortisation	8.	2,107,757	4,080,352
Employee Costs and Benefits	Appendix I	53,710,190	52,526,903
Recurrent Costs	Appendix II	10,022,010	10,465,728
		66,826,084	77,127,358
Operating Surplus/(Deficit)	7.	1,155,105	(9,401,466)
<i>Total operating result attributable to:</i>			
Controlling Interests		1,155,105	(9,401,466)
Non-controlling Interests		-	-
		1,155,105	(9,401,466)

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<i>Amounts are Stated in Zambian Kwacha</i>	2020	2019
Earnings for the Period	1,155,105	(9,401,466)
<u>Other Comprehensive Income:</u>		
Items that will not be subsequently reclassified to surplus or deficit:	-	-
	-	-
Items that may be subsequently reclassified to surplus or deficit:	-	-
	-	-
Total Comprehensive Income for Period	1,155,105	(9,401,466)
<i>Total comprehensive income attributable to:</i>		
Controlling Interests	1,155,105	(9,401,466)
Non-controlling interests	-	-
	1,155,105	(9,401,466)

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<i>Amounts in Zambian Kwacha</i>	Revaluation Reserve	Revenue Reserves	Total Funds
Balance as at 1 January 2019	33,849,147	16,656,052	50,505,199
Amortisation of Revaluation Reserve	(5,101,662)	5,101,662	-
Total Comprehensive income	-	(9,401,466)	(9,401,466)
At 31 December 2019	28,747,485	12,356,248	41,103,733
Balance as at 1 January 2020	28,747,485	12,356,248	41,103,733
Amortisation of Revaluation Reserve	(5,101,662)	5,101,662	-
Total Comprehensive income	-	1,155,105	1,155,105
At 31 December 2020	23,645,823	18,613,015	42,258,839

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<i>Amounts are Stated in Zambian Kwacha</i>	Notes	2020	2019
Cash Inflow From Operating Activities			
Operating Surplus/(Deficit)		1,155,105	(9,401,466)
Grants Receivable	1.	(127,013)	-
Depreciation		2,107,757	4,080,352
Interest Received	3.	(1,659,683)	(937,677)
Impairment Provision	6.	80,272	9,333,332
Prior Year Adjustment in Intangible Assets	9.	91,201	-
Amortisation of Capital Grants	17.	(662,022)	(662,022)
Gain on Disposals		(38,677)	(866,702)
Change in Inventory		29,006	84,453
Changes in Accounts Receivable		86,263	84,899
Changes in Other Receivables		(1,194,837)	1,158,458
Change in Amounts Owed to Third Parties		1,336,761	142,340
Change in Other Financial Liabilities		(109,564)	241,224
Change in Employee-Related Obligations		(2,733,430)	1,049,463
Net Cash Inflow From Operating Activities		(1,638,859)	4,306,656
Returns on Investment and Servicing of Finance			
Interest Received		1,659,683	937,677
		1,659,683	937,677
Investing Activities			
Actual Payments to Acquire Tangible Fixed Assets	8.	(982,316)	(1,756,371)
Proceeds from Disposal of Assets		39,795	866,098
Net Cash Outflow on Investing Activities		(942,521)	(890,273)
Financing Activities			
Net Cash Outflow on Financing		-	-
Net Increase in Cash and Cash Equivalents		(921,697)	4,354,059
Cash and Cash Equivalents at start of year		16,956,059	12,602,000
Cash and Cash Equivalents at end of year		16,034,362	16,956,059
Represented By:			
Cash at Bank and in Hand	13.	3,323,958	5,705,685
Short-Term Bank Deposits	13.	12,710,404	11,250,374
		16,034,362	16,956,059

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<i>Amounts are Stated in Zambian Kwacha</i>	Notes	2020	2019
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	8.	26,320,059	26,462,383
Intangible Assets	9.	775,531	1,676,523
		27,095,590	28,138,906
Current Assets			
Inventory	10.	218,447	247,453
Receivables at Amortised Cost	11.	16,421	103,374
Other Financial Assets	12.	6,077,746	5,009,922
Cash and Cash Equivalents	13.	16,034,362	16,956,059
Total Current Assets		22,346,975	22,316,809
Total Assets		49,442,565	50,455,715
FUNDS AND LIABILITIES			
Funds			
Revenue Reserves		18,613,015	12,356,248
Revaluation Reserves		23,645,823	28,747,485
Total Equity		42,258,839	41,103,733
Current Liabilities			
Amounts Owed to Third Parties	14.	1,734,769	398,009
Employee-Related Payables	15.	4,646,176	7,379,606
Other Financial Liabilities	16.	140,759	250,323
Capital Grants	17.	662,022	1,324,044
Total Current Liabilities		7,183,727	9,351,982
Total Equity and Liabilities		49,442,565	50,455,715

