



2016 ANNUAL REPORT

CONTACT DETAILS

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A member asking a question at the 2016 AGM



A participant asking a question at the 2016 AGM



Council members at the 2016 AGM



Members following the proceedings at the AGM



Members following the proceedings at the AGM



Members following the proceedings at the 2016 AGM



Presenters at the Budget Analysis Dinner



A participant asking a question at the Budget Night Analysis Dinner



Members attending the Internal Auditors Workshop in Siavonga



Members at the Accountants Forum in Lusaka



Proceedings of the 2016 Annual Business Conference

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WHO WE ARE

ZICA is a self-regulated membership body established to regulate the accountancy profession in Zambia.



OUR VISION

"A world class professional accountancy regulator and educator"



OUR MISSION

"To uphold the highest professional standards in accountancy education and practice to the satisfaction of stakeholders"



OUR CORE VALUES

Ethical

- Virtue
- Competence
- Integrity
- Professionalism

Customer Orientation

- Reliability
- Courtesy
- Responsiveness
- Consistency

YEAR IN REVIEW

KEY HIGHLIGHTS



5% MEMBERSHIP GROWTH

3% STUDENT GROWTH
Professional Qualification



20% STUDENT GROWTH
Taxation Qualification

6% GRADUATES (GROWTH)



17% REVENUE GROWTH

OUR MANDATE



The Institute is a self-regulated membership body established to regulate the accountancy profession in Zambia.

In accordance with the Accountants Act of 2008 the mandate of the Institute includes:

1. The regulation of the accountancy profession;
2. The regulation of the education and training of accountants, registration of students intending to study accountancy and quality assurance;
3. The setting of ethical, auditing and accounting standards;
4. The investigation of the disclosures made in the public interest.

SERVICES WE OFFER

Regulatory Services

The regulation of the accountancy profession is the cornerstone of the mandate of the Zambia Institute of Chartered Accountants (ZICA) and protection of public interest. In the regulation of the profession, the Institute provides a range of services.

The audit monitoring is a regulatory mandate and is carried out in compliance with the Accountants Act number 13 of 2008 as amended under part IV. The review is intended for all chartered accountants in public practice and their firms. It is carried out through two types of reviews: Firm Reviews and Engagement Reviews. The objective of the reviews is to ensure that the work of professional accountants in practice is conducted in compliance with ethical and professional standards.

Compliance Monitoring of the Accountants

The Institute conducts Compliance Monitoring visits aimed at ensuring that accountants comply with the requirements of the Accountants Act of 2008. Members not in compliance with the Accountants Act of 2008 are brought before the Disciplinary Committee, for disciplinary action. The ruling of the Disciplinary Committee can only be appealed in the High Court of Zambia.



Membership Services

Continuous Professional Development

Continuing Professional Development (CPD) is the continuous maintenance, development and enhancement of the professional and personal knowledge and skills which members require throughout their working lives. It is important that members remain competent and develop new skills to remain effective in their roles and careers. It is in this regard that the Institute offers various CPD activities to members, among them Technical Update Workshops, Accountants Forum, Annual Business Conference and Pre-AGM Workshop.

Competency Practice Examinations

The Institute conducts Competency Practice Examinations (CPE) for members who intend to obtain practicing certificates (Audit or Non – Audit) in compliance with section 19 of the Accountants Act No. 13 of 2008.

Developing and Promoting Practice Standards

In line with the Accountants Act, the Institute is conferred with the mandate of standard setting. Therefore, it develops, adopts and promotes relevant practice standards. In line with this mandate, the Institute issues accounting and auditing pronouncements to guide members on the practice of the profession.

Provision of Technical Advice to Members

The Institute plays an instrumental role in the research and development of accounting and auditing standards in Zambia. The Institute further provides specialist advice on a wide range of topics to members including ethical, technical and taxation. We also provide Government and other stakeholders with technical assistance in whatever areas that might require the application and review of Accountancy Practice Standards.

Protection of Public Interest

The Institute maintains appropriate practice standards that are consistent with the principle of self-regulation and protection of public interest among members

The Institute is conferred with the mandate of standard setting

Education and Training Services

Registration of Students

The Institute registers all students studying or intending to become Accountants in Zambia. In addition to this being a legal requirement, registration of students ensures that the students are introduced to ethical requirements of the accountancy profession at an early stage.

Accreditation of Tuition Providers

In fulfilment of its mandate, the Institute accredits tuition providers intending to offer tuition to students of the ZiCA Accountancy and Taxation programmes. The objective of the accreditation is to ensure that tuition providers meet the minimum training standards as these have an impact on the quality of tuition that is offered to students at the accredited institutions.

COUNCIL MEMBERS



Wesley M. Beene
President

Mr Beene is a Partner at Grant Thornton. He is a Fellow of ZICA with 26 years' experience in public practice and three years in business.



Tom J. K. Thewo
Vice-President and Chairperson,
Finance and Administration
Committee

Mr Thewo is the Managing Partner for Thewo & Company. He is a Fellow of ZICA with 30 years of experience in public practice.



Ethel M. Ngwira
Vice Chairperson, Audit & Risk
Management Committee

Mrs. Ngwira is the Quality Assurance and Finance Advisor at the United Nations Development Programme (UNDP) and the current President of CIMA Zambia branch. She is an Associate member of ZICA. She has over 15 years' experience in public and private sector. She represents members in business.



Dion D. Banda
Chairperson, Taxation Committee

Mr Banda is the founder and Managing partner of AMO Certified Public Accountants. He is a fellow of ZICA with 14 years' experience in public practice. He represents members in public practice.



Jason Kazilimani Jr
Chairperson, Education and
Training Committee

Mr Kazilimani is the Senior Partner and Chief Executive of KPMG in Zambia. He is a Fellow of ZICA with 22 years of experience in public practice. He represents members in public practice.



Maulu O. Hamunjele
Chairperson, Public Sector Committee

Mr Hamunjele is an Assistant Director – Balance of Payments Monitoring at Bank Zambia. He is a Fellow of ZICA and has a Master Degree in Business Administration (MBA). He has over 22 years working experience. He represents members in business.



Maj. Humphrey C. L. Mufambo (Rtd)
Chairperson, Audit & Risk Management Committee

Major Mutambo (Rtd) is the Managing Partner of HCL Chartered Accountants. He is a Fellow of ZICA with over 32 years of experience in public practice and public sector. He represents members in public practice.



Andrew L. Chibuye
Chairperson, Technical Committee

Mr Chibuye is a Partner in the Assurance Line of Service at PricewaterhouseCoopers Zambia. He is a Fellow of ZICA with 13 years of post-qualification experience in public practice. He represents members in public practice.



Morgan Chiselebwe
Chairperson, Membership Committee

Mr Chiselebwe is a Director of Finance and Administration at National Council for Construction (NCC). He is a fellow of ZICA with 18 years' experience in industry. He represents members in business.



Chikusi Banda
Vice Chairperson, Taxation Committee

Mr Banda is Manager Tax at Mopani Copper Mines Plc. He is a Fellow of ZICA with over 21 years of experience in finance, audit, tax and lecturing obtained from both the public and private sectors. He represents members in business.



Dick C. Sichembe
Vice Chairperson, Public Sector Committee

Mr Sichembe is the Accountant General for the Republic of Zambia. He is a Fellow of ZICA and has 20 years of experience in the public service, rising through the ranks up to his current appointment. He represents government on Council.

EXECUTIVE MANAGEMENT

The Management Team

Management implements the Accountants Act and decisions of Council. It is headed by the Secretary and Chief Executive Officer. He is assisted by three directors namely Director of Finance and Corporate Services, Director Education and Training, and Director Standards and Regulation. Management provides secretarial services to Council and its Committees.



Hapenga M. Kabeta

Chief Executive Officer

Mr Kabeta has many years of corporate management experience in academia and corporate public sector. He holds a Master Degree in Business Administration, a Bachelor's Degree in Business Administration, and a Marketing postgraduate qualification.



Chansa A. Chiteba

Director Standards and Regulation

Mr Chiteba is a Fellow of ZICA and has 21 years' experience covering public practice, audit monitoring and regulation. He holds a Master Degree in Business Administration (MBA).



Modest Hamalabbi

Director Education and Training

Mr Hamalabbi is a Fellow of ZICA. He has 19 years of work experience in academia and corporate management. He holds a Master Degree in Business Administration (MBA) and Master of Arts Degree in Economic Policy Management.



Charles C. Mutale

Director Finance and Corporate Services

Mr Mutale is a Fellow of ZICA and holds a Master Degree in Business Administration (MBA). He has 21 years of senior management experience in commerce and industry.

PRESIDENT'S REPORT



Wesley M. Beene | President

Upon reviewing the students' concerns your council carried out a comprehensive review

Overview

It gives me great pleasure to present the Institute's annual report for 2016. The year 2016 was a challenging year to the Country in general and the Institute in particular in so many ways. During the year, the Country experienced a sharp rise in inflation to about 23% and interest rates rose to about 45% per annum. While the inflation level for the year closed at 7.5%, the cost of borrowing remained very high. The unemployment levels remained high with only about 20% of the population in formal employment.

Further, the energy crisis deepened with increased frequency of load shedding, thereby affecting productivity in many organisations. The Gross Domestic Product (GDP) growth for the year closed at 3.8% from the highs of 6.4% in the year 2014. The drought experienced, the slowdown of the GDP growth rate and the general elections contributed to the negative economic outlook in the country. The profession was consequently affected by the poor economic performance.

Performance of the Institute

The number of new student registrations indicated a slight increment while the attrition rate when compared to the previous year was high. During the year under review, a perception survey was carried out among students. The findings indicated that the economic situation and the high failure rate were the main reasons for the high attrition rate. Upon reviewing the students' concerns your council carried out a comprehensive review of the curriculum of the Professional Qualification using the relevancy test. The key decisions led to a diversified qualifications portfolio comprising the new qualifications namely Diploma in Accountancy and Chartered Accountant- Zambia (CA Zambia), the latter being a global brand that will facilitate mobility of the professional qualification cross boundaries.

Another qualification which was developed is the Public Sector Financial Management Programme specifically for members in the public sector. The impact of the decisions of Council will contribute to further public transparency and accountability in the public sector. I am optimistic that the various interventions your Council has put in place are addressing the challenges facing the Institute. On the membership front, the member compliance and inspection programmes were strengthened leading to increased compliance levels of members in business. While the number of members closed at 6,152, the attrition rate was similarly high and this affected the growth rate of registered members.

I was privileged to be supported by such an enthusiastic Council who believed in doing what was good for the profession.

International Collaborations

In addition to the foregoing, your Council explored various avenues of how best the Institute could have a global footprint and be on the same level with other globally respected Professional Accountancy Organisations (PAOs). I am pleased to inform you that the Institute is now a Member of the Chartered Accountant Worldwide (CAW). The other members of the CAW include the Southern African Institute of Chartered Accountants, Institute of Chartered Accountants in England and Wales, Chartered Accountants Ireland, Institute of Chartered Accountants of Scotland, Institute of Chartered Accountants in India, Institute of Singapore Chartered Accountants, Sri Lanka, Pakistan, Australia and New Zealand. In June, I was privileged to receive the Associate membership certificate of CAW in London. The membership of CAW will lead to multilateral cooperation with ZICA members being able to globally carry a respected brand of high quality.

The World Trade Organisation (WTO) and COMESA are moving towards the liberalisation or free movement of accounting and auditing services with minimum regulatory measures. These regional efforts are gathering momentum and the Institute should be well placed to export its professionals into the region and practice without any major hindrances. With the review of the professional qualifications and the membership of CAW, your Council has positioned the accountancy profession in Zambia in a pivotal position to take advantage of our strategic position in the region and geopolitical economic changes.

Working with Government and its Agencies

The Institute worked with government in various roles. Your Institute continued to be a permanent witness in various committees of Parliament in order to influence public policy in matters affecting or likely to affect the accountancy profession. The Institute sponsored the

airing of the national budget on ZNBC as a public service and enhance the ZICA corporate brand.

Your Council engaged with various public sector stakeholders during the year. Consultations were held with the Bank of Zambia Governor, Director General of the Zambia Public Procurement Authority (ZPPA), the Securities and Exchange Commission, Pension and Insurance Authority, Director General of National Prosecution Authority (NPA) and Zambia Police among others. These interactions were aimed at addressing some bottlenecks in the value chain in the work of accountants and enhance the ZICA brand.

