



# 2017 ANNUAL REPORT

# WHO WE ARE

## OUR VISION & MISSION



“

### VISION

A globally respected professional accountancy organisation

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“

### MISSION

To protect public interest by upholding the highest professional standards in accountancy education and practice

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## OUR CORE VALUES

As ZICA, we take pride in our core values and incorporate them in all our daily operations and programmes.



INTEGRITY



PROFESSIONALISM



CUSTOMER CENTRIC



ACCOUNTABILITY



EXCELLENCE



INNOVATION

## OUR MANDATE

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

1



### REGULATION

The regulation of the accountancy profession

2



### EDUCATE & TRAIN

The regulation of the education and training of accountants, registration of students intending to study accountancy and Quality Assurance.

3



### SETTING STANDARDS

The setting of Accounting, Auditing and Ethical Standards

4



### PROTECT PUBLIC INTEREST

The investigation of the disclosures made in the public interest



# THE YEAR IN PICTURES



*Launch of the CA Zambia*



*Ground breaking Ceremony of the Ultra modern Office & conference Complex*



*Hon Minister of Higher Education Prof Nkandu Luo, MP at the Launch of the CA Zambia*



*Launch of the Diploma in PSFM*



*Local Authorities Workshop*



*2018 National Budget Analysis Dinner*



*The then Minister of Finance Honourable Felix Mutati, MP at ZICA Property Fund Launch*

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# YEAR IN REVIEW

## KEY HIGHLIGHTS

**1.48%** MEMBERSHIP  
GROWTH

(2016: 5%)

**STUDENT  
GROWTH 26%**

Accountancy Qualifications

(2016: 3%)

**STUDENT  
GROWTH 123%**

Taxation Qualifications

(2016: 20%)

**GRADUATE  
GROWTH 57%**

(2016: -7%)

**ACCUMULATED  
FUNDS GROWTH 29%**

(2016: 11%)

**29%** REVENUE  
GROWTH

(2016: 18%)

**210%** SURPLUS  
GROWTH

(2016: -34%)

# ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS

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

# 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) which ultimately leads to protection of public interest. In the regulation of the profession, the Institute provides a range of services.

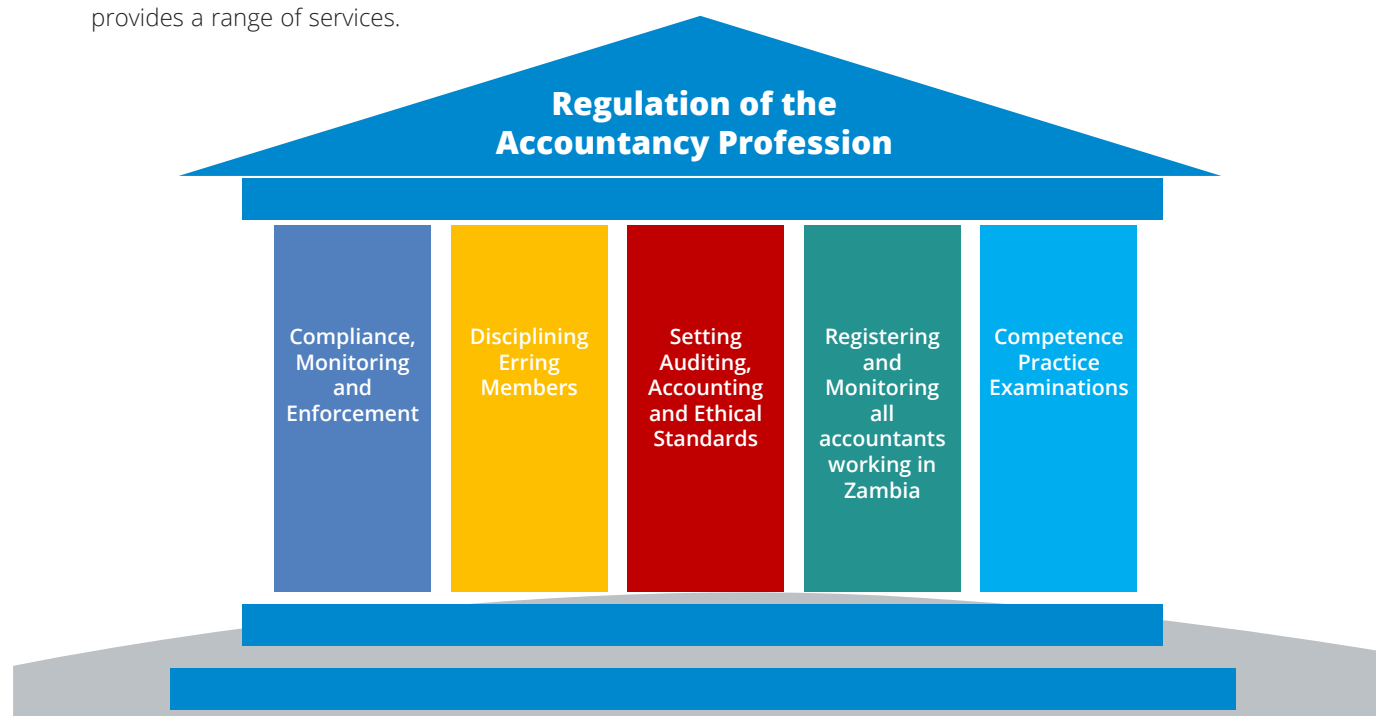


Figure 1 - Regulation of the Accountancy Profession Pillars

### COMPLIANCE MONITORING AND ENFORCEMENT

The Institute ensures that members comply with relevant professional standards. This is partly done through audit monitoring reviews for both audit firms with Public Interest Entities and Small and Medium Practitioners. We also carry out reviews of members' compliance with Continuous Professional Development requirements and enforce sanctions to members failing to comply with CPD requirements.

### DISCIPLINING ERRING MEMBERS

The Institute undertake investigations on complaints regarding professional misconduct by members. The powers to discipline members of ZICA are in the hands of the Disciplinary Committee, established under the Accountants Act of 2008. To enhance the independence of the Disciplinary Committee, the Accountants Act prescribes that the Chairperson and Vice Chairperson be senior legal practitioners with more than 15 years

of experience.