The financial statements set out on pages 52 to 56 were approved on 24th March 2021 and signed on its behalf by:

Board Chairperson: 

Board Member: 

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basis of preparation and accounting policies used in preparing the financial statements for the year ended 31st December 2020 are set out below:

1. BASIS OF PREPARATION

The financial statements for the year ended 31st December 2020 are prepared on a going concern basis and in accordance with *International Financial Reporting Standards* issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the *International Financial Reporting Interpretations Committee (“IFRIC”)* of the IASB. The financial statements have also been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

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

2. MEASUREMENT BASIS

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

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

Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the entity uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the entity (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

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

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

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

3. STATEMENT OF COMPLIANCE

As explained above, the financial statements have been prepared in accordance with *International Financial Reporting Standards* applicable for the reporting period to 31st December 2020.

4. **ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSS”)**

(a). **Application of New IFRS requirements**

For the preparation of financial statements, the following amendments to Standards are mandatory for the first time for the financial year beginning on or after 1st January 2020:

(i). **Amendments to IAS 1: Presentation of Financial Statements and IAS 8: Change in Accounting Policies:**

This standard is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis. The following amendments are effective for annual reporting periods beginning on or after 1st January 2020. Earlier application is permitted.

- **Impact of Change on the Current Period:** IAS 8 specifically requires disclosure of the effect of a change in accounting policy not only on prior periods but also on the current period, unless it is impracticable to determine the amount of the adjustment. To make this disclosure, entities will need to apply both the old accounting policy and the new policies parallel in the year of adoption. The standard includes a definition of impracticable and a set of criteria that must be satisfied for the exemption to be applied, setting quite a high hurdle for using this exemption. The IASB did consider requiring this disclosure only for voluntary changes of accounting policies and not where the change is a result of changes in the accounting standards. However, they did not proceed with the amendment but decided instead to give relief on a case-by-case basis. For example, relief was provided for the adoption of IFRS 15 Revenue from contracts with customers, but not for entities that adopted IFRS 16 Leases without using the simplified transitional approach. Additional comparative information –third statement of financial position.
- **Additional Comparative Information –Third Statement of Financial Position:** If an entity has applied an accounting policy retrospectively, restated items retrospectively or reclassified items in its financial statements and this had a material effect on the information in the statement of financial position (statement of financial position) at the beginning of the preceding period, the entity must present a third statement of financial position as at that date (1

January 2019 for entities with a 31 December 2020 year-end). However, it is not necessary to include the additional comparative information in the affected notes, provided the entity has disclosed all of the quantitative information that is required by IAS 8. The third statement of financial position must be presented as at the beginning of the preceding period even if the entity presents comparative information for earlier periods.

- **Impact of Change on Prior Interim Financial Reports:** There is no explicit requirement to disclose the financial effect of a change in accounting policy that was made during the final interim period on prior interim financial reports of the current annual reporting period. However, where the impact on prior interim reporting periods is significant, an entity should consider explaining this fact and the financial effect as part of the disclosures made under paragraphs 28 and 29 of IAS 8.
- (ii). **IFRS 3 - Business Combinations: – Amendments to IFRS 3:** The Standard has been amended with respect to definition of a business. The amendments are effective for annual periods beginning on or after 1st January 2020. Earlier application is permitted.
- (iii). **Amendments to IFRS 4-Insurance Contracts (Superseded by IFRS 17):** The amendments are effective for annual periods beginning on or after 1st January 2020. Earlier application is permitted.
- (iv). **Amendments to IFRS 16: Leases:** IFRS 16 specifies how to recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, unless the lease term is 12 months or less or the underlying asset has a low value. Effective 1st January 2019, the final amendments are effective for annual periods beginning on or after 1st January 2020.
- (v). **IAS 39 - Financial Instruments: Recognition and Measurement:** This standard outlines the requirements for the recognition and measurement of financial assets, financial liabilities, and some contracts to buy or sell non-financial items. Financial instruments are initially recognised when an entity becomes a party to the contractual provisions of the instrument, and are classified into various categories depending upon the type of instrument, which then determines the subsequent measurement of the instrument (typically amortised cost or fair value). Special rules apply to embedded derivatives and hedging instruments. The amendments are effective for annual periods beginning on or after 1st January 2020. Earlier application is permitted.
- (vi). **IFRS 7 - Financial Instruments: Disclosures:** This standard requires disclosure of information about the significance of financial instruments to an entity, and the nature and extent of risks arising

from those financial instruments, both in qualitative and quantitative terms. Specific disclosures are required in relation to transferred financial assets and a number of other matters. The amendments are effective for annual periods beginning on or after 1st January 2020. Earlier application is permitted.