Member-Institute Interface

You may be aware that the Institute has made significant investments in Information, Communication and Technology during the past few years. This investment will make it easy for members and students to interact with the Institute more conveniently. As a result of this investment, you can pay for your subscriptions online, you can register for various events or workshops on line and you now have "time and attendance system" where you do not need to use paper to register but remotely capture and update your records. It is important that members use these ICT facilities to justify the huge investment.

You are also aware that your Council has been offering an assurance policy for paid up members, which cover costs of possible hospitalisation, support to the family in case of death of a member. These are some of the tangible benefits that accrue to members of the accountancy profession.

Tenure of Office of Council

It was only possible to achieve these milestones with strong support of the Vice President, and the members of Council. I was privileged to be supported by such an enthusiastic Council who believed in doing what was good for the profession. The tenure of office of some Council members has come to

an end. Major HCL Mutambo (Rtd.) and Maulu Hamunjele have retired after serving two three year terms of office. The tenure of office of Jason Kazilimani Jr., Andrew Chibuye, Dion D Banda and Morgan Chiselebwe have also come to an end but are eligible for re-election for a further term of office. Similarly my tenure of Office of three years as President, and that of the Vice President Tom Thewo has expired and could seek re-election. In the Disciplinary Committee, the tenure of office of Chilala Banda, Lucy Zulu and Sombo Chunda on the Disciplinary Committee has come to an end. There will be a real general election at the 32nd AGM. I however wish to inform members that I do not wish to seek another term of office as President.

It was a privilege to serve you during the last three years and can only hope that I met your expectations. It was an honour for me to serve as President of these Council Members who made my work easy to discharge and gave tirelessly for the advancement of our profession. I therefore wish to pay a special tribute to the Vice President and the Council Members, the Chief Executive Officer and the management team for the support rendered to the Institute while I occupied this privileged position of President. I wish to acknowledge the support I continued to receive from the former President Frederick M. Banda, the general membership and indeed from all other stakeholders for the counsel and support rendered during the period.

Future Plans

As I leave the leadership of the Institute, I believe the Institute has a strong foundation to deliver substantial and sustained value for members with the interventions that your Council has made. The business strategy the Institute has put in place gives me comfort that the Institute will be equal to the challenges that lie ahead. Further the interventions made can only make the Institute better, stronger and enduring.

I thank you



Wesley M. Beene
PRESIDENT

***I believe the Institute
has a strong foundation
to deliver substantial
and sustained value
for members***

CHIEF EXECUTIVE OFFICER'S REPORT



Hapenga M. Kabeta | CEO

The Institute will continue to vigorously implement the Strategic Plan in order to serve the members and stakeholders more efficiently and effectively.

The implementation of the 2014-2018 strategic plan progressed well during the year under review. However, the slowdown of the domestic and global economy affected the performance of the Institute. In this report we highlight financial and nonfinancial performance of the Institute in each of the four strategic themes or areas of strategic focus.

Financial Highlights

The Institute recorded a total income of K32.105 million (2015: K27.304 million). The total expenditure for the year was K30.893 million (2015: K25.441 million). The surplus for the year was K1.212 million (2015: K1.862 million) against a budgeted surplus of K1.377 million.

The Institute achieved positive results in a number of key performance indicators in the implementation of the strategic plan. The following are key highlights of performance against each of the four areas of strategic focus:

1. Uphold adherence to the law and professional standards in order to develop a cadre of trusted and respected professionals

Ensuring compliance with the various laws of the land including the Accountants Act and the professional standards continued to be the focal point of the operations of the Institute during the period under review.

In order to make it easy for members to meet the CPD requirements, a total of 18 workshops were conducted in line with the calendar during the period under review. The members who attended various workshops appreciated the coverage and quality of resource persons.

Audit quality monitoring of members in practice remained central to the work of the Institute. A total of 20 firms were visited and there is a general improvement in compliance with accounting and auditing standards among members in public practice.

According to the Accountants Act, accountants can only work in business or offer public practice services if they were registered under the Accountants Act. At the end of the period under review, 6,152 members were registered with the Institute while 2015 ended the year with 5,858 members.

Review of the Accountants Act

The Accountants Act is being reviewed to make it contemporary and aligned with other modern pieces of legislation with the aim of enhancing the power of the Institute in its regulatory role. The proposed amendments will also address the challenges the institute has faced in implementation of the Act. An Adhoc Committee comprising former presidents was constituted to oversee the process. A legal practitioner was appointed to review and draft the proposed amendments and presents the draft to the said Adhoc Committee for scrutiny.

2. Enhance the quality of education and training systems in order to produce competitive accounting professionals

In the education and training of accountants, the need to comply with the International Education Standards (IES) set by the International Education Standards Board is critical. During the period under review, the Institute continued with the development various accounting and other value added programmes aimed at strengthening the skills of members.

Following the review of the curriculum which led to the rebranding of the Professional Qualification (PQ) into CA Zambia and Diploma in Accountancy, the curriculum for the Diploma in Accounting was developed after extensive stakeholder consultations. Development of learning materials for the Diploma in accounting was concluded.

The development of the professional qualification did not progress as planned due to the procurement challenges experienced. The Institute received financing towards the development of the CA Zambia Learning materials from the Ministry of Finance under the Public Financial Management Reform Program (PFMRP) Project, which is supported by the Multi Donor Trust Fund (MDTF) financed by DFID, Germany (KfW) and Finland" and administered by the World Bank.

The launch of **CA Zambia and Diploma in Accountancy** which was supposed to take place in 2016 would now take place in July 2017. The first examinations under CA Zambia and Diploma in Accountancy would be conducted in December 2017.

The development of the **Public Sector Financial Management Programme (PSFMP)**, a programme dedicated to the development and enhancement of the technical skills of accountants with a career in the public sector, reached advanced stages. The development of learning materials was concluded. The development of Teaching Guides and Revision kits is expected to be completed in the first quarter of 2017.

3. Strengthen the ZICA Brand in order to enhance the image of the Institute locally, regionally and internationally.

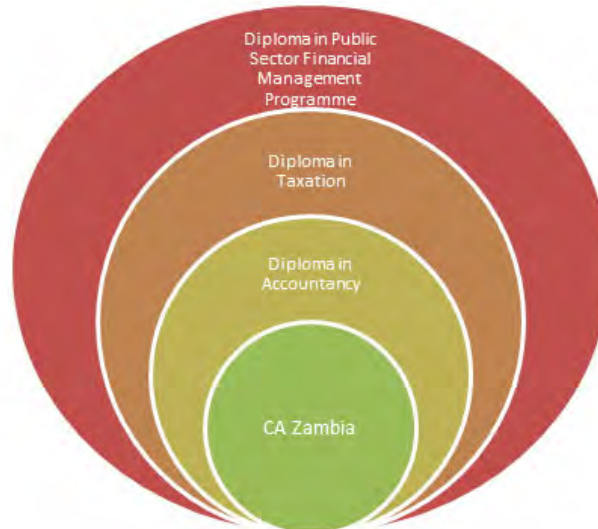
The Institute held a couple of stakeholder meetings with employers in Lusaka and Copperbelt. The Institute continued to advertise its qualifications in the

mainstream media and social media. Communication to stakeholders was further strengthened through the use of The Accountant Journal, The Student Accountant Magazine, website, emails and social media among others.

The Institute also participated at various meetings and workshops locally, regionally and internationally aimed at influencing policies which impact on its operations. The Institute provided corporate memorabilia for staff and participants of workshops it organised during the year. The Institute continued its corporate social responsibility programmes of support to various special causes where its voice has promoted the furtherance of such calls. Among its support was the donation of assorted items to the Chainama Hills College Hospital in Lusaka and Mama Waluse Orphanage in Kitwe.

4. Enhance the organisational infrastructure to strengthen engagements with stakeholders

During the year under review, the Institute continued to implement new functionalities in the iMIS system by introducing the payments system and the "time and attendance" system for members and students. These systems have enabled members to make payments with ease and made registration at workshops much more efficient.



The Institute commenced implementing the revised organization structure and other recommendations contained in the job evaluation report in line with its current strategic plan. Under its training and development, the Institute trained its senior management in the Balanced Score Card with a view to implementing it during the course of 2017.

The diversification programme gained momentum during the year. The architectural drawings for the eight storey office complex were approved by the local authorities and fundraising activities continued during the period under review. The consultant in the development of the Shungu Namutitima International Convention Centre completed the design of the masterplan including the feasibility reports. The project will move to the detailed drawing stage.

Conclusion and Way Forward

The Institute will continue to vigorously implement the Strategic Plan in order to serve the members and stakeholders more efficiently and effectively.

Hapenga M Kabeta
SECRETARY AND CHIEF EXECUTIVE

FINANCIAL AND OPERATIONAL REVIEW

The Operational review gives highlights of the performance of the Institute during the year 2016. The operational highlights provide both the financial and mostly the nonfinancial metrics of the performance of the Institute.



FINANCIAL HIGHLIGHTS

The total income for the year was K32.105 million (2015: K27.304 million) against a budget of K32.335 million representing an increase of 17 percent compared to 2015. The increase in income was mainly attributed to the increase of members renewing their subscriptions in all categories. However, there was a reduction in the number of students paying for examinations fees in all categories of student membership. Income from regulatory services contributed 48 percent to the total income recorded during the year.

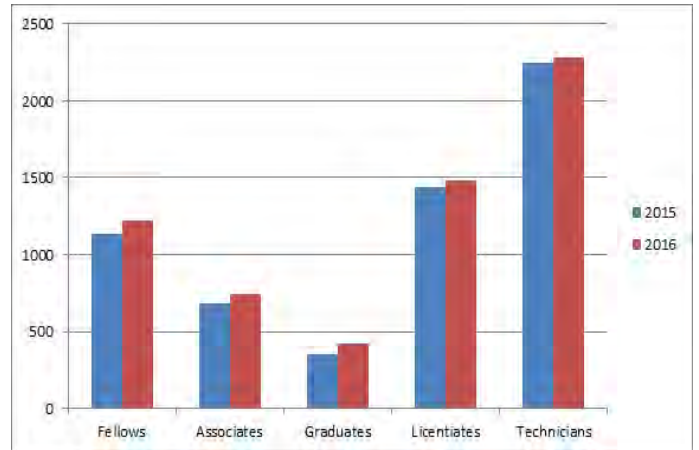
The total expenditure incurred during the year was K30.893 million (2015: K25.441 million) against a budget of K30.957 million representing an increase of 21 percent compared to 2015. The increase was largely attributed to the increased price of fuel and the depreciation of the kwacha which negatively impacted on the costs of goods and services during the year under review.

The year ended with a surplus of K1.212 million (2015:K1.862 million) against a budget of K1.378 million, representing a reduction of 35 per cent when compared to 2015. The reduction in the surplus for the year was mainly attributed to the reduced number of students' examination entries.

MEMBERSHIP STATISTICS

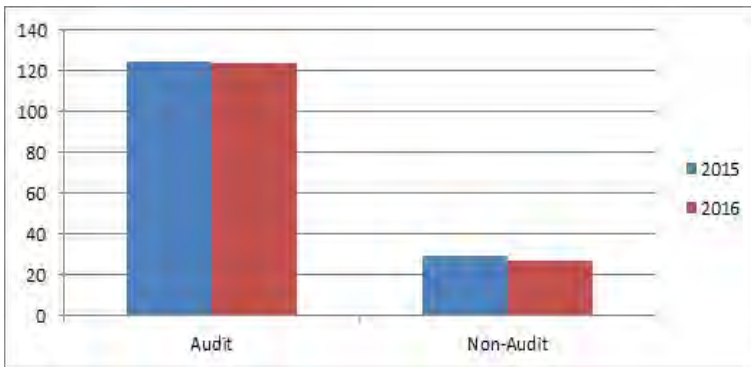
The number of registered members for the year ended 31 December 2016 was 6,152 as follows:

	2016	2015
Fellow	1,220	1,136
Associate	745	684
Graduate	423	349
Licentiate	1,486	1,440
Technician	2,278	2,249
Total	6,152	5,858

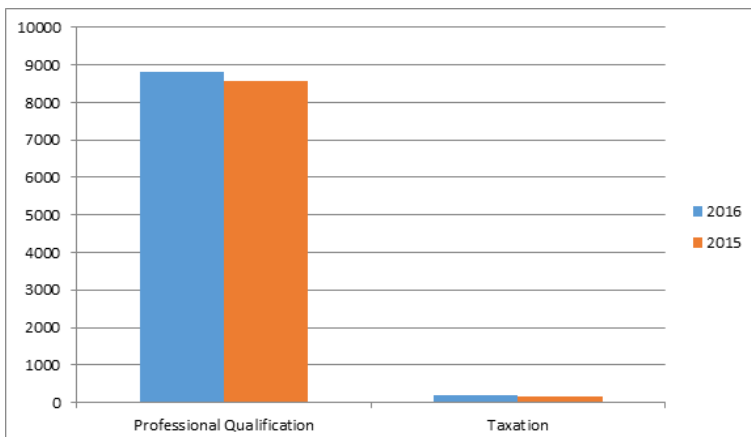


	2016	2015
Audit	124	125
Non-Audit	27	29
Total	151	154

The number of practicing certificates and non-audit practicing certificates held during the year were as follows: 124 for Audit and 27 for Non-Audit.