### SETTING AUDITING, ACCOUNTING AND ETHICAL STANDARDS

ZICA participates in the standard setting process by submitting comments on exposure drafts and discussion papers to various international standard setting bodies. The Institute also develops application guidelines to make specific standards necessary to comply with local business conditions and statutory requirements. Further, the Institute has various windows to provide support for professional standards implementation to members through:

- i. Technical workshops
- ii. Technical updates in the Accountancy Journal
- iii. Technical helpdesk
- iv. Issuance of pronouncements

## REGISTERING AND MONITORING ALL ACCOUNTANTS WORKING IN ZAMBIA

The Accountants Act requires all professional accountants working in Zambia to be registered with the Institute. The Institute register members and monitors their compliance. Further, the Institute carries out employer awareness programs and inspections to ensure they employ only duly registered accountants.

## 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.

# EDUCATION AND TRAINING SERVICES

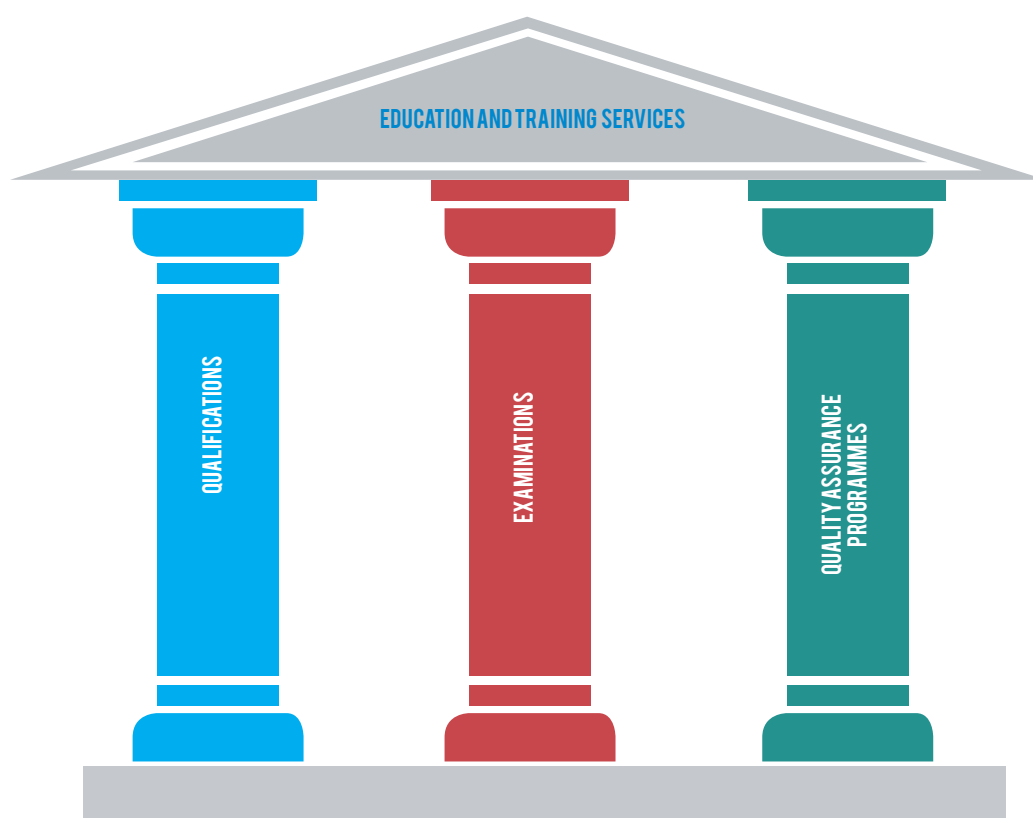


Figure 2 - Education and Training Pillars

## QUALIFICATIONS

The Institute offers four (4) qualifications namely the CA Zambia, Diploma in Accountancy, Diploma in Taxation and Post Graduate Diploma in Public Sector Financial Management.

**CA Zambia:** - the qualification aims at developing Chartered Accountants and business leaders capable

of taking up accounting and related responsibilities that business, government and regulatory authorities might demand of them. The programme has been designed to ensure graduates hold senior and advisory accountancy roles, finance or business positions in both the private and public sectors.

**Diploma in Accountancy:** - The qualification aims to

support the development of accounting personnel at the downstream and intermediate levels of the accountancy profession capable of capturing, processing and preparing basic accounting reports that business, government and regulatory authorities require.

**Diploma in Taxation:** - This is a specialised qualification designed to enhance the understanding of taxation among

professionals from a wide range of disciplines. The programme provides a thorough understanding of the tax system and practice of taxation in Zambia.

**Post Graduate Diploma in Public Sector Financial Management:** - The qualification is dedicated to the development and enhancement of the technical skills of accountants with a career in the public sector.

### EXAMINATIONS

The Institute administers examinations in June and December each year for the four qualifications. Registration for examinations is done by 31st March for the June examinations and by 30th September for the December examinations.

### QUALITY ASSURANCE PROGRAMMES

The Institute carries out various quality assurance programmes in order to maintain the required minimum standards of training of accountants. The quality assurance activities include:

**Accreditation of tuition providers:** - The Institute accredits training institutions offering accountancy studies or intending to offer tuition in accountancy programmes as a means of enhancing the quality of training.

**Accreditation of examiners:** - The Institute accredits examiners of its various programmes in order to ensure the minimum standard of the examinations are met. Accredited examiners are trained to ensure that they carry out their work in accordance with best practice.

**Accreditation of examination centres:** - We accredit and register examination centres for the purpose of conducting examinations for the Institute's programmes.

**Updating of learning materials:** - The Institute updates on an annual basis the study materials in order to ensure that the learning materials are current.



December 2017 Examinations in progress

# PRESIDENT'S REPORT



**JASON KAZILIMANI, JR**

This is my first report after you elected me as your President. I am greatly honored and privileged to present this report.

## PERFORMANCE OF THE NATIONAL ECONOMY

The national economy continued to rebound and growth as at end of the year closed at 3.8% despite earlier projections of 3% or below. The exchange rate of the Kwacha against major tradable currencies remained stable while inflation maintained the single digit rate of 6.6%. These macro economy indicators coupled with the performance in the key productive sectors of the economy had an impact on the overall performance of the Institute.



## NATIONAL ECONOMY

GDP Growth Rate closed at 3.8%



## INVESTMENT

I am confident that once proposed projects are completed, they will supplement the membership income and enable the Institute to create value for its members.

## INCREASE IN MEMBERSHIP

The performance of the Institute continued with its upward trajectory.

The number of members and students increased by 1.48 percent and 26 percent respectively

## PERFORMANCE OF THE INSTITUTE

The performance of the Institute continued with its upward trajectory during the period under review. The Institute achieved a total income of ZMW41.269 million. The expenditure for the year was ZMW37.516 million resulting in a surplus for the year of ZMW3.752 million. The number of members and students increased by 1.48 percent and 26 percent respectively during the period.