- (vii). **IFRS 9 - Financial Instruments:** The final version of IFRS 9 "Financial Instruments" issued in July 2014 is the IASB's replacement of IAS 39 "Financial Instruments: Recognition and Measurement". The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. Initially effective 1st January 2018, the final amendments are effective for annual periods beginning on or after January 1, 2020. Earlier application is permitted.

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

(b). **New IFRS Requirements in Issue but not Yet Effective**

The entity has also elected to adopt the following new or amended Standards and Interpretations that have been issued by the IASB but are not yet effective for the financial year beginning 1 January 2020.

- (i). **Annual Improvements to IFRS Standards 2018-2020 Cycle.**
(ii). **Covid-19-Related Rent Concessions – Amendments to IFRS 16 and**
(iii). **Interest Rate Benchmark Reform – Amendments to IFRS 9, IAS 39 and IFRS 7**

The Directors anticipate that the new Standards, amendments and Interpretations will be adopted in the entity's financial statements when they become effective. The entity has assessed, where practicable, the potential effect of all these new requirements that will be effective in future periods.

(c). **Amendments to Existing Standards Not Yet Effective**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the entities. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

- (I) . **IAS 1 - Presentation of Financial Statements:** This standard sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise

a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows. The amendments are effective for annual periods beginning on or after 1st January 2023. Earlier application is permitted.

- (ii). **IAS 16 - Property, Plant and Equipment:** This standard outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. The amendments are effective for annual periods beginning on or after 1st January 2022. Early application is permitted.
- (iii). **IAS 37 - Provisions, Contingent Liabilities and Contingent Assets:** This standard outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable). The amendments are effective for annual periods beginning on or after 1st January 2022. Early application is permitted.
- (iv). **IAS 41 - Agriculture:** This standard sets out the accounting for agricultural. The amendments are effective for annual periods beginning on or after 1st January 2022. Early application is permitted.
- (v). **IFRS 1 - First-time Adoption of International Financial Reporting Standards:** This standard sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general purpose financial statements. The amendments are effective for annual periods beginning on or after 1st January 2022. Early application is permitted.
- (vi). **IFRS 3 - Business Combinations:** This standard outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). The amendments are effective for annual periods beginning on or after 1st January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.
- (vii). **IFRS 4 - Insurance Contracts:** The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date of the amendment also to annual periods beginning on or after January 1, 2023.
- (viii). **IFRS 17 - Insurance Contracts:** IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that

faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after 1st January 2022.

(d). New Standards and Interpretations

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

The Agency does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Agency in future periods.

5. FOREIGN CURRENCIES

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

6. PROPERTY, PLANT AND EQUIPMENT

(a) Cost and Valuation

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

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

(b) Subsequent Expenditure

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

(c) Depreciation

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

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

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

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

(d) De-recognition

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

(e) Impairment

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

7. FINANCIAL INSTRUMENTS

(a) **Composition**

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

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

(b) **Financial Assets**

(i). **Classification**

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

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

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

(ii). **Impairment**

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

(iii). **De-recognition**

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

ownership of the asset to another entity.

© **Financial Liabilities**

(i). **Classification and Measurement**

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

- **Payables and accruals** are stated at their nominal value.
- **Provisions** are recognised when the Agency has a present legal or constructive obligation as a result of a past event, and it is probable that the Agency will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
- When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(ii) **Retirement Benefit Plans**

- **National Pension Scheme** – Employees of the Agency are members of the government-managed defined contribution scheme, the National Pension Scheme. The Agency is required to contribute to the scheme 10% of each employee's compensation, split evenly between the employer and the employee. The only obligation of the Agency with respect to the retirement benefit plan is to make the specified contributions.

- **Retirement Benefits Cost** - Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

- **Other Employee Benefits** - The estimated monetary liability for employees' accrued gratuity pay entitlement at the balance sheet date is recognised as an expense accrual.