The membership statistics for 2016 showed a slight improvement of members on the register by 5% over those of 2015.



The number of registered students for the year ended 31 December 2016 was 8,995 broken down as follows:

	2016	2015
Professional Qualification	8 812	8 554
Taxation	183	152
Total	8 995	8 706

CONTINUOUS PROFESSIONAL DEVELOPMENT ACTIVITIES

Annual Business Conference

The Annual Business Conference was held in Livingstone at Avani Resort. The theme of the conference was: "Leadership and Governance: Drivers to a First World Zambia." The conference was hosted by ZICA, CIMA and ACCA as an annual tripartite arrangement. The conference was attended by 500 participants.



Competence Practice Examinations

A total of 14 members passed the Competence Practice Examinations (CPE) conducted in the year under review compared to 10 in 2016. Further, 6 new practicing certificates were issued compared to 7 in 2015.



Employer Sensitisation

There was 1 Employers Forum held with 15 organisations in attendance. There were 20 employer visitations which were made in the year under review. Three of the firms were non cooperative and were written letters demanding for compliance with the Accountants Act.



ZICA/ICPAK Memorandum of Understanding

Following the signing of a Memorandum of Understanding (MOU) between ZICA and the Institute of Certified Public Accountants of Kenya (ICPAK) in June 2015 to facilitate the provision of membership services when members from either Institute were in the host Institute's territory, ICPAK held a workshop from 6th to 8th July 2016 in Livingstone, Zambia, under their global and continental programmes to expose their members to various countries in the world. The Chief Executive Officer attended and made a presentation on Board evaluation: Enhancing Value Creation and Accountability to Stakeholders.



Accountants Forum

During the year under review, there were Ten (10) Accountants Fora held. Out of the Ten, Six (6) were held in Lusaka and Four (4) in Kitwe. The Fora were attended by 1,037 members. Some of the members were consistent in their attendance of these meetings. The themes that were discussed were as follows:



- “The Role of the Auditor General in Combating Fraud and Corruption”.
- “The Anti-Corruption fight: The Cost Benefit analysis.”
- “Business Finance – are there any options in Zambia”.
- “Introduction to Long Term Concepts to personal financial planning.”
- “Evaluating Strategic Planning Processes Using a 5 Cs Approach (The key Characteristic of the strategic planning process to evaluate the nature of strategic planning adopted by an organization).”

Annual General Meeting (AGM) and Pre- AGM Workshop

A total of eight hundred and eighty five participants attended the Pre-AGM workshop and AGM in 2016 under the theme: “Enhancing Ethical Conduct and Management of Resources by Accountants,” at the Avani Victoria Falls Resort in Livingstone compared to nine hundred and ninety nine participants who attended the event in the year 2015. The low numbers were due to the late cancellation of rooms at David Livingstone and the reduction of the number of rooms Avani allocated to the ZICA event, which inconvenienced some members who opted out of the workshop and Annual Ball.



Technical Workshops

Practitioners Forum

To sensitise practitioners on the transition to the new auditor reporting requirements, the Institute held two practitioner's fora as scheduled in Lusaka and Kitwe in the year under review. There were 52 participants who attended the fora.

Tax Update Workshops

During the year under review, three tax update workshops were held as scheduled in Lusaka, Kitwe and Choma. The workshops were aimed at updating members on the upcoming tax legislation and to upskill their taxation knowhow and enable them apply 2016 tax legislation correctly. The workshops were attended by a total of 399 participants.

IPSAS Workshop

The Institute held a workshop on IPSAS from 9th to 10th March, 2016 at Lake Safari Lodge in Siavonga. The workshop was attended by 119 participants. A draft roadmap for the implementation of IPSAS in Government was presented by the Office of the Accountant General.

2016 IFRS Update Workshops

The Institute held two IFRS Update workshops on 17th and 18th November in Ndola and 24th and 25th November, 2016 in Lusaka with a combined attendance of 137 participants against a targeted attendance of 100.

2016 ISAs Update Workshops

The Institute held two ISAs Update workshops on 14th and 15th July in Lusaka and 21st and 22nd July 2016 in Kitwe with a combined attendance of 128 participants against a targeted attendance of 100.

2017 Budget Submissions

During the year under review, two Budget Submission workshops were held as scheduled in Lusaka and Kitwe in order to collect members' and stakeholders' submissions for Government consideration in the 2017 National Budget. The workshops drew a total attendance of 74 participants.

The Institute made submissions on the 2017 National Budget and appeared before the Ministry of Finance to make oral presentations.

2017 National Budget Analysis

The Institute held the 2017 National Budget Analysis Dinner on 11th November 2016 in Lusaka with an attendance of 297 participants. The Minister of Finance Honorable Felix Mutati MP was the guest of honour.



Minister of Finance Honorable Felix Mutati MP speaking at the ZICA organised 2017 Budget analysis Dinner at the Inter-Continental Hotel in Lusaka

Local Government Financial Management Workshop

The Institute held the Local Government Financial Management workshop from 3rd to 4th November 2016 in Livingstone with an attendance of 309 participants. The forum whose theme was on "facilitating the paradigm shift in local government financial management and governance" was attended by Mayors, Council Chairpersons, Heads of Finance Units, and Internal Audit functions in local authorities. The workshop was well received by the Ministry of Local Government and it was agreed that it would be an annual event.



Ministry of Local Government Permanent Secretary Amos Malupenga speaking at the ZICA organised Local Government Public Financial Management Workshop in Livingstone

Chief Finance Officers Forum

The second Chief Finance Officers' Forum was held in Lusaka with an attendance of 43 participants. The number of attendants increased in the year under review compared to attendance of 12 in 2015 and was expected to increase further as interest grew among CFOs. The forum was used as a stakeholder consultative meeting for Integrated Reporting as a choice of corporate reporting. A recommendation was made by the participants for the need to make the event part of the CPD calendar.

Internal Auditors Workshop

The Internal Auditors Workshop was held with an attendance of 142. The number of participants was lower than the target due to the shift in the planned date of the conference because of the general elections held in the year under review and the Institute of Internal Auditors workshop which was held earlier in the year and thus cutting into the expected attendance.



Participants at the Internal Auditors Workshop in Slavonga

Parliamentary Submissions

The Institute submitted Nine (9) memoranda to Parliament on the ramifications of the various Bills presented before Parliament for enactment. The submissions were well received. Further the Institute made oral submissions to the Committee on Estimates.

Joint COMESA/WTO workshop on trade in business services

A joint Common Market for East and Southern Africa (COMESA) and World Trade Organization (WTO) workshop on trade in Business Services for COMESA member states was held in Victoria Falls town in Zimbabwe from 15 to 18 November 2016. The workshop covered various technical aspects relating to trade in services as well as the steps being undertaken to realize the goal of free movement of services within the COMESA region.

One of the outcomes was the need to develop a standard Mutual Recognition Agreement (MRA) in COMESA for the accountancy sector based on the template that was developed by WTO. In addition, it was resolved to constitute a national task team to comprehensively review the services sector to ensure all services are included in future negotiations with other COMESA countries. ZICA was identified as a key player and stakeholders resolved to allocate ZICA a slot on the task team.

MARKETING AND QUALITY ASSURANCE

Product Marketing

The following were some of the activities that were undertaken during the period under review in order to promote the ZICA Programmes:

Careers Exhibitions

The Institute participated in six (6) career exhibitions held in Lusaka and the Copperbelt. The Institute made presentations to pupils from the various schools on the programmes being offered by the Institute.

Brochures

In the year under review a total number of 8700 brochures were printed as follows: Student 5000, Taxation 2700 and Accountancy forms 1000.

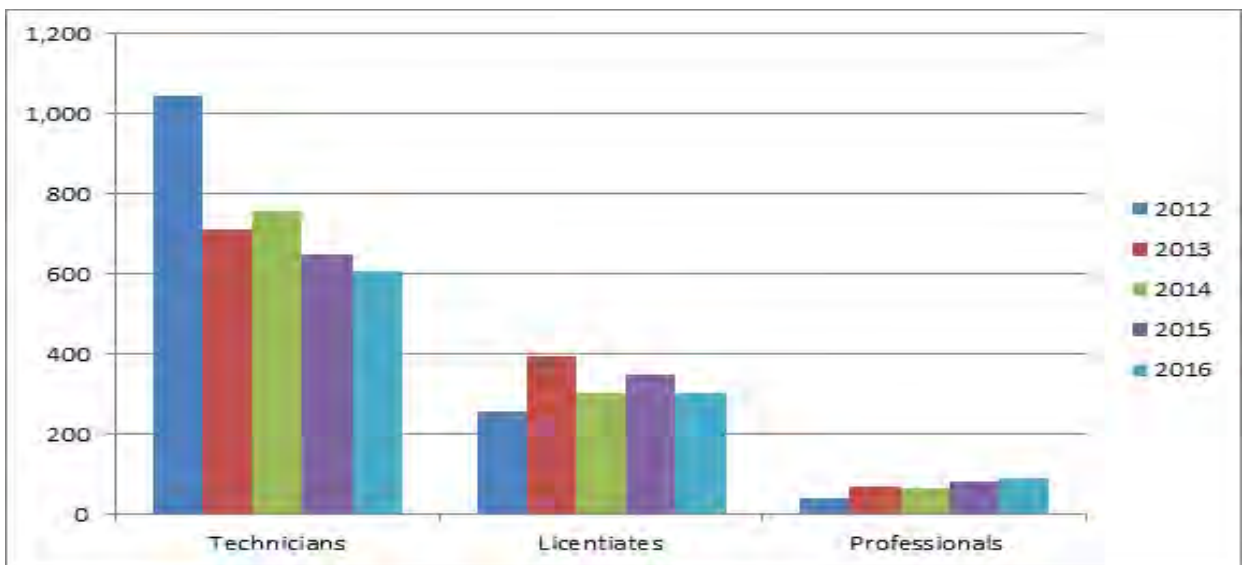
Adverts in traditional media

The Institute continued to advertise the ZICA Programmes in the mainstream media i.e. Electronic 65 adverts and Print 36 adverts. The Institute continued sponsoring the presentations of the national budget to Parliament in order to accord the majority of Zambians an opportunity to associate the budget to the Institute.

Graduation Ceremony

The Graduation Ceremony for 2015 graduands was successfully held during the year. The ceremony was held at the New Government Complex, where a total of 1,014 students graduated at various levels of the Accountancy and Taxation Programmes. The comparative numbers of graduates at each level for the past five years are as per the table below:

Category	YEAR				
	2012	2013	2014	2015	2016
Technicians	1,044	711	758	649	607
Licentiates	257	394	302	348	303
Professionals	38	68	64	81	88
Taxation – Certificate	N/A	N/A	N/A	04	14
Taxation Diploma	N/A	N/A	N/A	N/A	02
Total	1,339	1,173	1,124	1,082	1,014



Some of the 2016 graduates

Quality Assurance of Education Programmes

During the year under review, the Institute continued with its quality assurance programmes in the administration of examinations, accreditation of tuition providers and examiners and updating of study materials to bring them in line with best practice. The quality assurance activities during the period under review included the following:

Administration of Examinations

The Institute held two examination sessions in June and December in 2016 as programmed. The comparative average pass rates per level for the two sittings were as shown by the table below:

Programme/ Level	June 2016	December 2016
Accountancy		
Technician	43%	44%
Licentiate	36%	41%
Professional	34%	40%
Taxation		
Certificate	47%	52%
Diploma	79%	59%

Accreditation of Tuition Providers

The Institute continued accrediting tuition providers offering accountancy studies on a three year basis as a means of enhancing the quality of accountancy graduates. During the year under review a total of twenty one (21) tuition providers were registered to offer tuition for the Accountancy programmes at various levels.