## CA PROFESSIONAL QUALIFICATION

In its quest to enhance the quality of education, the Institute restructured the ZICA professional qualification and introduced the Chartered Accountancy (CA) Qualification and the Diploma in Accountancy.

It's with a great sense of satisfaction to inform you that these new programmes have been well received by the students and the employers. The restructuring and re-branding of the accountancy qualification will change the accountancy educational landscape in Zambia for good as it improves professional standards.

## MEDIA BRIEFINGS

In order to enhance the visibility of the Institute, we introduced Quarterly Media briefings in the year under review, to speak out on national matters within our mandate as provided for by the Accountants Act.

## LONG TERM SUSTAINABILITY

In its quest to increase long term sustainability, the Institute has embarked on a diversification strategy. This ambitious programme will involve the construction of the office complex in Lusaka, Shuungu Namutitima International Convention Centre in Livingstone and an office block in Kitwe. There's a clear determination from the Institute to ensure that these projects are brought to fruition.

These proposed projects and the various activities the Institute has embarked on require vast amounts of resources hence Council's decision to continue with the diversification programme in order to broaden the resource base. I am therefore confident that once these projects are completed, they will strengthen the balance sheet of the Institute, supplement the membership income and enable the Institute to create value for its members.

In order to ensure that members take ownership of these developments, your Council introduced the ZICA Property Fund where members shall have the opportunity to buy the Property Units as a long term investment.

In this vein, may I take this opportunity to appeal to the accountancy fraternity to be ready to take up rental space in our proposed buildings and also invest generously into the ZICA Property Fund, which is the vehicle being used to raise financing for the projects apart from debt capital.

## STAKEHOLDER ENGAGEMENTS

During the period under review, the Institute held various stakeholder engagements to enhance the position of the profession within the country and externally.

### ***Working with Government***

During the period under review, the Institute held engagements with government to enhance the position of the profession within the country. Some of the collaborations include the following: meeting with the Auditor General, meeting with the Accountant General, the review of the Regulations of the Securities Act of 2016, Review of Standards and Codes for Accounting and Auditing (ROSC A & A) and Accelerated Programme for Economic Integration among five member states (Malawi, Mauritius, Mozambique, Seychelles, Zambia). Your Institute continued to appear before various committees of Parliament in order to influence public policy in matters affecting or likely to affect the accountancy profession.

### ***Working with other stakeholders***

In order to strengthen the position of the profession locally, the Institute held engagements with various stakeholders. Among the local stakeholders engaged were: Financial Intelligence Centre, Zambia Revenue Authority, Managing Partners of auditing firms in Zambia, Zambia Electricity Supply Corporation, Zambia Public Procurement Authority and the Institute of Internal Auditors. The Institute continued to sponsor the airing of the national budget on Zambia National Broadcasting

Corporation as a public service and to enhance the ZICA corporate brand.

### **International collaborations**

In order to enhance the position of the profession internationally, the Institute held engagements with various international stakeholders. Among the international engagements were meetings with the Irish Ambassador to Zambia, meeting with SAICA, Chartered Accountant Worldwide and One Young World in Bogota, Colombia. At the 2017 Annual General Assembly of the Pan African Federation of Accountants (PAFA), in Uganda, ZICA was elected to the Board of Governors. As your President, I represent the Institute as well as the southern African region of PAFA. PAFA was established to promote the Africa agenda in the accountancy profession.

### **LEGISLATIVE REVIEW**

The Accountants Act of 2008 was reviewed and the drafting of the Accountants Bill of 2018 was finalised in the year under review. The Draft Bill was reviewed by a Committee of senior members as well as the Committee of Past Presidents. The Draft Bill was submitted to the Ministry of Finance for legislative purposes. It is envisaged that the Accountants Bill 2018, will be enacted into law during the second half of 2018.

### **TENURE OF COUNCIL**

The year 2017 was an exciting year for the Institute as the Members at the AGM elected new office bearers for Council, a team I am privileged to lead as President. The key outcome of the elections was the equal gender distribution of Council members at 50%.

At this year's AGM, one member Chikusi Banda representing accountants in Business and Industry will be retiring and is eligible to re-contest, the position. He however, decided not to re-contest the position. I therefore wish to thank him for his contribution to the

development of the profession. There is also a vacancy in the Disciplinary Committee where Mukelabai Wambulawae is retiring but is eligible to stand for re-election.

### **Future plans**

Having successfully launched the ZICA Property Fund in the year under review, I would once again call upon more members to commit to this noble cause. In the next two (2) years of my first term of office, I would like to see the commencement of the following projects: the construction of the office complex in Lusaka, Shuungu Namutitima International Convention Centre in Livingstone and an office block in Kitwe.

### **ACKNOWLEDGEMENTS**

I wish to express my gratitude to former presidents, Council members, senior members, Management and Staff, the general membership and indeed all other stakeholders for the commitment and support rendered during the period under review. It would have been very difficult to achieve these results without your support.

*I thank you*



.....  
Jason Kazilimani, Jr  
**PRESIDENT**

# CHIEF EXECUTIVE OFFICER'S REPORT



**HAPENGA M KABETA**

SECRETARY AND CHIEF EXECUTIVE

The year 2017 was challenging for the Institute as we defied all odds with a number of activities we successfully executed. Similarly, the year was challenging with our inability to raise financing for the development of investment properties of the Institute. The strategic plan 2014 - 2018 was affected by the economic performance of the Zambian economy,

which however has rebound after the economic shocks of 2016. However, the implementation of the strategic plan progressed well despite the foregoing. In this report we have highlighted financial and nonfinancial performance of the Institute in each of the four strategic pillars or areas of strategic focus.

**ZMW41.269m** **TOTAL INCOME**  
(2016: ZMW32.104m)

**ZMW37.516m** **TOTAL EXPENDITURE**  
(2016: ZMW30.893m)

**ZMW 3.752m** **TOTAL SURPLUS**  
(2016: ZMW1.211m)

## FINANCIAL HIGHLIGHTS

The Institute recorded a total income of ZMW41.269 million (2016: ZMW32.104 million). The total expenditure for the year was ZMW37.516 million (2016: ZMW30.893 million). The surplus for the year was ZMW3.752 million (2016: ZMW1.212 million)

## STRATEGIC PILLARS



Uphold  
adherence to  
the law and  
professional  
standards



Enhance  
the quality of  
education and  
training systems



Strengthen  
the  
ZICA Brand



Enhance  
the  
organisational  
infrastructure

Figure 3 - Strategic Pillars 2014 - 2017

## AREAS OF STRATEGIC FOCUS

The Institute achieved its Key Performance outcomes in the implementation of the Strategic Plan. The following are the key highlights of performance under each of the four areas of strategic focus:

### UPHOLD ADHERENCE TO THE LAW AND PROFESSIONAL STANDARDS,

The focus of this pillar is to develop a cadre of trusted and respected accounting and finance 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.