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

(iv). **De-recognition**

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

(d) **Offsetting of Financial Assets and Liabilities**

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

(e) **Fair Values of Financial Assets and Liabilities**

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

8. **GRANTS**

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

9. **TAXATION**

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

10. **CAPITAL MANAGEMENT**

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

11. **REVENUE**

(a) **Composition**

- (i). **Principal revenue** comprises revenue grants and amortised portions of deferred revenue. The Agency is a grant aided body, fully funded by the Government of the Republic Of Zambia. In addition to

Government funding, the Act permits the Agency to seek funding from donors and other multilateral institutions.

- (ii). **Other income** comprises mostly non-operating income.
- (b) **Recognition**
Revenue represents appropriations in aid received from government.

12. **ADMINISTRATIVE COSTS**

Operating and administrative costs are accrued as incurred.

13. **FINANCIAL RISKS**

The Agency's activities expose it to a variety of financial risks. The most important types of risk are *credit risk*, and *liquidity risk*. Policies and exposures on risks and financial instruments are discussed in Note 18 to the financial statements.

14. **CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policies above and/or the notes to the financial statements on Pages 31 to 42. However, the key areas are summarised below.

- (a). **Areas of judgement that have the most significant effect on the financial statements:**
 - (i). Grant accounting and amortisation
 - (ii). Estimation of asset lives and carrying values
 - (iii). Determination of fair values of non-current assets
 - (iv). Provisions and contingencies
- (b). **Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are:**
 - (i). Review of asset carrying values and impairment charges and reversals
 - (ii). Estimation of employee related provisions and post- retirement benefits

15. **COMPARATIVES**

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

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<i>Amounts in Zambian Kwacha</i>	2020	2,019
1. Grant Income		
Appropriation in Aid	63,294,695	63,294,688
Revenue Grants Received	2,094,052	-
Revenue Grants Receivable from Bank of Zambia	127,013	-
Amortisation of Capital Grants	662,022	662,022
	66,177,782	63,956,710
2. Investment Income		
Interest on Deposits	1,460,030	747,937
Interest on Staff Loans	199,653	189,740
Rental Income	60,000	60,000
	1,719,683	997,677
3. Project Income		
Income	-	1,881,600
	-	1,881,600
<p>The Project refers to the RUFEP project activity. Costs have been reflected in administration costs. This has resulted in reclassification to administration costs, comparative costs previously offset against project income.</p>		
4. Other Income		
Profit on Sale of Non-Current Assets	38,677	866,702
Sale of Tender Documents	8,000	11,500
Sundry Income	37,048	11,704
	83,724	889,906
5. Costs of Operating Activities		
Collateral Registration	-	200
Corporate Registers Forum	-	62,093
Inspections	-	9,450
Mobile Registrations	69,941	142,236
Monitoring of Regional Offices	174,309	42,497
Prosecutions and Collaborations	39,505	20,073
Review and Development of Laws	197,157	230,587
Regional Office Audits	81,271	97,962
Transfers	343,672	115,946
	905,854	721,043

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	Trade Receivables	Other Assets	Total
Restated Balance at 1 January 2019	-	-	-
Impairment Loss	9,333,332	-	9,333,332
Written off during the Year	-	-	-
Balance at 31 December 2019	9,333,332	-	9,333,332
Balance at 1 January 2020	9,333,332	-	9,333,332
Impairment Loss	-	80,272	80,272
Written off during the Year	(9,333,332)	-	(9,333,332)
Cumulative Balance at 31 December 2020	-	80,272	80,272

7. Taxation

In stating operating results, no provision is made for taxation as the Agency is exempt from income taxation.

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Amounts in Zambian Kwacha

8. Property, Plant and Equipment

	Land & Buildings	Motor Vehicles	Furniture & Equipment	Capital Work In Progress	Total
Cost/Revaluations					
At 1 January 2020	25,375,107	5,633,782	9,438,529	1,440,608	41,888,026
Additions	-	-	67,464	914,852	982,316
Disposals	-	(374,664)	(1,317,979)	-	(1,692,642)
At 31 December 2020	25,375,107	5,259,118	8,188,014	2,355,460	41,177,700
Analysis of Cost and Revaluations					
Cost	1,896,982	3,660,022	6,381,282	2,355,460	14,293,746
Revaluation	23,478,125	1,599,096	1,806,732	-	26,883,953
At 31 December 2020	25,375,107	5,259,118	8,188,014	2,355,460	41,177,700
Depreciation					
At 1 January 2020	2,246,777	4,049,725	9,129,141	-	15,425,643
Charge for the Period	404,274	564,012	147,279	-	1,115,564
Eliminated on Disposal	-	(374,664)	(1,308,902)	-	(1,683,566)
At 31 December 2020	2,651,051	4,239,073	7,967,518	-	14,857,641
Carrying Amounts					
At 31 December 2019	23,128,330	1,584,057	309,388	1,440,608	26,462,383
At 31 December 2020	22,724,057	1,020,045	220,497	2,355,460	26,320,059