Accreditation of Examiners

The Institute continued with the accreditation of Examiners on a three year basis. During the year a total of 21 examiners were accredited.

Revision of Study Materials

In an effort to improve the quality of the study materials and ensure that they were up to date, the Institute continued with the annual update of study materials. During the year, the Taxation Manuals and Revision Kits were focused on. In doing so, the Institute has continued promoting the use of local technical experts and BPP Learning Media as the editor and typesetter.

INFORMATION, COMMUNICATION & TECHNOLOGY

iMIS Project Update

Following the successful rolling out of the iMIS database system in 2015, its usage continued to improve in the year under review and the system attained relative stability. The December 2016 examination registrations closed in the first week of October and the system recorded over 1000 on line registrations and related payments. The iMIS system usage is expected to grow in 2017 as the examination registration would no longer be done manually.

The other development in the ICT area is the development of the "Time and Attendance" system to enhance the attendance of workshops and conferences by members. Through this system members will not fill in any papers when attending meetings but the valid membership card with a chip would electronically update the records.

Library and Records Management

A total number of 2,510 library users visited the library during the period under review while 251 users used the e-resources respectively.

The Institute subscribed to Zambia Library Consortium (ZALICO) in order to access e-journals and other library resources. The resources are ready for use and the links are available in the Library. The library usage has increased and has some of the latest library resources for use



Students studying in the Library



BUILDING ORGANISATIONAL CAPACITY

Development of the Ultra-Modern Office Complex on Plot 2374/a Thabo Mbeki Road

The development of the ultra- modern office complex at the accountants' park made some progress during the period under review.

Unicapital Solutions, the Institute's Financial Advisor and co- arranger in the raising of funds for the construction of the office complex on plot 2374/a Thabo Mbeki Road, prepared an Information Memorandum (IM) and a Business plan which was being used for road shows. At the time this report was being prepared, Unicapital had secured an understanding for raising US\$11 million for the project. Efforts to raise the balance of US\$17million have continued.

Unicapital further submitted an investor's term sheet which was reviewed and after amendments was approved by the Board of ZICA Properties Limited. The term sheet comprised the conditions for a loan amounting to US\$28 million for the construction of the proposed office complex.

The Institute continued to explore other means of raising financing for its approved projects. Consequently, Equity Capital Resources has been engaged to explore the possibility of setting up the ZICA Property Fund. The proposal is one of the proposed resolutions at this AGM.



Proposed Ultra-Modern Office Complex on Plot 2374/a Thabo Mbeki Road

Development of Lot No. 19992/M Livingstone

Progress continued to be recorded in the development of a master plan for the development of Lot No.19921/M Livingstone during the period under review. The consultant, Anderson & Anderson was in the process of concluding phase one which includes the preparation of schematic drawings and initial feasibility and viability report culminating into the production of the masterplan. This phase was expected to be concluded in the first quarter of 2017.

COLLABORATION WITH STAKEHOLDERS

Accounting & Auditing Board of Ethiopia

The Institute played host to a delegation from the Accounting and Auditing Board of Ethiopia during the year under review. The delegation met various key stakeholders of the Accountancy profession in Zambia such as the auditing firms, Bank of Zambia, and held several meetings with ZICA management. The Ethiopian Institute is in its formative stages and was on a mission in Zambia to learn the journey of ZICA in the regulatory space.



Director of Standards and Regulation Mr. Chansa Chiteba (left), Director of Education and Training Mr. Modest Hamalabbi (right) with Accounting and Auditing Board of Ethiopia delegates at the Accountants Park in Lusaka.

Partnership with Industry on Practical Training

The partnership with industry in order to strengthen practical training of the ZICA Accountancy graduates continued. In the year under review, efforts were made to bring on board the Public Service. The Institute had discussions with the Public Service Management Division (PSMD). The MoU discussions with PSMD for graduates in the Public Service were concluded. As at end of year the MoU was undergoing legal review at the Ministry of Justice.

CORPORATE SOCIAL RESPONSIBILITY

The Institute strives to be a good corporate citizen in all areas where it operates. In maintaining a successful reputation as a good corporate citizen, the Institute takes into consideration the environment it operates in before any decision is made. The Institute is aware of its social, economic and environmental responsibilities to the people of Zambia as integral to its existence. The responsibilities above are demonstrated through the policies and activities implemented by the Institute.

Competitive Services and Glo-Local Qualifications

The Institute continues to offer the most competitive services and affordable accountancy qualifications in Zambia which are fully compliant with the International Education Standards. The fees chargeable are affordable to enable

many citizens to benefit from the services and qualifications being offered. This would in the long run develop a critical mass of professionals contributing to the economic development of the country.

Supporting the Vulnerable in Society

As part of Corporate Social Responsibility, the Institute continued to support the vulnerable in society. During the year under review, the Institute donated assorted items worth K15, 000 to the Chainama Hills College Hospital in Lusaka.

The Institute continued supporting worthy community initiatives as well. Innovative caring initiatives for the deprived individuals such as orphanages received support from the Institute.

In Kitwe Mama Waluse Orphanage in Chimwemwe Township was one such orphanage that had received support through the donation of assorted goods and food stuffs as part of International Women’s Day celebrations.

Compliance with the Laws

The Institute continued to fulfil its mandatory obligations to the state. All taxes as required by law were paid, thus contributing to government’s revenue. Further, the Institute is up to date with National Pension Scheme Authority (NAPSA) contributions for its staff



Chief Executive Officer Mr. Hapenga .M. Kabeta officially handing over assorted items to Dr. Nita Besa, Senior Medical Superintendent at Chainama Hills Mental Hospital



Northern Region Manager Jessica Chisompola (left) handing over assorted food stuff to Mama Waluse founder Mary Chikosa (right).

The Institute continued supporting worthy community initiatives

CORPORATE GOVERNANCE STATEMENT

Introduction

The corporate governance system of the Institute is primarily driven by the vision, mission and core values. The Council and management of the Institute are committed to the ideals of good corporate governance practices. In the spirit of self-regulation, the Institute established independent committees to discharge some of the statutory roles as prescribed in the Accountants Act. The governance system essentially distributes power and responsibilities between the Council and Management.

Governance Structure

The Institute is a creation of the Accountants Act of 1982 and as amended under the Accountants Act of 2008. The Act in conjunction with the Constitution of ZICA provides guidelines on how the Institute should be governed.

The Council

The Council is the highest body in the hierarchy of the Governance Structure and makes policy decisions over the affairs of the Institute. It sets the strategic direction of the Institute and provides oversight to the management of the Institute. It carries out its mandate through 7 Council Committees. The Council and its Committees meet every quarter. The Institute also has 3 independent committees to discharge statutory functions.

Council is headed by the President, who is elected at the Annual General Meeting for a 3 year term of office and can be re-elected for the second term only. He is assisted by the Vice President who is also the Chairperson for the Finance and Administration Committee. All Committees of Council are headed by a Council member who reports the business of the Committee during Council meetings. Each Committee has representation of members who are not members of Council.

Performance of Council

The Council played its oversight role over management in line with good

governance practices. All meetings of Council have taken place at the Institute and any appointments of the President are confirmed through the Secretary of the Institute and held at the Institute. The Council sets out its annual work programmes in form of schedule of meetings and approves the annual budget with the associated work programme based on the Strategic Plan.

The Council carries out a midyear review of performance of the Institute and takes remedial measures where necessary.

The business of Council is documented in form of minutes in line with its commitment to its core values and the need for transparency in all its dealings. In order to achieve the goals of the Institute, the Council delegates some strategic and operational management functions to the management team. The Council monitors the performance of the Chief Executive Officer and the top management.

The Chief Executive Officer and the Executive Management report to Council and its Committees highlighting performance of the Institute in financial, technical, education, training and membership aspects. The Chief Executive Officer provides information on any changes in the operating environment of the Institute.

Training and Development of Council Members

The Council promotes good behaviour and practices in the discharge of its mandate. During the year the Council held its annual corporate governance induction workshop for its members to ensure that there was a common understanding of their respective roles in the management of the Institute.

Corporate Governance Charter

The Council and management continued to adhere to the corporate governance charter that was approved by the previous executives as a basis of good corporate governance. The Charter which was approved five years ago would be due for review.

The Corporate Governance Charter stipulates the practical distribution of responsibilities between the President and the Chief Executive Officer, role of Committees of Council and the requirements for induction of every new Council Member. Council delegates some of its functions to the Chief Executive Officer to make the Institute more effective. This enables Council to focus on policy matters and play its oversight functions more effectively.

Management Team

The management team continued to provide its strategic leadership and direction to the Institute. Management involves staff in the management of the Institute to create a sense of belonging. The Executive Management team and staff attended various workshops to upskill themselves. As part of effective management of the people, staffs down time report has become central to ensure that each member of staff contributes effectively to the overall performance of the Institute.

Risk Management

The Council of the Institute formulated a risk management policy and implementation manual for effective identification and management of the risks the Institute is exposed to. Management has established a Risk Management Committee to identify the risks and develop risk mitigation strategies. Risks are strategic, financial, operational, reputational and investment that this committee review and reports to the respective Council Committees.

Internal Audit

The Institute advocates for post audit system for carrying out risk based internal audit work. The Institute has out sourced this service to an independent audit firm which thoroughly reviews the control systems of the Institute twice year and reports to the Audit and Risk Management Committee. The outsourced audit firm uses the risk based internal audit using the Pareto Principle.

External Audit

The Institute follows the International Federation of Accountants audit rotation policy for the external auditors. The external auditors have carried out their work independently and have indicated that when they face a familiarity challenge they would step aside in accordance with the International Auditing Standards.

Gender Main Streaming

The Institute has been sensitive in ensuring gender equality in the Institute. At the moment, the proportion of women in the Institute is 50% plus 1. The decision making process in the Institute is designed to take into consideration the impact of any such decision on gender. The representation of women in management ranks has slowly increased but not for the sake of numbers but to add value. The recruitment policy is gender blind.

Wellness Programme

The Institute has a budget line to support employee wellness programme. Each year members of staff enrol at various wellness facilities in order to serve the institute better. This wellness programme is part of the stress management regime for employees to remain healthy and fit to undertake various work assignments at the institute.

ATTENDANCE OF MEETINGS

The Council

Council meetings were held every quarter and special meetings are also held to address urgent matters that arise from time to time. Prior to every regular Council meeting, the Committees hold their meetings to report at these Council Meetings. The membership and attendance of meetings by Council Members is as shown below:

No	Name	Meetings Held	Meetings eligible to attend	Meetings attended
1.	Wesley M. Beene	6	6	6
2.	Tom J. Thewo	6	6	6
3.	Dick Sichembe	6	6	3
4.	Ethel M. Ngwira	6	3	2
5.	Chikusi Banda	6	6	4
6.	Andrew Chibuye	6	6	5
7.	Morgan Chiselebwe	6	6	6
8.	Dion D. Banda	6	6	2
9.	Maj. Humphrey C.L Mutambo (Rtd)	6	6	6
10.	Maulu O. Hamunjele	6	6	4
11.	Jason Kazilimani Jr.	6	6	2

Committees of Council

The mandate, membership and attendance of meetings by the committees of Council are as shown below:

Finance and Administration Committee

The Finance and Administration Committee primary purpose is to ensure financial stability and enhance the long-term financial sustainability of the Institute. In this regard, the Committee oversees financial planning and initiates and recommends to the Council policies which promote, on a continuous basis, the general welfare of all the members of staff of ZICA in areas relating to but not limited to; salaries and conditions of service, resources, disciplinary and staff grievances.