Observance and compliance with various laws affecting the accountancy profession remained an important key performance indicator for the period under review. The Institute organised a number of member CPD events. A total of 18 technical update workshops were conducted in line with the CPD calendar during the period under review. The members who attended the 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 10 firms were visited and we noted that there is a general improvement in compliance with accounting and auditing standards among members in public practice. The performance improved from 45% to 49% achieving satisfactory outcomes.

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, 6,243 members were registered with the Institute while 2016 ended the year with 6,152 members.

### ENHANCE THE QUALITY OF EDUCATION AND TRAINING SYSTEMS.

The focus of this pillar is to produce competitive accounting and finance professionals that meet stakeholder expectations. During the period under review, the Institute launched three (3) programmes on the Market: the CA Zambia, the Diploma in Accountancy and the Post Graduate Diploma in Public Sector Financial Management (PSFMP),

The CA Zambia and the Diploma in Accountancy were launched on 10th August 2017. The CA Zambia professional qualification aims at developing Chartered Accountants and business leaders capable of taking up the accounting roles and related responsibilities that business, government and regulatory authorities might demand of them. With the three optional routes at the Advisory level of the examination component, the CA Zambia aims at addressing the accounting, finance and business needs of both the private and public sectors. The CA Zambia has been designed to ensure graduates hold senior and advisory accountancy roles, finance or business positions in both the private and public sectors.

The Diploma in Accountancy programme aims to support the development of accounting personnel at the downstream and intermediate level of the accountancy profession capable of capturing, processing and preparing basic accounting reports that business, government and regulatory authorities require.

The Post Graduate Diploma in Public Sector Financial Management (PSFMP), was launched on 19<sup>th</sup> April, 2017. The programme is dedicated to the development and enhancement of the technical skills of accountants with a career in the public sector.

### STRENGTHEN THE ZICA BRAND.

This pillar aims at enhancing the standing of the Institute locally, regionally and internationally. The Institute held a number of stakeholder meetings with employers in Lusaka and the Copperbelt. The Institute continued to promote 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 members of staff and participants at various workshops it organised during the year. The Institute continued its corporate social responsibility programmes and provided support for various causes. The Institute made donations of assorted items to the Lusaka Children's Hospital at the University Teaching Hospital. In addition, the Institute supported various traditional ceremonies by way of supporting their fundraising events such as Kuomboka ceremony, Chivweka traditional ceremony fund raising events among others.

#### ENHANCE THE ORGANISATIONAL INFRASTRUCTURE OF THE INSTITUTE.

A strong organisational infrastructure strengthens the capability of the Institute to engage with stakeholders. During the year, the Institute fully operationalized the iMIS system and continued to make enhancements to the system. Members were encouraged to utilize the functionalities of the system which include making all payments online and registering for various events online.

The Institute undertook the review of its website in a bid to ensure conformity to modern standards. The exercise involved among other things benchmarking the website to sites of similar organisations.

The short and long term investments continued during the year in line with the investment policy. Construction of the Lusaka ultra-modern office complex has delayed due to capital raising challenges but it is expected that construction would commence as soon as the fundraising programme is finalized.

The master plan for Shungu Namutitima International Convention Centre (SNICC) in Livingstone was completed and approved during the year under review. Further, the feasibility studies conducted indicated commercial viability

and the Institute is committed to ensuring that the project takes off as soon as the procurement process is completed. At the end of the year, the Institute had called for expressions of interest from a consortium of firms to participate in the development of the SNICC. Significant progress is expected during the upcoming year.

In addition, the Institute started the migration of its strategic planning tools by adopting the Balanced Score Card to bring more clarity in its strategic planning process and implementation. Capacity development of staff continued through out the year with staff attending trainings in customer care, enhanced cash management and investment management. All members of staff were trained in the Balanced Score Card principles.

#### CONCLUSION AND WAY FORWARD

Going forward, there will be more engagement of various categories of stakeholders in order for them to understand the mandate of the Institute. The visibility of the Institute is expected to be further enhanced and shall speak out on various national matters within its mandate as provided by the Accountants Act.

*I thank you*



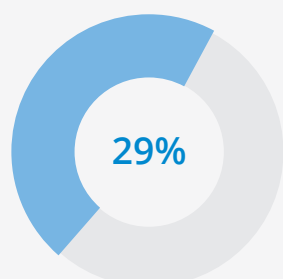
.....  
Hapenga M Kabeta

**SECRETARY AND CHIEF EXECUTIVE**

# FINANCIAL AND OPERATIONAL REVIEW

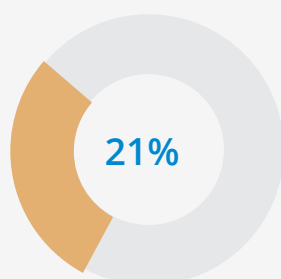
The Operational review gives highlights of the performance of the Institute during the year 2017. The operational highlights provide both the financial and non financial metrics of the performance of the Institute.

## Financial Highlights



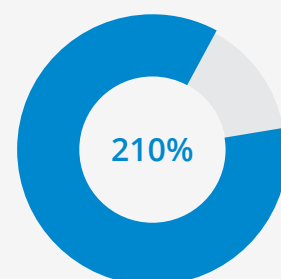
### Increase in income

The total income for the year was ZMW41.269 million against a budget of ZMW37.516 million representing an increase of 29% compared to 2016 actual income. The increase in income was mainly attributed to the number of members renewing their subscriptions in all categories of membership.



### Increase in expenditure

The total expenditure incurred during the year was ZMW37.516 million against a budget of ZMW36.485 million representing an increase of 21% compared to 2016 actual expenditure. The increase was largely attributed to the recruitment of two new employees and the cost associated with the launch and post launch activities of the CA Zambia programme and the Diploma in Accountancy qualification.