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Amounts in Zambian Kwacha

Note 8 Cont'd

	Leasehold Land	Motor Vehicles	Furniture & Equipment	Capital Work In Progress	Total
Cost					
At 1 January 2019	25,375,107	7,372,717	9,344,397	339,933	42,432,154
Additions	-	555,764	99,932	1,100,675	1,756,371
Disposals	-	(2,294,699)	(5,800)	-	(2,300,499)
At 31 December 2019	25,375,107	5,633,782	9,438,529	1,440,608	41,888,026
Analysis of Cost and Revaluations					
Cost	1,521,553	3,593,017	7,891,799	1,440,608	14,446,977
Revaluation	23,853,554	2,040,765	1,546,730	-	27,441,049
At 31 December 2019	25,375,107	5,633,782	9,438,529	1,440,608	41,888,026
Depreciation					
At 1 January 2019	1,842,503	5,684,994	8,214,804	-	15,742,302
Charge for the Period	404,274	659,430	919,533	-	1,983,236
Eliminated on Disposal	-	(2,294,699)	(5,196)	-	(2,299,895)
At 31 December 2019	2,246,777	4,049,725	9,129,141	-	15,425,643
Carrying Amounts					
At 31 December 2018	23,532,604	2,243,487	683,947	1,440,608	27,900,645
At 31 December 2019	23,128,330	1,584,057	309,388	1,440,608	26,462,383

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<i>Amounts are Stated in Zambian Kwacha</i>	2020	2019
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9. Intangible Assets**(a) Analysis of Balances**

Cost	10,312,158	10,312,158
	10,312,158	10,312,158

(b) Amortisation

At the beginning of the Period	8,635,635	6,538,519
Charge for the Period	992,193	2,097,116
Prior Year Adjustment	(91,201)	-
At the End of the Period	9,536,627	8,635,635
Net Book Value	775,531	1,676,523

10. Inventory

Office Consumables	218,447	247,453
	218,447	247,453

11. Receivables at Amortised Cost

(a) Net Receivables	16,421	103,374
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(b) Analysis of Trade Receivables

Gross Amounts Receivable	16,421	9,436,706
Less: Impairment Provision	-	(9,333,332)
	16,421	103,374

(c) Movement in Impairment Provision

At the beginning of the Period	9,333,332	-
Charge for the Period	-	9,333,332
Written off during the Period	(9,333,332)	-
At the End of the Period	-	9,333,332

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Amounts are Stated in Zambian Kwacha

	2020	2019
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12. Other Financial Assets

Grants Receivable	127,013	
Staff Receivables	6,021,505	4,996,775
Sundry Debtors	9,500	13,147
Provision for Impairment	(80,272)	-
	6,077,746	5,009,922

13. Cash and Cash Equivalents**(a) Operations Accounts**

Chipata	867	2,294
Choma	84	2,183
Chinsali	1,560	-
Kabwe	2,789	619
Kasama	51	161
Kitwe	1,140	4,135
Livingstone	6,786	769
Lusaka	1,290,482	2,141,602
Mansa	1,000	-
Mongu	651	148
Ndola	2,361	4,518
Solwezi	800	-
	1,308,570	- 2,156,429

(b) General Accounts

Collection Account	720,871	336,024
Finance Bank	221	4,473
NATSAVE Bank	1,032	6,657
Staff Revolving Fund Account	1,196,654	2,935,223
	1,918,777	3,282,376

(c) Restricted Accounts

CEEC/PACRA	21,340	12,336
PACRA RUFEP	57,959	245,484
	79,298	257,820

(d) Petty Cash

Chipata	1,652	1,202
Choma	7	5
Kabwe	1,895	1,690
Kasama	0	251
Kitwe	2,082	1,456
Livingstone	1,705	1,826
Lusaka	7,806	143
Mansa	1,748	1,665

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<i>Amounts are Stated in Zambian Kwacha</i>	2020	2019
Mongu	3	-
Ndola	404	442
Solwezi	10	380
	17,313	9,060