No	Name	Meetings Held	Meetings eligible to attend	Meetings attended
1	Tom J K Thewo	8	8	8
2	Morgan Chiselebwe	8	8	8
3	Namataa P Kalaluka	8	8	5
4	James Kapesa	8	8	4
5	Beatrice Zulu	8	8	3
6	Miriam Chiyaba	8	8	4

Public Sector Committee

The Public Sector Committee ensures that International Public Sector Accounting Standards are adopted and applied in the public sector entities, i.e. Zambian Government, local Authorities and related government entities (e.g. agencies, boards, commissions and enterprises).

No	Name	Meetings Held	Meetings eligible to attend	Meetings attended
1	Maulu Hamunjele	3	4	3
2	Shadrack Phiri	3	4	3
3	Humphrey Himwaaba	3	4	2
4	Robert Nkhata	3	4	1
5	Esther Haamaundu	3	4	2
6	Julius Mwanza	3	4	3
7	Bornwell Mpofo	3	4	2
8	Gregory Kabwe	3	4	2

Membership Committee

The primary purpose of the Committee is to oversee the registration of Accountants in practice, commerce and industry; and deal with matters incidental to their membership in line with the requirements of the Accountants Act 2008.

No	Name	Meetings Held	Meetings eligible to attend	Meetings attended
1	Morgan Chiselebwe	4	4	4
2	Collina Halwampa	4	4	3
3	Gabriel Banda	4	4	3
4	Anderson Mwape	4	4	3
5	Goodson Kapaso	4	4	1

Education and Training Committee

The overall purpose of the Education and Training Committee is to assist the Council in discharging its duties of ensuring that individuals who qualify for registration as chartered accountants in Zambia have the knowledge, skills and attitude to competently perform the duties expected of them.

No	Name	Meetings Held	Meetings eligible to attend	Meetings attended
1	Jason Kazilimani Jr	3	3	1
2	Andrew Chibuye	3	3	0
3	Tom Thewo	3	3	3
4	Satish K. Gulati	3	3	3
5	Fidelis Cheelo	3	3	2
6	Munsaka C. Mabbolobolo	3	3	2
7	Linda Siwingwa	3	3	0
8	Tinashe Jerahuni	3	3	2

Technical Committee

The purpose of the Technical Committee is to provide technical guidance to Council and members on accounting pronouncements in the accountancy profession in Zambia.

No	Name	Meetings Held	Meetings eligible to attend	Meetings attended
1	Andrew Chibuye	3	3	3
2	Jason Kazilimani	3	3	2
3	Chrispin Daka	3	3	2
4	Alice J. Tembo	3	3	2
5	Muppala N. Raju	3	3	3
6	Gilbert Muyalwa	3	3	3
7	Dion D. Banda	3	3	1

Taxation Committee

The main purpose of the Committee is to provide guidance on taxation matters affecting the nation and business at large.

No	Name	Meetings Held	Meetings eligible to attend	Meetings attended
1	Dion D. Banda	4	4	2
2	Chikusi Banda	4	4	0
3	Michael Phiri	4	4	4
4	William Mwila	4	4	4
5	Prince Matambo	4	4	3
6	George Chitwa	4	4	1
7	Moses Nkandu	4	4	3
8	Nelson Mwila	4	4	1
9	Joseph Chaonsa	4	4	2

Audit and Risk Management Committee

The overall purpose of the Audit and Risk Management Committee is to assist Council in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements and accounting standards.

This report gives the summary of the activities undertaken by the Committee during the year ended 31st December 2015 in line with its mandate.

No	Name	Meetings Held	Meetings eligible to attend	Meetings attended
1	Major H C L Mutambo	3	3	3
2	Ethel M. Ngwira	3	1	1
3	Fred Musonda	3	3	3
4	Namakau M. Ntini	3	3	3
5	Abonny Munsaka	3	3	3
6	Frank Munthali	3	3	1

Training and Development of Council Members

Independent Committees

As a requirement for effective self-regulation, the Accountants Act provides for the establishment of Independent Committees and Boards that carry out oversight functions for the profession. The independent committees are serviced by officers from the Standards and Regulation Directorate, who operate semi autonomously.

The independent committees include the following:

a.) Disciplinary Committee

The Chair and Vice-Chairperson of the Disciplinary Committee are senior legal practitioners who have held high judicial office or are eligible to be appointed to such an office. The Committee's business is guided by the Chief Justice Rules. The decisions of the Committee are appealable to the High Court of Zambia.

b.) Practice Review Committee

The Committee comprises people from various regulatory bodies that include Securities and Exchange Commission, Zambia Revenue Authority, representation from the big firms, representation from small to medium firms, and Bank of Zambia among others. The Committee receives reports of the audit monitoring reviews by the Practice Review Department of the Institute. The decisions of the Committee are presented before the Standards and Regulatory Board whose decisions are final. In cases where decisions require the discipline of members, such matters are taken to the Disciplinary Committee for necessary action.

c.) Standards and Regulatory Board

The Board comprises various regulatory bodies in Zambia. The primary purpose is to review the decisions of the Practice Review Committee and consider the results of Competence Practice Examinations for individuals wishing to become practitioners. The Board also receives reports from the Public Sector and Technical Committees.

d.) Benevolent Fund Board

This body receives and manages funds to help members and their families who are in distress. The membership comprises members elected directly by the AGM and work independently.

The Accountants Act provides for the establishment of Independent Committees and Boards for effective self-regulation



ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS

Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2016

GENERAL INFORMATION

Country of incorporation and domicile	Zambia
Nature of business and principal activities	The Zambia Institute of Chartered Accountants (ZICA, referred to as "Institute") is the regulatory body of Accountants in Zambia. ZICA was established by the Accountants Act, Number 28 of 1982. ZICA continues to exist as established under the Accountants Act number 13 of 2008. The principal activities are to regulate and train accountants in Zambia.
Taxpayer identification number	1002330680
Business address	Accountants Park 2374/a Thabo Mbeki Road P.O.Box 32005 Lusaka
Bankers	Stanbic Bank Zambia Limited Stanbic House Plot 2375 Addis Ababa Drive P. O. Box 31955 Lusaka Zambia National Commercial Bank Plc Centre Branch P.O. Box 33611 Lusaka
Solicitors	BETAM Chambers Plot 6911 Addis Ababa Drive P. O. Box 50742 Lusaka Sikaulu Lungu Mupeso Legal Practitioners 4 Matandani Close off Lubuto Road Rhodes Park Lusaka
Auditors	BDO Zambia Audit Services Counting House Square Thabo Mbeki Road P. O. Box 35139 Lusaka

Responsibility of the Council

The Council is required by the Accountants Act to maintain adequate accounting records and is responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Institute as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Council acknowledges that it is ultimately responsible for the system of internal financial control established by the Institute and place considerable importance on maintaining a strong control environment. To enable the Council to meet these responsibilities, the Council sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Institute and all employees are required to maintain the highest ethical standards in ensuring the Institute's activities are conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Institute is on identifying, assessing, managing and monitoring all known forms of risk across the Institute. While operating risk cannot be fully eliminated, the Institute endeavours to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

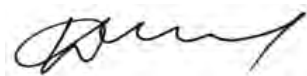
The Council is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Council has reviewed the Institute's cash flow forecast for the 12 months to 31 March 2018 and, in the light of this review the current financial position, they are satisfied that the Institute has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Institute's financial statements.

The financial statements have been examined by the Institute's external auditors and their report is presented on pages 35 and 39.

The financial statements set out on page 40 to 61, which have been prepared on the going concern basis, were approved by the Council on 17th March 2017 and were signed on its behalf by:



Wesley M Beene
President



Tom J K Thewo
Chairman Finance and Administration Committee

Report of the Council

The Council Members are pleased to present their report and audited financial statements for the year ended 31 December 2016.

Activities

The principal activities of the Institute include regulation and training of accountants in Zambia.

Financial results

Total income during the year was ZMW32.105 million (2015: ZMW27.304 million). Total expenditure for the year was ZMW30.893 million (2015: ZMW25.441 million). The Institute recorded a surplus for the year of ZMW1.212 million (2015 surplus : ZMW1.862 million).

Operations

The Institute continued the implementation of the Strategic Plan 2014-2018. Activities were undertaken in enhancing the organisational infrastructure and upholding adherence to the law and professional standards. Further activities in enhancing the quality of education and training including strengthening the ZICA brand were also undertaken during the year under review.

Council Members

The Council Members who held office during the year were as follows:-

Mr. W M Beene	President
Mr. T J K Thewo	Vice President
Mrs E N Muyaka	Member
Mr. C Banda	Member
Mr. D C Sichembe	Member
Mr. D Banda	Member
Mr. O M Hamunjele	Member
Mr. A Chibuye	Member
Mr. M Chiselebwe	Member
Maj. H C L Mutambo (Rtd)	Member
Mr. J Kazilimani jr.	Member

Council Members interests

None of the Council Members had any material interest in any contracts awarded during the year. (2015:none)

Employees and their remuneration

The total remuneration of employees during the year amounted to ZMW11.984 million (2015: ZMW10.434 million) and the average number of employees was 36 (2015 : 37).

Property, plant and equipment

During the year, the major changes to property, plant and equipment related to the following additions:

	2016 (ZMW)	2015 (ZMW)
Leasehold land and buildings	114,336	692,850
Computer equipment	129,327	50,490
Office equipment	68,784	16,052
Furniture and fittings	30,443	52,605
Library books	40,469	47,253
Work in progress	3,486,993	67,222
Total	3,870,352	926,472

Report of the Council Cont'd

Auditors

Messrs. BDO Zambia Audit Services' term of office ceases at the next Annual General Meeting. A resolution proposing their re-appointment as auditors and authorising Council to determine their remuneration will be proposed at the Annual General Meeting.

By order of Council



Secretary and Chief Executive Officer
Lusaka



Lusaka Office
Counting House Square
Thabo Mbeki Road
PO Box 35139, Lusaka, Zambia
Phone: Zambia +260 211 250222
Fax : +260 213 332929
Email: contact@bdo.co.zm
Website: <http://bdo.co.zm>

Independent auditor's report

To the members of Zambia Institute of Chartered Accountants

Opinion

We have audited the accompanying financial statements of Zambia Institute of Chartered Accountants which comprise the statement of financial position at 31 December 2016, the statement of comprehensive income, statement of changes in members funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 40 to 60.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Accountants Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Institute in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent auditor's report cont'd

Topic	KAM Title	Description of Key Audit Matter and Why a matter of most significance in the audit	Description of Auditor's Response (i.e., How matter addressed in the audit)
Investments	Valuation of investment property	<p>The valuation of the investment property is important to our audit as it represents a significant judgment area and an important part of the total assets of the Institute. The valuation of the investment property is highly dependent on estimates. We therefore identified the valuation of investment property as a significant risk. The Institute's policy is that property valuations are performed by external experts at least once a year. These valuations are amongst others based on assumptions, such as historical transactions, and market knowledge.</p>	<p>Amongst others, we have considered the objectivity, independence and expertise of the external appraisers. We furthermore assessed the correctness of the property related data as used as input for the valuations, we reviewed the underlying assumptions. We further focused on the adequacy of the disclosures on the valuation of investment property. Disclosures of this item are included in note 4 of the financial statements.</p>
Recognition and Measurement	Capitalisation practices and asset lives for property, plant and equipment and software tangible assets	<p>Capitalisation of costs to assets are areas of significant judgement by the Council. There are two main risks that we addressed in our audit:</p> <ul style="list-style-type: none"> - the risk that amounts being capitalised do not meet capitalization criteria; and - the risk that the useful economic lives assigned to assets are inappropriate. <p>Our work also focused on the capitalisation of costs for the Livingstone – Development project.</p> <p>Capitalisation of costs to assets are areas of significant judgement by the Council. There are two main risks that we addressed in our audit:</p> <ul style="list-style-type: none"> - the risk that amounts being capitalised do not meet capitalization criteria; and - the risk that the useful economic lives assigned to assets are inappropriate. <p>Our work also focused on the capitalisation of costs for the Livingstone – Development project.</p>	<p>We evaluated the design and tested the operating effectiveness of controls around the property, plant and equipment. We determined that the effective operation of the controls provided us with audit evidence in respect of the capitalisation practices. We assessed the nature of costs incurred in capital projects through testing of amounts recorded and assessing whether the description of the expenditure met capitalisation criteria. We found no material misstatements from our testing. We tested the controls over the annual review of asset lives. In addition, we tested whether the directors' decisions on asset lives are appropriate by considering our knowledge of the business. We also tested whether approved asset life changes were appropriately applied prospectively to the fixed asset register. We found that the asset lives were consistent with those commonly used in the industry and appropriately reflected technological developments.</p>