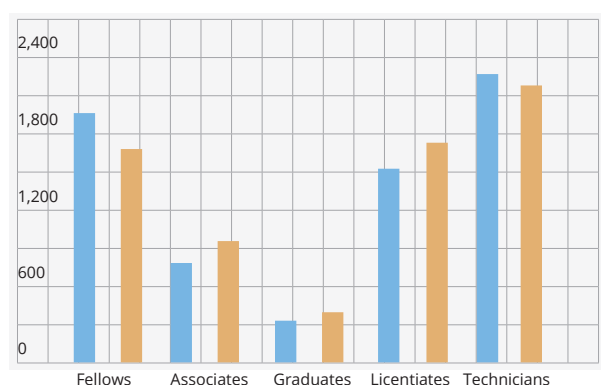


### Increase in surplus

The year ended with a surplus of ZMW3.752 million against a budget of ZMW1.031 million, representing an increase of 210% compared to 2016 actual surplus. The increase was largely attributed to the increased number of members and students renewing their subscriptions and the effective cost control measures implemented during the year.

## Membership Statistics

The total number of members increased from 6,152 in 2016 to 6,243 in 2017 as illustrated in Figure 4 below. While the increase is positive, the newly registered members were 605, which suggests that a total of 514 members did not renew their membership.

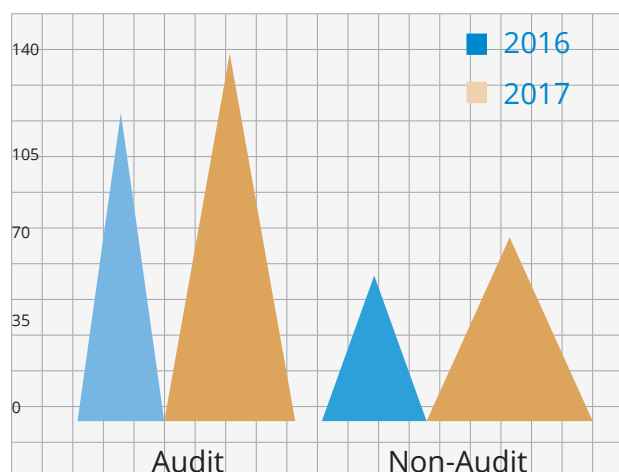


	2017	2016
Fellow	1,227	1,220
Associate	779	745
Graduate	496	423
Licentiate	1,608	1,486
Technician	2,133	2,278
<b>Total</b>	<b>6,243</b>	<b>6,152</b>

Figure 4 - Membership Statistics for 2016 and 2017

### Audit and Non Audit Practitioners Statistics

During the year under review, there were 136 practicing certificates and 33 non audit practicing certificates as illustrated in Figure 5 below. The statistics for both audit and non audit practitioners showed an increase of 12% on the register for 2017 compared to 2016.

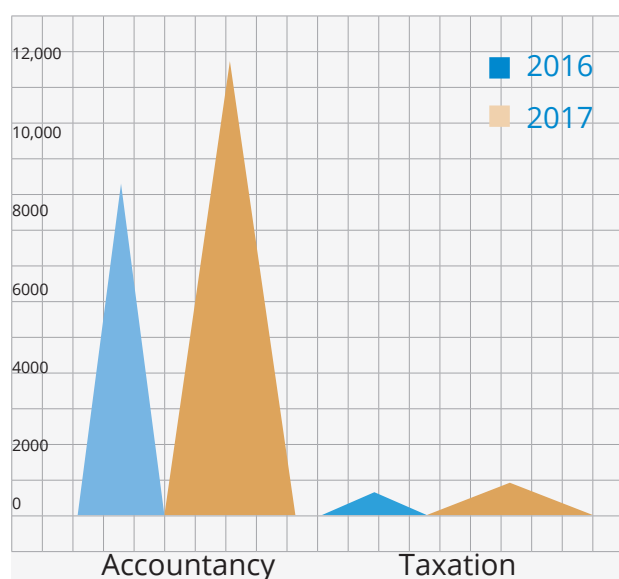


	2017	2016
Audit	136	124
Non-Audit	33	27
<b>Total</b>	<b>169</b>	<b>151</b>

Figure 5 - Number of Audit and non Audit practitioners for 2016 and 2017

### Student Statistics

The Accountancy and Taxation student statistics for 2017 showed an improvement on the register of 28% over those of 2016. The number of registered students for the year ended 31st December 2017 was 11,533 broken down as illustrated in Figure 6 below.



PROGRAM	2017	2016
ACCOUNTANCY	11,124	8,812
TAXATION	409	183
<b>Total</b>	<b>11,533</b>	<b>8,995</b>

Figure 6 - Number of registered Accountancy and Taxation students for 2016 and 2017

## Continuous Professional Development Activities

### Annual Business Conference

During the year under review, the Institute with its partners CIMA and ACCA successfully held the ABC in Livingstone at Avani Victoria Falls Resort. The theme of the conference was: "Globalisation, economic prosperity and Smart Zambia." The conference was attended by 486 participants.

### Competence Practice Examinations

The Institute conducted two (2) competence practice examinations in June and December. In the June session, three (3) members passed the exams and in the December session, twelve (12) members passed the exams. During the year under review, 15 new practicing certificates were issued.

### Employer Sensitisation

A total of 45 employer visitations were made in Lusaka, Copperbelt and Southern Province in the year under review. Meetings were held with auditing firms and corporate entities as part of employer awareness programmes.

### Accountants Forum

A total of Nine (9) Accountants fora were held during the year on various topical issues. Five of these fora were held in Lusaka while four others were held on the Copperbelt. The purpose of zero cost of attending the Accountants Forum was to improve member compliance with CPD schemes.

The themes of the Accountants Forum discussions held in both Kitwe and Lusaka were as follows:

- *"The Insurance Industry in Zambia – Adding value or a rip-off."*
- *"2017 Tax Highlights"*
- *"Integrity and accountability – The role of the Accountancy Professional".*
- *"Ethics and Professionalism: The demands of the Accountancy Profession."*
- *"Activities of the IESBA including the Non Compliance with Laws and Regulations (NOCLAR)"*



*Members attending the Accountants Forum at the Accountants Park*

### Annual General Meeting (AGM) and Pre- AGM Workshop

The number of members attending the Pre AGM workshops continued to increase over the years from about 600 a few years ago to over one thousand. A total of one thousand one hundred and eighty five (1,185) members attended the Pre-AGM workshop and AGM in 2017 under the theme: “Transformation and Professionalism – The Accountant in the New Age of Business” at the Avani Victoria Falls Resort in Livingstone compared to eight hundred and eight five (885) participants who attended the event in the year 2016.



*Members registering to vote at the 2017 Annual General Meeting*

### TECHNICAL WORKSHOPS

#### Tax Update Workshops

During the year under review, three tax update workshops were held as scheduled in Lusaka, Ndola and Livingstone. The workshops were aimed at updating members on the upcoming tax legislation and upskill their taxation knowhow to enable them apply 2017 tax legislation correctly. The workshops were attended by a total of 511 participants.