(e) Held to Maturity Investments	12,710,404	11,250,374
	16,034,362	16,956,059

14. Amounts Owed to Third Parties

Trade Creditors	900,920	177,535
Moveable Property Prepayments	163,493	142,340
Prepaid Income	670,356	78,133
Balance at Close of Year	1,734,769	398,009

15. Employee-Related Payables

Leave Pay Provision	3,636,108	3,782,462
PAYE	971,083	3,597,145
NHIS	38,986	-
	4,646,176	7,379,606

16. Other Financial Liabilities

Audit Provisions	100,000	-
Sundry Creditors	19,176	403
GRZ Transit Account	21,583	249,920
	140,759	250,323

17. Capital Grant

Balance at the start of the Year	1,324,044	1,986,066
Received during the year	-	-
Transferred to Income	(662,022)	(662,022)
Balance as at year end	662,022	1,324,044

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The Agency faces exposure to the following financial risks:

(a). Total Financial Instruments

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

	31 December 2019		Total
	Liabilities at Fair Value through P & L	Other Financial Liabilities at Amortised Cost	
<u>Liabilities as per statement of financial position</u>			
Other Financial Liabilities			
	-	140,759	140,759
Trade and Other Payables	-	6,380,946	6,380,946
Total	-	6,521,705	6,521,705

	31 December 2019			Total
	Receivables	Assets at Fair Value through P & L	Assets at Amortised Cost	
<u>Assets as per statement of financial position</u>				
Loans and Receivables:				
-Trade and Other receivables	-	-	5,113,297	5,113,297
-Cash and Equivalents	5,705,685	-	11,250,374	16,956,059
Total	5,705,685	-	16,363,671	22,069,356

	31 December 2019		Total
	Liabilities at Fair Value through P & L	Other Financial Liabilities at Amortised Cost	
<u>Liabilities as per statement of financial position</u>			
Other Financial Liabilities			
	-	250,323	250,323
Trade and Other Payables	-	7,777,615	7,777,615
Total	-	8,027,938	8,027,938

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The Agency takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Agency by failing to pay amounts in full when due. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As shown below, exposure to credit risk is represented by cash balances and amounts due on accounts

Category	Rating	ECL	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
2020					
Bank and Cash Balances	Performing	12-Month ECL	3,323,958	-	3,323,958
Fixed Deposits	Performing	12-Month ECL	12,710,404	-	12,710,404
Receivables at Amortised Cost	Performing	Simplified Approach	16,421	-	16,421
Other Financial Assets	Performing	Simplified Approach	6,158,018	(80,272)	6,077,746
			22,208,800	(80,272)	22,128,528

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FOR THE YEAR ENDED 31st DECEMBER 2020**NOTES TO THE FINANCIAL STATEMENTS**

		2019			
Bank and Cash Balances	Performing	12-Month ECL	5,705,685	-	5,705,685
Fixed Deposits	Performing	12-Month ECL	11,250,374	-	11,250,374
Receivables at Amortised Cost	Performing	Simplified Approach	9,436,706	(9,333,332)	103,374
Other Financial Assets	Performing	Not credit impaired	5,009,922	-	5,009,922
			31,402,688	(9,333,332)	22,069,356

The Agency's primary credit exposure from illiquidity of cash and cash equivalents amounted to K16.034million (2019: K16.956million).

At the balance sheet date, other significant concentrations of credit risks lay in sundry receivables, which at the reporting date amounted to K6.158million (2019: K5.099million), gross of provisions. The nature of services offered by the Agency means it does not have significant credit risk exposure to a single counter party.

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

(a) Currency risk

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

(b). Liquidity Risk and Interest Rate Risk

The Agency's activities expose it to a variety of financial risk: market risk (including interest and liquidity risk). This is monitored on a daily basis by management and controlled as far as reasonably possible to minimise the risk of mismatches between current liabilities and current assets. The table below summarises the Agency's interest and liquidity risks

EMM Corporate Partners**PATENTS AND COMPANIES REGISTRATION AGENCY**

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	Up to 1 Month	1-3 Months	4-12 Months	1-5 Years	Total
<u>At 31 December</u>					
<u>2020</u>					
Non-Interest Bearing	598,644	1,795,932	4,789,151	-	7,183,727
	598,644	1,795,932	4,789,151	-	7,183,727
 <u>At 31 December</u>					
<u>2019</u>					
Non-Interest Bearing	779,332	2,337,995	6,234,655	-	9,351,982
	779,332	2,337,995	6,234,655	-	9,351,982

(e) Fair Value Estimation

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

19. RELATED PARTIES

(a) Identity of Related Parties

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

(b) Control and Governance of the Agency

The Agency has a common enterprise relationship with Government of the Republic of Zambia ("GRZ") and falls under the auspices of the Ministry of Commerce, Trade and Industry. Internal supervision of its management and control of the affairs of the Agency, however, is vested in the Board of the Agency. Identities of board members are shown on page 3.