Independent auditor's report cont'd

Topic	KAM Title	Description of Key Audit Matter and Why a matter of most significance in the audit	Description of Auditor's Response (i.e., How matter addressed in the audit)
Intangibles	Carrying value of intangible assets	<p>The Institute has significant intangible assets arising from the iMIS Software development and development costs related to expenditure on the ZICA Accountancy, Taxation and Public Sector Finance Programmes both launched and in development. Recoverability of these assets is based on management's assessment, which is inherently highly judgmental. For products in development the main risk is achieving successful trial results. For launched products, the key risk is the ability to successfully commercialise the individual product concerned.</p>	<p>In this area our principal audit procedures included testing the Institute's controls surrounding intangible asset impairments and evaluating the Institute's assumptions used in assessing the recoverability of intangible assets. Our procedures for development costs in development included critically assessing the reasonableness of the Institutes assumptions through consideration of the Institute's internal governance and approval process. Our procedures also included holding discussions with relevant management personnel. We also assessed the adequacy of related disclosures in the Institute's financial statements. We found the Institute's assumptions and the resulting estimates to be balanced.</p>
Reconciliations	Integration of the iMIS and Pastel System	<p>The Institute has implemented a new system which integrates iMIS and Pastel. However this integration process is not fully implemented. The revenue module is affected by this integration. This module form a significant part of the financial statements. The reconciliation process is manually driven and involves a matching process between departmental iMIS transactions and the Pastel accounting transactions. This manual intervention process increases the risk of error. There is a risk that cut-off procedures may not be correctly performed due to the lack of integration between the Inventory/ Membership/ Students IMIS system and the accounting PASTEL system. Reconciliations are performed quarterly.</p>	<p>We evaluated the design and tested the operating effectiveness of controls around the integration of iMIS and Pastel.</p> <p>We reviewed the reconciliation between iMIS and Pastel and evaluated the nature of the reconciling items. We determined that the effective operation of the controls provided us with audit evidence in respect of the integration process.</p> <p>We found no material misstatements from our testing.</p>

Independent auditor's report cont'd

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Accountants Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of the Councils' 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 Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Institute to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Institute audit. We remain solely responsible for our audit opinion.

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

We also provide the Council 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.

From the matters communicated with the Council, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Supplementary information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 61 does not form part of the audited financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Report on other legal and regulatory requirements

The Accountants Act requires that in carrying out an audit, we consider whether or not an Institution has kept the accounting records and registers as required by this Act. We confirm that in our opinion the accounting records, other records and registers required by the Accountants Act have been properly kept by the Institute.

The logo for BDO, consisting of the letters 'B', 'D', and 'O' in a stylized, interconnected font.

BDO Zambia Audit Services
DATE: 17 March 2017

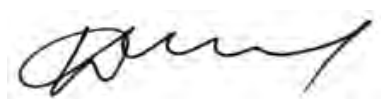
A handwritten signature in black ink, appearing to read 'W P Saunders'.

W P Saunders
Partner
AUD/F000038

Statement of financial position

	Note	2016 ZMW	2015 ZMW
ASSETS			
Non-current assets			
Property, plant and equipment	3	22,594,909	19,787,582
Investment property	4	2,650,000	8,439,300
Equity investments	5	746,761	1,177,922
Intangible assets	6	4,429,226	3,513,562
Other assets	9	566,221	78,135
		30,987,117	32,996,501
Current assets			
Inventories	8	398,103	505,503
Accounts receivable	9	1,055,330	574,495
Investment securities	7	2,647,222	2,317,105
Cash and cash equivalents	10	5,748,199	1,584,838
		9,848,854	4,981,941
Total assets		40,835,971	37,978,442
MEMBERS' FUND AND LIABILITIES			
Accumulated fund		15,175,988	13,674,134
Revaluation reserve		11,481,920	11,786,675
Other reserves		(191,369)	225,094
		26,466,539	25,685,903
Non current liabilities			
Employee liabilities	11	286,917	111,642
Deferred income	13	6,654,535	7,124,285
		6,941,452	7,235,927
Current liabilities			
Trade and other payables	12	7,427,980	5,056,612
Total liabilities		14,369,432	12,292,539
Total members' fund and liabilities		40,835,971	37,978,442

The responsibility of the Council with regard to the preparation of the financial statements is set out on page 32. The financial statements on pages 40 to 61 were approved by the Council on 17th March 2017 and were signed on its behalf by:



Wesley M Beene
President



Tom J K Thewo
Chairman
Finance and Administration Committee

Statement of profit or loss and other comprehensive income

	Note	2016 ZMW	2015 ZMW
Revenue			
Income	14	22,243,524	18,071,973
Other income	15	9,391,539	8,761,910
Capital grant amortised	13	469,750	469,750
Total income		32,104,813	27,303,633
Expenditure			
Operating expenses		16,694,234	12,726,206
Depreciation and amortisation		1,410,749	1,486,312
Employee benefits expenses		12,788,033	11,228,806
Total expenditure		30,893,016	25,441,324
Surplus before tax		1,211,797	1,862,309
Income tax expense	16	-	-
Surplus for the year		1,211,797	1,862,309
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Loss on available for sale investments	5	(431,161)	(284,954)
Other comprehensive income for the year		(431,161)	(284,954)
Total comprehensive income for the year		780 636	1,577,355

The notes on pages 44 to 61 are an integral part of these financial statements

Statement of cash flows

	Note	2016 ZMW	2015 ZMW
Cash flows from operating activities			
Surplus before tax		1,211,797	1,862,309
Adjustments to reconcile surplus before tax to net cash flows:			
Depreciation	3	1,063,025	1,148,726
Amortisation of development costs	6	347,724	337,586
Interest income	15	(516,382)	(395,094)
Dividends received	15	(10,727)	(15,892)
Change in fair value of investment property	4	(119,200)	(2,533,830)
Profit on disposal of property, plant and equipment		(409,500)	(37,000)
Increase in deferred income	13	-	680,000
Capital grant amortised	13	(469,750)	(469,750)
		1,096,987	577,055
Decrease /(Increase) in inventories	8	107,400	(87,644)
(Increase)/Decrease in accounts receivables	9	(968,921)	94,018
Increase in trade and other payables	11,12	2,546,643	1,631,506
Net cash flows from operating activities		2,782,109	2,214,935
Cash flow from investing activities			
Interest income		516,382	395,094
Purchase of property, plant and equipment	3	(383,360)	(926,472)
Proceeds from disposal of property, plant and equipment		6,318,000	37,000
Dividend received		10,727	15,892
Acquisition of intangible assets	6	(1,263,388)	(1,405,459)
(Acquisition)/Redemption of investment securities		(330,117)	520,761
Payment to acquire equity investments	5	(3,486,992)	-
Net cash flows from investing activities		1,381,252	(1,363,184)
Net cash flow		4,163,361	851,751
Cash and cash equivalents at beginning of the year		1,584,838	733,087
Cash and cash equivalents at end of the year	10	5,748,199	1,584,838

The notes on pages 44 to 61 are an integral part of these financial statements

Statement of changes in members' funds

	Accumulated fund (ZMW)	Properties revaluation reserve (ZMW)	Available for sale reserve (ZMW)	Whistle blower protection fund (ZMW)	Total (ZMW)
Balance at 1 January 2015	11,521,768	12,091,430	432,327	63,023	24,108,548
Total comprehensive income	1,862,309	-	(284,954)	-	1,577,355
Amortisation	304 755	(304 755)	-	-	-
Funds transfer	(14 698)	-	-	14 698	-
Balance at 31 December 2015	13,674,134	11,786,675	147,373	77,721	25,685,903
Balance at 1 January 2016	13,674,134	11,786,675	147,373	77,721	25,685,903
Total comprehensive income	1,211,797	-	(431,161)	-	780,636
Amortisation	304 755	(304 755)	-	-	-
Funds transfer	(14 698)	-	-	14 698	-
Balance at 31 December 2016	15,175,988	11,481,920	(283,788)	92,419	26,466,539

- i. The accumulated fund represents carried forward recognised income net of expenses for the Institute.
- ii. The revaluation reserve is the surplus on land and buildings that were revalued as at 31 December 2012.
- iii. The whistle blower protection fund is a reserve to protect members who report activities that are not in line with the ethics of the Institute.
- iv. The available for sale reserve represents the cumulative gains and losses on the revaluation of available for sale financial assets that have been recognised in other comprehensive income.

Significant Accounting Policies

1 Regulatory framework

The Zambia Institute of Chartered Accountants was established by the enactment of the Accountants Act, Number 28 of 1982 now repealed and continues to exist as if established under the Accountants Act Number 13 of 2008.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of Zambia Institute of Chartered Accountants have been prepared in accordance with International Financial Reporting Standards and the requirements of the Accountants Act Number 13 of 2008. The financial statements have been prepared under the historical cost convention and the accounting policies have been consistently applied with the exception of leasehold buildings and investments classified as available for sale for which a revaluation policy has been adopted. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.2 Functional and presentation currency

The functional and presentation currency of the Institute is the Zambian Kwacha.

2.3 Property, plant and equipment

Property, plant and equipment (PPE) are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period. Items of property, plant and equipment are initially recognised at cost with subsequent measurement at cost less accumulated depreciation and any accumulated impairment losses. The leasehold building is subsequently carried at a revalued amount, being the fair value at the date of revaluation, determined from market based evidence by appraisal undertaken by independent professional valuers, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Any revaluation increase arising on the revaluation of such leasehold building is credited to the revaluation reserve. A decrease in the carrying amount arising on the revaluation of such leasehold buildings is debited to the revaluation reserve to the extent of any previous revaluations of that asset in reserves before recognition in the profit and loss. Depreciation is calculated on the straight-line basis at rates estimated to write down assets to their residual value over their estimated useful lives. The annual rates used are:

Leasehold buildings	2.5%
Motor vehicles	25%
Furniture, fittings, equipment and library books	20%
Capital work in progress is not depreciated.	

The carrying value of assets is reviewed at each statement of financial position date to assess whether there is an indication of impairment. If any such indication exists, the recoverable amounts are estimated. Where the carrying value exceeds the estimated recoverable amount such assets are written down to their recoverable amount. If the circumstances leading to the impairment no longer exist, the appropriate portion of the impairment loss previously recognised is written back.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and carrying amount of the asset and is recognised in profit or loss.

2.4 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. The Institutes property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains and losses arising from changes on the fair value of investment properties are included in the profit or loss in the period in which they arise. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition is included in profit or loss in the period in which the property is derecognised.

2.5 Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance. Intangible assets are identifiable resources controlled by the Institute from which the Institute expects to derive future economic benefits. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Institute and the cost of the asset can be measured reliably. Intangible assets that are acquired and have finite useful lives are initially recognised at cost with subsequent measurement at cost less any accumulated amortisation and any impairment losses. The intangible assets are amortised at 20% per annum on a straight line basis. An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains and losses from derecognition of an intangible asset are recognised in profit or loss when the asset is derecognised.

2.6 Inventory

Inventory is stated at the lower of cost and net realisable value. The cost is determined on a weighted average cost basis and includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less any selling expenses.

2.7 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the income can be measured reliably. Income from subscriptions and fees is accounted for when received. Interest income is accrued on a time apportionment basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.8 Grants and non-monetary donations

Grants for revenue expenditure are recognised in profit or loss during the period in which they are received. Grants for capital expenditure and donations of non-monetary assets are credited to a deferred income account at their cash or fair values. The deferred income is transferred to profit or loss each year on a systematic and rational basis over the useful lives of the related assets.

2.9 Transactions in foreign currencies

Transactions in foreign currencies during the year are converted into Zambian Kwacha at rates ruling at the transaction dates. Assets and liabilities denominated in foreign currencies are translated into Zambian Kwacha at rates ruling at the statement of financial position date. The resulting differences from conversion and translation are dealt with in the statement of comprehensive income in the year in which they arise.

2.10 Cash and cash equivalents

Cash comprises cash on hand, at bank and demand deposits with banks. Cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash, deposits in banks and short term investments, net of outstanding bank overdrafts.