#### IPSAS Workshop

The 2017 International Public Sector Accounting Standards (IPSAS) workshop was held on 30th and 31st March, 2017 at Freshview Homes in Siavonga. The workshop

was attended by 99 participants. The event is intended to promote the implementation of accrual IPSAS in Zambia and update members in the public sector on the latest developments on IPSAS.

#### Parliamentary Submissions

In our quest to discharge the role of advising Government on matters of national and economic development, we submitted memoranda to Parliament on the ramifications of various bills presented for enactment. We also submitted comments on the proposed 2018 National Budget and made an appearance before the Expanded Committee on Estimates.

The Institute also appeared before various Committees of Parliament to make oral submissions on the Bills.

During the year under review, submissions were made on the following Bills:

- i. Banking and Financial Services Bill,
- ii. Corporate Insolvency Bill,
- iii. Companies Bill,
- iv. Income Tax amendment Bill,
- v. Value Added Tax amendment Bill,
- vi. Property Transfer Tax amendment Bill,
- vii. Customs and Excise amendment Bill.

### Collaboration with other stakeholders

We facilitated review meetings between the World Bank and 40 different stakeholders on the status of corporate financial reporting in Zambia. Further, the Institute provided secretarial services on the World Bank's second review of the Zambia Report on the Observance of Standards and Codes (ROSC) on Accounting and Auditing.

The Institute also held consultations on the implementation of IFRS 9- Financial Instruments whose effective date was financial periods beginning on/or after 1st January 2018. Provided leadership in the implementation of IFRS 9 and held several meetings with financial institutions and the Bank of Zambia.

### Developing and Promoting Practice Standards

As part of our mandate of developing, promoting and enforcing internationally comparable practice accounting standards in Zambia, the Institute issued one pronouncement during the year on how to respond to Non-Compliance with Laws and Regulations. This pronouncement was a result of the new ethical framework issued by the International Ethics Standards Board for Accountants to guide them on how to address issues of Non-Compliance with Laws and Regulations by employers and clients

### 2017 IFRS Update Workshops

The Institute held two scheduled 2017 IFRS Update workshops in

Lusaka and Ndola on the 9th to 10th November, 2017 and 16th and 17th November, 2017 respectively with a combined attendance of 167 participants. Three in-house workshops were conducted at Kalumbila and Kansanshi Mines. This event is designed to provide a platform for updating members on the latest developments in international financial reporting standards.

### 2017 Budget Submissions

During the year under review, two Budget Submission workshops were held as scheduled in Lusaka and Ndola in order to collect

submissions from members and stakeholders for Government consideration in the 2018 National Budget. The workshops drew a total attendance of 60 participants. The submissions were made to the Ministry of Finance on 31st July 2017.

### 2018 National Budget Analysis

The Institute held the 2018 National Budget Analysis Dinner on 29th September 2017 at Intercontinental Hotel in Lusaka with an attendance of 385 participants. The then Minister of Finance Honourable Felix Mutati, MP was the guest of honor.



*Former Minister of Finance Honourable Felix Mutati, MP speaking at the ZICA organised 2018 Budget analysis Dinner at the Inter-Continental Hotel in Lusaka*

## Promoting the interests of the Accountancy Profession

### Technical Advice and Guidance

The Institute continued to provide technical advice to members on various technical accounting matters affecting them. During the year under review, the Institute received and provided guidance to 10 technical queries from members.

### Local Government Public Financial Management Workshop

The Institute held the Local Government Public Financial Management workshop on 21st and 22nd September 2017 at Chrismar Hotel in Livingstone, with an attendance of 306 participants. The forum whose theme was on ***“Building Strong Public Financial Management in Local Authorities for improved service delivery”*** was attended by Mayors, Council Chairpersons, Controlling Officers, Heads of Finance Units and Internal Audit functions in local authorities. The workshop is aimed at enhancing financial management in Local Authorities. The Institute holds this workshop in close collaboration with the Ministry of Local Government.

### Chief Finance Officers Forum

The Chief Finance Officers' Conference was held on 2nd June 2017 at Radisson Blu Hotel in Lusaka with an attendance of 47 participants. The workshop is designed to provide a platform

for senior finance executives to share new developments and emerging issues in the profession, obtain global perspectives, share knowledge and expand the network. The Conference featured Mr. Norman Mbazima, Deputy Chairman, Anglo American South Africa and Mrs. Mizinga Melu, Barclays Bank Zambia Managing Director as keynote speakers.

### International Standards on Auditing

The Institute organised two workshops on International Standards on Auditing (ISA) in Lusaka on 13 -14 July and Ndola on 20 and 21 July 2017. The event which drew combined attendance of 93 participants is intended to keep members updated on the latest developments in ISAs.

### Internal Auditors Conference

The Internal Auditors Conference was held from 6 – 7 July 2017 in Livingstone with an attendance of 189 participants.



*Mr. Norman Mbazima, Deputy Chairman, Anglo American South Africa speaking at the Chief Finance Officers' Forum.*



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



*Members attending the Internal Auditors Conference in Livingstone*

## Enhancing the Brand

The enhancement of the ZICA brand has been the preoccupation of marketing and communication activities of the Institute over the years. During the period under review, the following were some of the key activities aimed at enhancing the corporate brand.

### Launch of the CA Zambia and the Diploma in Accountancy

The Institute successfully launched the CA Zambia and the Diploma in Accountancy in the year under review. The CA Zambia gives an opportunity to local accountants to become Chartered Accountants. It is a premier professional qualification with global recognition as it meets highest international standards and also adheres to global business ethics. Two Cabinet Ministers Honorable Felix C. Mutati, MP (Finance) and Honorable Professor Nkandu Luo, MP (Higher Education), the World Bank representative, the ZICA President and former Presidents, Zimbabwe's Public Accountants and Auditors Board CEO and other distinguished guests witnessed the landmark event.

### Recruitment and Retention Activities

The Institute visited four (4) Companies, four (4) Universities, three (3) Colleges and 25 Secondary Schools in Lusaka, Southern and Central Provinces to market the CA Zambia and the Diploma programmes in the year under review. As part of the retention strategy, sensitisation meetings were held with students in Eastern, Luapula Muchinga, Northern, North-Western and Western provinces.

### Careers Exhibitions

The Institute participated in Four (4) career exhibitions held in Lusaka, Kabwe and Solwezi. The Institute made presentations to pupils from various schools on the CA Zambia and the Diploma programmes being offered by the Institute. This is an ongoing programme and going forward the Institute will conduct targeted career talks at all secondary schools along the line rail to start with

and use radio campaigns in rural provinces to maintain a presence.