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- (c) **Key Management of the Agency**
The key executives of the Agency i.e. officers other than Board members with the ability, directly or indirectly, to control or exercise significant influence over the Agency in making financial and operating decisions, are listed on Page 3.
- (d) **Transactions with Related Parties**
None of the Board Members, key executives or parties related to them has undertaken any material transactions with the Agency. However, the GRZ and its departments are regarded as a single related party. The list of related party transactions in these financial statements is summarised below:

20. CAPITAL MANAGEMENT

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

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

The gearing ratios at 31 December 2020 were as follows:

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The gearing ratios at 31 December 2020 were as follows:

	2020	2019
(i) Key Management Compensation		
Salaries and Other Short-Term Benefits	39,942,653	38,758,039
Defined Contribution Schemes	632,799	620,527
Key Management Compensation	40,575,452	39,378,566
(ii) Remuneration to Board Members	968,176	854,500
(iii) Loans to Senior Management	773,611	512,069

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21. CAPITAL COMMITMENTS

The Agency had no capital commitments as at the year-end (2019: Nil).

22. CONTINGENT LIABILITIES

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

23. EVENTS SUBSEQUENT TO REPORTING DATE

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

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

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FOR THE YEAR ENDED 31st DECEMBER 2020**APPENDIX I- EMPLOYEE COSTS AND BENEFITS**

<i>Amounts are Stated in Zambian Kwacha</i>	2020	2019
<u>Wages and Salaries</u>		
Basic Pay	23,345,519	23,398,494
Acting Allowance	262,111	226,155
Car Allowance	1,039,809	-
Education Allowance	2,436,856	2,503,401
Entertainment Allowance	16,321	10,426
Fuel Allowance	3,249,989	2,999,100
Holiday Allowance	859,371	749,988
Housing Allowance	5,913,515	5,978,293
Overtime Allowances	272,338	365,937
Security Allowance	315,298	333,605
Servants Allowance	220,248	213,846
Transport Allowance	1,937,932	1,887,583
Utilities Allowance	73,346	91,212
	39,942,653	38,758,039
<u>Benefits</u>		
Gratuity	4,219,617	4,205,033
Leave Pay	4,547,083	3,369,074
Medical Scheme	1,225,915	1,103,062
NAPSA Employer Contributions	1,581,998	1,551,316
NHIS	231,749	38,457
Pension	1,281,158	1,290,684
Subscriptions-Club and Gym	125,364	41,777
Subscriptions-Professional	137,384	252,750
	13,350,270	11,852,155
<u>Other Employee Costs</u>		
Education Costs	144,821	393,095
Staff Training	272,446	1,914
Bonus Costs	-	1,521,700
	417,267	1,916,709
	53,710,190	52,526,903