Significant Accounting Policies Cont'd

2.11 Employee benefits

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Institute pays fixed contributions into the National Pension Scheme Authority. The Institute has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received. The cost of gratuity and annual leave are recognised during the period in which the employee renders the related service. Accruals for employee entitlement to gratuity and annual leave represent the present obligation, which the Institute has to pay as a result of the employee services provided to the reporting date.

Employee's liabilities are recognised for the amount expected to be paid for the gratuity and annual leave as the Institute has a present legal constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.12 Financial assets

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available for sale financial assets as appropriate. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. A financial asset is impaired if its carrying amount is greater than the estimated recoverable amount. The recoverable amount is estimated at the present value of expected future cash flows discounted at the financial instruments original interest rate.

The Institute's principal financial assets are GRZ bonds, treasury bills, bank balances and cash and trade and other receivables. These are measured at amortised cost using the effective interest method less any impairment. The Institute derecognises a financial asset when the contractual right to the cash flows from the asset expires or when it transfers the financial assets and substantially all the risks and rewards of ownership of the asset to another party. The Institute maintains its bank accounts with licensed banks in Zambia.

2.13 Financial liabilities

Financial liabilities are classified as either financial liabilities through profit or loss or other financial liabilities. Financial liabilities are classified as either financial liabilities through profit or loss or other financial liabilities. Financial liabilities are classified according to the substances of the contractual arrangements entered into. Financial liabilities are recognised initially at fair value and in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Institute's other financial liabilities are trade and other payables. Trade and other payables are measured at amortized cost using the effective interest rate. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.14 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability the principal must be accessible to by the institute. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Significant Accounting Policies Cont'd

A fair value measurement of a non-financial asset takes place into account market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it another market participant that would use the asset in its highest and best use. The institute use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- **Level 1** Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Institute determines whether transfers have occurred between levels in the hierarchy by re-assessing the categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Institutes accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Institute's Valuation Committee (which comprises executive management) determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted AFS financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operations. The Valuation Committee comprises the Chief Executive Officer, Director of Finance, Finance Manager and the Managers of each property.

External valuers are involved for valuation of significant assets, such as properties and AFS financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Institute's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Institute's external valuers, which valuation techniques and inputs to use for each case. At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Institute's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The Valuation Committee, in conjunction with the Institute's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable. On an interim basis, the Valuation Committee and the Institute's external valuers present the valuation results to the Audit Committee and the Institute's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Institute has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Significant Accounting Policies Cont'd

2.15 Current versus non-current classification

The Institute presents assets and liabilities in statement of financial position based on current/non-current

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period

Or

- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. The Institute classifies all other liabilities as non-current.

2.16 Investment securities

a) Government bonds

Investments in GRZ bonds are held to maturity and are valued at amortised cost using the effective interest rate method less any provision for impairment.

b) Shares

The fair value of shares that are actively traded on the Stock Exchange is determined by reference to quoted market bid prices at the close of business on the statement of financial position date. Any changes in value of the shares is reflected through the statement of comprehensive income.

2.17 Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Institute's financial statements are disclosed below. The Institute intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Institute plans to adopt the new standard on the required effective date. During 2016, the Institute has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Institute in the future.

Significant Accounting Policies Cont'd

Overall, the Institute expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Institute expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

(a) Classification and measurement

The Institute does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in OCI will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The AFS reserve currently in accumulated OCI will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through OCI under IFRS 9 as the Institute expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, the Institute expects that these will continue to be measured at amortised cost under IFRS 9. However, the Institute will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires the Institute to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Institute expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Institute expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, the Institute does not expect a significant impact as a result of applying IFRS 9. The Institute does not expect this amendment to affect the institution.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018, when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Institute plans to adopt the new standard on the required effective date using the full retrospective method. During 2015, the Institute performed a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Furthermore, the Institute is considering the clarifications issued by the IASB in an exposure draft in July 2015 and will monitor any further developments.

In applying IFRS 15, the Institute would consider the following:

Sale of goods

The Institute expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Rendering of services

The Institute provides membership and examination services. The Institute has preliminarily assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Institute. Consequently, the Institute does not expect any significant impact to arise from these service contracts.

Significant Accounting Policies Cont'd

IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

Identification of a lease

IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. Control is considered to exist if the customer has:

- the right to obtain substantially all of the economic benefits from the use of an identified asset; and
- the right to direct the use of that asset.

The Standard provides detailed guidance to determine whether those conditions are met, including instances where the supplier has substantive substitution rights, and where the relevant decisions about how and for what purpose the asset is used are predetermined.

Lessee accounting

IFRS 16 introduces changes to lessee accounting as it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any re-measurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications. If a lessee elects not to apply the general requirements of IFRS 16 to short-term leases (i.e. one that does not include a purchase option and has a lease term at commencement date of 12 months or less) and leases of low value assets, the lessee should recognise the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis, similar to the current accounting for operating lease

Lessor accounting

IFRS 16 lessor accounting requirements remain largely unchanged from IAS 17, which continue to require a lessor to classify a lease either as an operating lease or a finance lease.

In addition, IFRS 16 also provides guidance on the accounting for sale and leaseback transactions. Extensive disclosures are also required by the new Standard.

The amendments are effective for annual reporting periods beginning on or after 1 January 2019 with earlier application permitted. The Institute expects a minimal impact on its financial statements.

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions

The amendments clarify the following:

- In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
- Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority (typically in cash),
- i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
- A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:
 - the original liability is derecognised;
 - the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

Significant Accounting Policies Cont'd

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. The amendments are not expected to have any impact on Institute's financial statements.

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific format to disclose financing activities; however, an entity may fulfil the disclosure objective by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017. The amendments are not expected to have any impact on the Institute's financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the following:

- Decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;
- When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;
- The estimate of probable future taxable profits may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
- In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences.

The amendments apply retrospectively for annual periods beginning on or after 1 January 2017 and are not expected to have any impact on the financial statements of the Institute.

2.18 Key Sources of Estimation Uncertainty

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

Recoverability of internally generated intangible asset

During the year, the Institute considered the recoverability of its internally generated intangible asset arising from its development of the ZICA Accountancy Programme which is included in the financial statement with a carrying value of ZMW 2,568,028 (2015: ZMW 1,807,332). The Institute is confident that the carrying amount of the asset will be recovered in full.

Useful lives of Property, Plant and Equipment

The Institute reviews the estimated useful lives of property, plant and equipment (PPE) at the end of each reporting period. During the year, the Institute determined that the useful lives of all items of PPE did not require adjustment.

Fair Value Measurements and valuation processes

Some of the Institute's assets and liabilities are measured at fair value for financial reporting purposes. The Institute has set up a Valuation Committee to determine the appropriate valuation techniques and inputs for fair value measurement.

In estimating the fair value of an asset or liability, the Institute uses market-observable data to the extent that it is available. Where level 1 inputs are not available, the Institute engages third party qualified valuers to perform the valuation. The Valuation Committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Notes to the Financial Statements

3. Property, plant and equipment

Owned assets	2016			2015		
	Cost / valuation (ZMW)	Accumulated depreciation (ZMW)	Carrying value (ZMW)	Cost / valuation (ZMW)	Accumulated depreciation (ZMW)	Carrying value (ZMW)
Leasehold land and buildings	19,597,186	(1,879,560)	17,717,626	19,482,850	(1,409,250)	18,073,600
Motor vehicles	1,301,355	(1,181,677)	119,678	1,432,532	(1,189,148)	243,384
Computer equipment	2,091,010	(1,734,210)	356,800	1,961,682	(1,550,324)	411,358
Office equipment	1,054,533	(950,547)	103,986	985,750	(713,054)	272,696
Machinery	278,424	(167,055)	111,369	278,424	(111,370)	167,054
Furniture and fittings	1,526,858	(1,203,345)	323,513	1,217,991	(932,976)	285,015
Library books	87,722	-	87,722	47,253	-	47,253
Work in progress	3,774,215	-	3,774,215	287,222	-	287,222
	29,711,303	(7,116,394)	22,594,909	25,693,704	(5,906,122)	19,787,582

2016

Owned assets	Carrying value at beginning of year (ZMW)	Additions (ZMW)	Depreciation (ZMW)	Depreciation disposal (ZMW)	Disposal (ZMW)	Carrying value at end of year (ZMW)
Leasehold land and buildings	18,073,600	114,336	(470,309)	-	-	17,717,627
Motor vehicles	243,383	-	(123,706)	364,540	(364,540)	119,677
Computer equipment	411,359	129,328	(183,887)	-	-	356,800
Office equipment	49,957	68,784	(14,755)	-	-	103,986
Machinery	167,054	-	(55,685)	-	-	111,369
Furniture and fittings	507,754	30,442	(214,683)	-	-	323,513
Library books	47,253	40,469	-	-	-	87,722
Work in progress	287,222	3,486,993	-	-	-	3,774,215
	19,787,582	3,870,352	(1,063,025)	364,540	(364,540)	22,594,909

2015

Owned assets	Carrying value at beginning of year (ZMW)	Additions (ZMW)	Depreciation (ZMW)	Depreciation disposal (ZMW)	Disposal (ZMW)	Carrying value at end of year (ZMW)
Leasehold land and buildings	17,850,500	692,850	(469,750)	-	-	18,073,600
Motor vehicles	405,491	-	(162,108)	364,541	(364,541)	243,383
Computer equipment	599,387	50,490	(238,518)	-	-	411,359
Office equipment	161,818	16,052	(127,913)	-	-	49,957
Machinery	222,739	-	(55,685)	-	-	167,054
Furniture and fittings	549,901	52,605	(94,752)	-	-	507,754
Library books	-	47,253	-	-	-	47,253
Work in progress	220,000	67,222	-	-	-	287,222
	20,009,836	926,472	(1,148,726)	364,541	(364,541)	19,787,582

Notes to the Financial Statements Cont'd

	2016 ZMW	2015 ZMW
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3. Property, plant and equipment (Continued)

The leasehold buildings were last valued at 31 December 2012 on an open market value basis by qualified, independent valuers from Knight Frank who have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The leasehold buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation surplus was credited to other comprehensive income and is included on the statement of financial position and in the statement of changes in members' funds. Had the revalued properties been measured on a historical cost basis, their net book value would have been ZMW 8,786,703.

4. Investment property

Opening balance	8,439,300	5,905,470
Disposals during the year	(5,908,500)	-
Change in fair value of investment property	119,200	2,533,830
Closing balance	2,650,000	8,439,300

The Institute engaged an independent valuation specialist to assess fair value as at 31 December 2016 for revaluation of the Investment Property. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided below.

The revalued Investment Property consists of Lot No. 19921/M Livingstone. Fair value of the property was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, adjusted for differences in the nature, location or condition of the specific property. As at the date of revaluation, the property's fair value is based on valuations performed by Knight Frank Zambia Limited, an accredited independent valuer who has valuation experience for similar properties. There was no change to the valuation technique during the year.

5. Equity investments

Opening balance	1,177,922	1,462,876
Fair value loss	(431,161)	(284,954)
Closing balance	746,761	1,177,922

Equity investments consist of funds invested in shares in Lusaka Stock Exchange listed companies. The investments are reflected at market values and are classified as level 1 in the fair value hierarchy.

Notes to the Financial Statements Cont'd

6 Intangible assets

31 December 2016	Carrying value at beginning of year (ZMW)	Additions (ZMW)	Amortisation (ZMW)	Carrying value at end of year (ZMW)
Software costs	1 706 230	154,968	-	1,861,198
Development costs	1 807 332	1,108,420	(347,724)	2,568,028
	3 513 562	1,263,388	(347,724)	4,429,226

31 December 2015	Carrying value at beginning of year (ZMW)	Additions (ZMW)	Amortisation (ZMW)	Carrying value at end of year (ZMW)
Software costs	1,351,429	354,801	-	1,706,230
Development costs	1,094,260	1,050,658	(337,586)	1,807,332
	2,445,689	1,405,459	(337,586)	3,513,562

Software costs relate to iMIS software which is not fully operational and its implementation is expected to be finalised during the year 2017. Development costs relate to expenditure on the ZICA Accountancy, Taxation and the Public Sector Finance Programmes. The expenditure is being amortised over a period of five years.