### Visibility of the Institute

The Institute continued to promote the CA Zambia and ZICA Professional Qualifications using the mainstream media, social media, universities and colleges graduation booklets and on billboards. The Institute continued sponsoring the presentations of the national budget to



*Launch of the CA Zambia at Radisson Blu Hotel*

Parliament in order to accord the majority of Zambians an opportunity to associate the budget with the Institute.

### Graduation Ceremony

The Institute successfully held two graduation ceremonies during the year under review. The second graduation ceremony was meant to bring to a closure all ZiCA Professional graduates and start 2018 without any carryover of the PQ from 2017. The ceremonies were held at the New Government Complex, where a total of 1,589 students graduated at various levels of the Accountancy and Taxation Programmes.



*The 11<sup>th</sup> Graduation Ceremony*

THE COMPARATIVE NUMBER OF GRADUATES AT EACH LEVEL FOR THE PAST FIVE YEARS ARE AS PER THE TABLE BELOW:

	YEAR				
Category	2013	2014	2015	2016	2017
Technicians	711	758	649	607	799
Licentiates	394	302	348	303	472
Professionals	68	64	81	88	278
Taxation – Certificate	N/A	N/A	04	14	31
Technician	N/A	N/A	N/A	02	09
<b>Total</b>	<b>1,173</b>	<b>1,124</b>	<b>1,096</b>	<b>1,014</b>	<b>1,589</b>

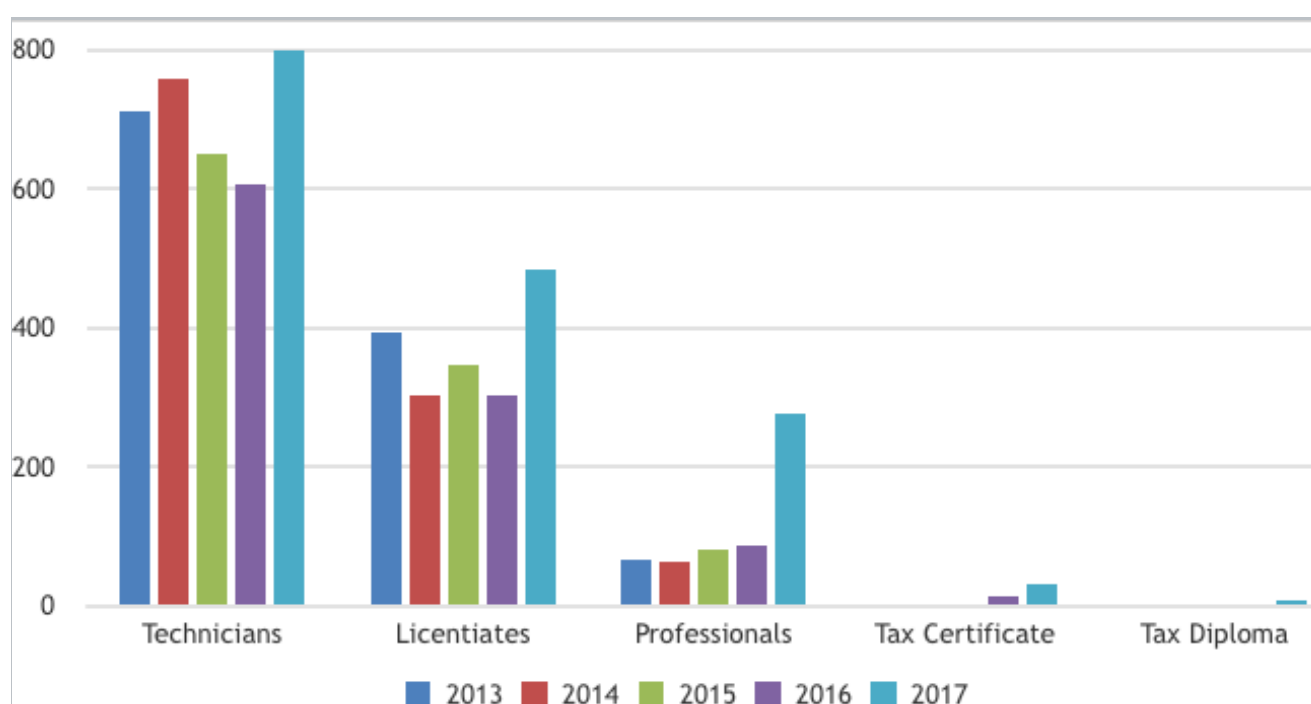


Figure 7 - The comparative numbers of graduates at each level from 2013 to 2017

## 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:

### Accreditation of Tuition Providers

The Institute continued accrediting tuition providers offering accountancy studies as a means of enhancing the quality of the accountancy graduates. Due to the restructuring of the ZiCA Accountancy Programme to the CA Zambia and the Diploma in Accountancy, a total of 15 tuition providers were accredited to offer tuition for the new programmes.

### Accreditation of Examiners

The Institute continued with the accreditation of Examiners. During the year under review, a total of 35 examiners were accredited bringing the total number of accredited examiners to 125.

### Revision of Learning Materials

The Institute continued with the annual update of study materials. During the year, the Taxation Manuals and Revision Kits were updated using local technical experts and BPP Learning Media as the editor and typesetter.

## Library and Records Management

A total number of 9,395 users visited the library during the period under review, of these 2,533 used the e-resources.



*The ZICA Library*

## New Employees

In order to improve operations towards achieving its objectives, the Institute recruited three (3) employees in the period under review. The new employees are as indicated below.



Education Officer,  
Mr. Samuel E Olaniyan



Membership and Education Officer,  
Mr. Andrew Katungu



Assistant Examinations Officer,  
Mr. Poland Simunthala.

## Stakeholder Engagements

### The World Bank

The Institute continued to engage with the World Bank under the government's Public Finance reform programme. Under that support, the Institute received financing for the development of the CA Zambia learning materials and financed the launch of the CA programme which was very well received by the members and various stakeholders who attended. All the project components for the Institute were successfully executed.

Under the same programme, the World Bank conducted the Review of Standards and Codes in accounting and auditing.

### International Monetary Fund

The government with the support of the International Monetary Fund undertook a review of the operations of the Tax Appeals Tribunal in the year under review. The Institute was among the entities that were consulted. Members of the Taxation Committee joined the management team during the consultative meeting with the IMF delegation.