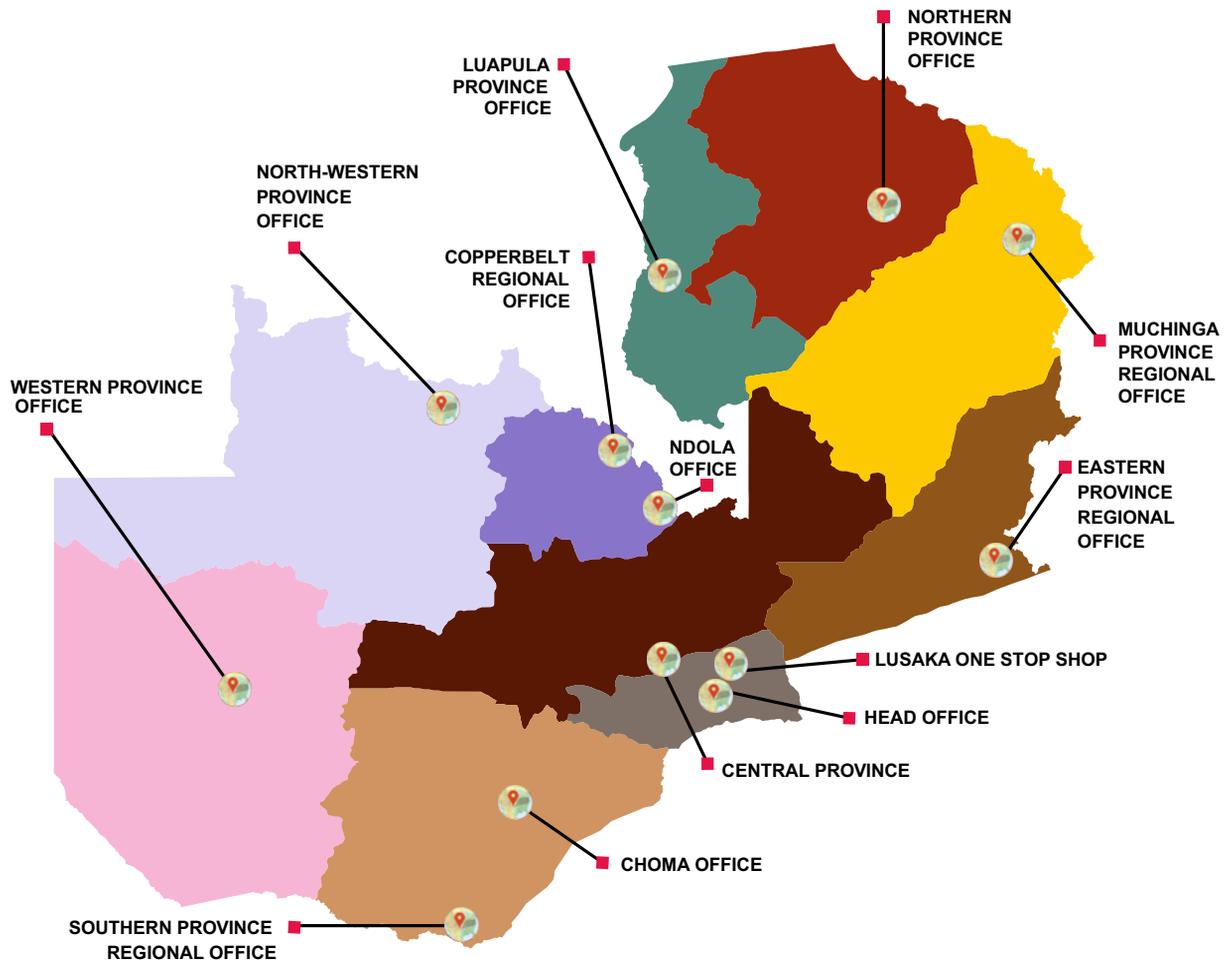
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FOR THE YEAR ENDED 31st DECEMBER 2020**APPENDIX II – RECURRENT COSTS**

<i>Amounts are Stated in Zambian Kwacha</i>	2020	2019
Advertising & Promotions	874,329	354,690
Administrative Council and Meetings	36,603	80,924
Administrators and Union Assemblies	1,940	220,206
Audit Fees	265,009	239,918
Bank Charges	169,402	134,881
Board and Committee Expenses	968,176	854,500
Budget Preparation	31,489	73,668
Cleaning Expenses	350,698	209,911
Commission	-	47,007
Committee Expenses	162,379	160,594
Development of Working Manuals	57,336	-
Donations and Promotions	-	32,595
Electricity and Water	304,424	158,713
Financial Management Expenses	-	48,246
ICT Spares and Accessories	62,553	20,089
Insurance	632,602	663,650
International Day Celebrations	64,438	101,174
IT Systems Maintenance and Back Up	30,893	4,590
Motor Vehicle Expenses	761,703	649,306
Office Administration	106,110	145,178
Office Construction	-	900
Penalties	3,036	-
Postage, Telephone & Internet	1,122,423	1,268,096
Print & Stationery	902,521	919,550
Refreshments	177,474	138,101
Regional Preventive Maintenance	51,650	57,432
Rent and Rates	295,639	432,655
Repairs & Maintenance	280,758	514,099
Review of Organisation Structure	3,953	2,804
RUFEP Project Costs	187,525	1,866,116
Security Expenses	328,529	284,011
Software Licenses	436,026	303,355
Stakeholder Engagement & Workshops	583,942	180,877
Strategic Planning	620,250	-
Trade Fairs and Shows	-	130,596
Website and Data Links	117,839	167,298
Workers Compensation	30,361	-
	10,022,010	10,465,728

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ELECTRONIC COMMUNICATION PLATFORMS



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