Notes to the Financial Statements Cont'd

	2016 ZMW	2015 ZMW
7. Investment securities		
Current portion		
Fixed deposits	2,647,222	2,317,105
	2,647,222	2,317,105
8. Inventories		
Study manuals	398,103	505,503
The cost of inventories recognised as an expense during the year was ZMW 642,885 (2015: ZMW 430,419).		
9. Accounts receivable		
Staff loans and advances (short term component)	693,301	341,112
Sundry debtors	231,088	209,235
Prepayments	130,941	24,148
	1,055,330	574,495
Non current asset		
Other assets		
Staff loans and advances (Long term component)	566,221	78,135
	1,621,551	652,630
10. Cash and cash equivalents		
Cash at bank	5,745,156	1,581,498
Cash on hand	3,043	3,340
	5,748,199	1,584,838
11. Employee liabilities		
Balance at 31 December	1,603,144	1,148,258
Less short term portion (note 12)	(1,316,227)	(1,036,616)
Long term portion	286,917	111,642
The employee liabilities represent accruals for gratuity and annual leave entitlement by employees. The employees of the Institute are members of the National Pension Scheme Authority. The Institute contributed 5% to the retirement benefit scheme subject to the social security ceiling of ZMW 895 of an employees' total monthly contribution in order to fund the benefits. The total expenses recognised in profit or loss was ZMW 274,726 (2015: ZMW 247,670)		
12 Accounts payable		
Accruals	2,148,066	891,887
Benevolent fund	10,498	53,033
Subscriptions received in advance (note 13)	2,249,011	1,611,556
Employee liabilities (note 11)	1,316,227	1,036,616
Sundry creditors	1,704,178	1,463,520
	7,427,980	5,056,612

Notes to the Financial Statements Cont'd

	2016 ZMW	2015 ZMW
13. Deferred Income		
Current		
Subscriptions received in advance (i)	2,249,011	1,611,556
Non current		
Grants (ii)		
Opening balance	7,124,285	6,914,035
Amortisation	(469,750)	(469,750)
Closing balance	6,654,535	6,444,285
Donated land (iii)	-	680,000
	6,654,535	7,124,285

- i. The deferred income arose from subscriptions received in advance during the year.
- ii. The deferred income arose as a result of the Government grant received in relation to the construction of the Institute's Head Office on plot 2374/a Thabo Mbeki Road. The grant is recognised in profit or loss on a systematic basis over the useful life of the asset.
- iii. The Institute received a donation of land from Mopani Copper Mines in 2015. The land is situated on subdivision D1 of farm no.1469, corner of Kitwe-Kalulushi road and Southdowns Airport road, Kitwe West in Kitwe. The land will be subject to amortisation over the remaining lease period.

14. Income

Examination and exemption fees	9,697,766	8,775,772
Fees and subscription	11,405,720	8,418,932
Practicing certificate fees	1,031,744	818,734
Firm registration and competence fees	108,294	58,535
	22,243,524	18,071,973

15 Other income

Interest income	516,382	395,094
Proceeds from sale of manuals	1,150,863	1,053,581
Rental income	45,000	180,000
Sundry income	840,596	424,826
Advertising income	11,900	14,860
Seminars and workshops	6,696,871	4,101,837
Dividends received	10,727	15,892
Exchange gain	-	41,990
Gain on fair value of Investment Property	119,200	2,533,830
	9,391,539	8,761,910

16 Taxation

The Institute is exempt from taxation under the Income Tax Act Section 5(i) of part III Second Schedule of CAP 323 of the Laws of Zambia.

	2016 ZMW	2015 ZMW
17 Related party transactions		
The remuneration of key management personnel and Council and Committee members during the year was as follows:		
Short term benefits	4,062,225	3,626,064
Post employment benefits	1,053,900	882,313
	5,116,125	4,508,377
Loans to key management personnel	395,422	210,413
Council and committee expenses	173,857	179,477

Council and Committee members receive an honorarium of ZMW 250 per sitting as part of cost recovery for the expenses they directly incur in discharging their duties for the Institute.

18 Financial instruments

Financial assets and financial liabilities

The management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the institution based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2015, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Fair value of the quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

Categories of financial instruments

31 December 2016			
	Loans and Receivables	Available for sale	Total
	(ZMW)	(ZMW)	(ZMW)
Financial assets			
Cash and bank balances	5,748,199	-	5,748,199
Accounts receivable	1,490,610	-	1,490,610
Investment securities	2,647,222	-	2,647,222
Equity investments		746,761	746,761
	9,886,031	746,761	10,632,792
Financial Liabilities			
Amortised cost (Trade payables)			6,111,753
31 December 2015			
	Loans and Receivables	Available for sale	Total
	(ZMW)	(ZMW)	(ZMW)
Financial assets			
Cash and bank balances	1,584,838	-	1,584,838
Accounts receivable	628,482	-	628,482
Investment securities	2,317,105	-	2,317,105
Equity investments		1,177,922	1,177,922
	4,530,425	1,177,922	5,708,347
Financial Liabilities			
Amortised cost (Trade payables)			4,019,996

Notes to the Financial Statements Cont'd

	2016 ZMW	2015 ZMW
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Risk Management

Risk is inherent in the Institute's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Institute's continuing viable operations.

Exposure to currency, interest rate, credit and liquidity risk arises in the normal course of the Institute's business.

(i) Credit Risk

Credit risk is the risk of financial loss of the Institute if a counterparty to a financial instrument defaults on contractual obligations. The Institute is subject to credit risk through its trading and investing activities. The Institute's primary exposure to credit risk arises through its investment securities, cash deposits, account receivables and cash equivalents. The Institute evaluates counterparties for credit worthiness where credit risk arises and there are no credit ratings readily available. The counterparties for investment securities and cash equivalents are Bank of Zambia (BOZ) and commercial banks licensed by Bank of Zambia. The Government securities are rated B by Fitch.

The Institute does not hold any collateral to cover its credit risk associated with accounts receivables in respect of staff loans and advances except that the credit risk is mitigated by ensuring that staff loans and advances do not exceed the gratuity payable to employees. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Investment securities	2,647,222	2,317,105
Accounts receivables	1,490,610	628,482
	4,137,832	2,945,587

All financial assets at the end of the reporting period were neither past due nor impaired.

(ii) Liquidity Risk

Liquidity risk arises in the general funding of the Institute's operations and in the Management of positions. It includes both the risk of being unable to fund financial liabilities when they mature and the risk of being unable to liquidate financial assets at close to their fair value. The following are the contractual maturities of financial liabilities.

31 December 2016	Carrying Amount (ZMW)	Contractual Cash Flows (ZMW)	withing 1 year (ZMW)	1-2 years (ZMW)	2-5 years (ZMW)	Longer than 5 years (ZMW)
Financial liabilities						
Other payables	6,111,753	-	6,111,753	-	-	-

31 December 2015	Carrying Amount (ZMW)	Contractual Cash Flows (ZMW)	withing 1 year (ZMW)	1-2 years (ZMW)	2-5 years (ZMW)	Longer than 5 years (ZMW)
Financial liabilities						
Other payables	4,019,996	-	4,019,996	-	-	-

	2016 ZMW	2015 ZMW
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(iii) Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The institute's exposure to the risk of changes in foreign exchange rates relates primarily to the institute's operating activities (when revenue or expense is denominated in a different currency from the institute's presentation currency). The Institute manages its foreign currency risk by maintaining a balance between foreign assets and liabilities that are expected to occur within a maximum 24 month period.

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonable possible change in USD exchange rates, with all other variables held constant. The impact on the Institute's profit is due to changes in the fair value of monetary assets and liabilities.

Sensitivity analysis	Assets	Liabilities
Total foreign exposure in USD	358,312	124,500
Change in USD rate	+0.2	+0.2
Effect on profit	71,662	(24,900)
Effect on equity	71,662	(24,900)

(iv) Interest Rate Risk

The Institute's operations are subject to the risk of interest rate fluctuations to the extent that interest earning assets and interest bearing liabilities mature at different times and in different amounts. The Institute is exposed to interest rate risk to the extent of the balances of the bank accounts. The Institute manages its Assets and Liabilities within its sensitivity to the interest rate changes. The Institute does not have interest bearing facilities with the banks.

(v) Price Risk

Price risk is the risk that the value of a security or portfolio of securities will fluctuate in future. The Institute holds available for sale financial assets which are subject to price risk.

The sensitivity analysis has been determined based on the exposure to equity price risks at the end of the reporting period. If the equity prices had been 5% higher/lower;

- The loss for the year ended 31 December 2016 would have been unaffected as the equity investments are classified as available for sale and no investments were disposed or impaired; and
- Other comprehensive income for the year ended 31 December 2016 would increase/ decrease by ZMW 431,161 (2015: ZMW 284,954) as a result of changes in fair value of available for sale shares. The Institutes sensitivity to equity prices has not changed significantly from the prior year.

Notes to the Financial Statements Cont'd

Fair value measurement hierarchy for assets as at 31 December 2016:

The table below analyses assets measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair

31 December 2016	Level 1 (ZMW)	Level 2 (ZMW)	Level 3 (ZMW)	Total (ZMW)
Equity Investment	746,761	-	-	746,761
Investment Property - lot No. 19912/M Livingstone	-	2,650,000	-	2,650,000
Leasehold land and building	-	19,597,186	-	19,597,186
	746,761	22,247,186	-	22,993,947

31 December 2015	Level 1 (ZMW)	Level 2 (ZMW)	Level 3 (ZMW)	Total (ZMW)
Equity Investment	1,177,922	-	-	1,177,922
Investment Property - Plot No. 24 Joseph Mwila Office	-	5,908,500	-	5,908,500
Investment Property - lot No. 19912/M Livingstone	-	2,530,800	-	2,530,800
Leasehold land and building	-	19,482,850	-	19,482,850
	1,177,922	27,922,150	-	29,100,072

For the properties categorised in level 2 of the fair value hierarchy, their fair values were derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data.

There has been no transfers between level 1 and level 2 during 2016 (2015: nil)

19 Capital commitments

The capital commitments approved by the Council as at 31 December 2016 were ZMW 1,650,000. (2015: ZMW 1,200,000). The capital commitments relate to the proposed development of lot no.19912/M Livingstone and the office complex along Thabo Mbeki road. The Institute intends to develop a convention centre in Livingstone and the consultant has completed designing the master plan in respect of the project while the architectural diagrams for the office complex were approved by the regulatory authority.

20 Contingent liabilities

There were no contingent liabilities for the year ended 31 December 2016 (2015: Nil).

21 Events after the reporting period

The Council is not aware of any matter or circumstances since the financial year end and the date of this report, not otherwise dealt with in the financial statements, which significantly affects the financial position of the Institute and the results of its operations.

Detailed Expenses

	2016 ZMW	2015 ZMW
Operating expenses		
Advertising and publicity	614,627	565,765
AGM expenses	547,303	518,341
Internal audit fee	53,200	64,640
External audit fee	127,600	116,000
Bank charges	390,551	334,895
Competence exams	16,000	14,500
Council and committee expenses	173,857	179,477
Exchange loss	156,468	-
Donations	70,000	25,000
Electricity and water	111,926	59,430
Examination expenses	2,258,096	2,324,838
Graduation expenses	144,392	69,872
ICT expenses	781,914	384,796
Insurance	942,763	1,030,899
Manuals	642,885	430,419
Motor vehicle expenses	560,265	439,997
Office expenses	329,822	349,015
Office rent	107,310	75,995
Postage	318,105	363,138
Printing and stationery	780,756	649,126
Professional fees	502,841	328,204
Publication costs of Accountant Magazine	439,734	264,034
Rates and taxes	445,350	87,111
Repairs and maintenance	290,114	224,577
Security expenses	127,189	84,370
Seminars and workshops	4,280,575	2,348,520
Subscription	420,024	267,001
Telephone	213,425	223,371
Travel - local	131,412	271,258
Travel - foreign	249,241	373,361
Travel - foreign - IFAC meetings	466,489	258,257
	16,694,234	12,726,206
Depreciation and amortisation		
Amortisation of development costs	347,724	337,586
Depreciation	1,063,025	1,148,726
	1,410,749	1,486,312
Employee benefits expenses		
Gratuity	2,195,627	1,768,804
Salaries	9,787,922	8,665,133
Staff training and development	328,026	276,822
Staff welfare	476,458	518,047
	12,788,033	11,228,806
Total expenditure	30,893,016	25,441,324

The supplementary information presented does not form part of the audited financial statements.

NOTES

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