### Meeting with Partners of auditing firms in Zambia

As part of enhancing stakeholder engagements, the Institute held stakeholder meetings with the big 5 auditing firms, seven mid-layer auditing firms to share the aspirations of the profession and get their expectations. The meetings were very well received and some of the issues raised were the need to make the CA Zambia Professional Qualification a preminent qualification of choice in the next five years and beyond; the need to develop the middle management cadre of the auditing professionals, the need to support the practical training programme of the CA Zambia. Other members raised the need for the Institute to give the CA qualification to senior

auditors in order to support the CA practical training. Stakeholders advised that the Institute needed to invest in addressing the transitional arrangements for the CA programme.

### International Ethics Standards Board for Accountants (IESBA)

The Institute played host to a delegation from the International Ethics Standards Board for Accountants (IESBA) during the year under review. The Institute held a Special Breakfast meeting with the IESBA officials which was attended by then Minister of Finance Honorable Felix Mutati, MP, IESBA Chairman Dr. Stavros Thomadakis, IESBA Technical Director Ken Siong IESBA member Chishala Kateka, ZICA President Jason Kazilimani, Jr, ZICA Vice President Cecilia Zimba, Council members, ZICA CEO Hapenga M. Kabeta and other distinguished invited stakeholders.



*Left to right IESBA Technical Director Ken Siong, then Minister of Finance Felix Mutati, MP, IESBA Chairman Dr. Stavros Thomadakis and ZICA President Jason Kazilimani, Jr during the breakfast meeting.*

## Special Accountants Forum with IESBA Officials

The Institute held a Special Accountants Forum with officials from International Ethics Standards Board for Accountants (IESBA) under theme “Activities of the IESBA including the Non Compliance with Laws and Regulations (NOCLAR)”. The speakers were IESBA Chairman Dr. Stavros Thomadakis, IESBA Technical Director Ken Siong and IESBA member Chishala Kateka with 162 members in attendance.



*Members attending the Special Accountants Forum at Mulungushi International Conference Centre*

## Partnership with Industry on Practical Training

Following the launch of the CA Zambia, which has a three year compulsory practical training component, a number of practical training solicitation meetings were held with prospective employers in all the ten (10) provinces to enable students get practical training wherever they could be.

# SUSTAINABILITY REPORT

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 Global 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 (Global and Localised Qualifications). The business model of the Institute is to offer a quality programme which is competitively offered in the market and was accessible by a significant critical mass of citizens. This would in the long run develop a critical mass of a cadre of Professional Accountants contributing to the economic transformation of the country.

## Supporting the Vulnerable in Society

As part of Corporate Social Responsibility strategy, the Institute continued to support the vulnerable in society. During the year under review, the Institute donated 70 blankets to the Lusaka Children's Hospital at the University Teaching Hospital (UTH).

## 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.



*ZICA Ladies arriving at the Lusaka Children's Hospital to donate blankets.*



*ZICA CEO Hapenga M. Kabeta (far right) officially handing over blankets to UTH members of Staff.*

# CORPORATE GOVERNANCE STATEMENT

## 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 decision making body in the hierarchy of the Governance Structure and makes policy decisions over the affairs of the Institute. It sets the strategic direction and provides oversight to the management of the Institute. It carries out its

mandate through seven (7) Committees. The Council and its Committees meet quarterly. The Institute also has 3 statutory committees to discharge statutory functions.

The 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. The mandate, membership and attendance of the Council are as shown below:

S/N	Names	Meetings Held	Meetings Eligible to Attend	Meetings Attended
1	Jason Kazilimani, Jr	7	7	7
2	Cecilia Zimba	7	3	3
3	Dick C Sichembe	7	7	3
4	Bbenkele Hachitwe	7	3	3
5	Chikusi Banda	7	7	2
6	Chilala Banda	7	3	3
7	Moonga Hamukale	7	3	3
8	Muyaka Ethel Ngulube - Ngwira	7	7	3
9	Patson Banda	7	3	3
10	Yanga CK Kalaluka	7	3	3
11	Lucy Zulu Mubanga	7	3	2

## Risk Management

The Institute has a risk management Policy and Manual guiding management to improve its enterprise risk management. The Institute has a Risk Management Committee comprising key risk holders which identifies, analyses, and evaluates risks facing the Institute. The Committee meets once per quarter to discuss current and emerging risks that are likely to affect the operations of the Institute. As part of risk management, the Council reviewed and approved the Investment Policy clearly indicating its risk appetite and risk tolerance. The Management Risk Committee presents its reports to the Audit and Risk Management Committee of Council every quarter.

## Internal Audit

The Council decided that the Institute would not appoint an in-house Internal Auditor in the short to medium term. The Institute has outsourced the internal audit work to AMG Global, a firm of Chartered Accountants. The use of outsourced internal auditors promotes autonomy, transparency and accountability in resource management of the Institute. The Internal Auditors use risk based approach in their systems reviews. The Audit and Risk Management Committee approved the scope of work of the audit for the year under review. The Internal Audit role is an integral aspect of good corporate governance practices which the Institute has adopted.

## External Auditors

The annual financial statements of the Institute are audited by BDO, a firm of Chartered Accountants without any interference from Council. At each AGM, Council requests the members to approve the appointment of external auditors, which was done at the last AGM. The Audited Financial Statements are adopted by your Council and recommended at the AGM for approval. At the AGM, the auditors present their audit opinion.

## COMMITTEES OF COUNCIL

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

### Finance and Administration Committee

The primary purpose of the Finance and Administration Committee 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 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 use, disciplinary and staff grievances.

S/N	Name	Meetings Held	Meetings Eligible to Attend	Meetings Attended
1	Cecilia Zimba	6	2	2
2	Lucy Zulu Mubanga	6	2	2
3	Namataa Kalaluka Mudenda	6	6	2
4	James Kapesa	6	6	3
5	James Koni	6	2	0
6	Miriam Chiyaba	6	6	2
7	Kennedy Mwila	6	2	2

### 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).

S/N	Name	Meetings Held	Meetings Eligible to Attend	Meetings Attended
1	Lucy Zulu Mubanga	3	3	3
2	Gregory Kabwe	3	3	3
3	Humphrey Himwaaba	3	3	2
4	Shadrick Phiri	3	3	3
5	Esther Haamaundu	3	3	3
6	Julius Mwanza	3	3	3
7	Bornwell Mpofu	3	3	3
8	Caroline Bwalya Banda	3	1	1

## 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.

S/N	Name	Meetings Held	Meetings Eligible to Attend	Meetings Attended
1	Moonga Hamukale	3	2	2
2	Yanga CK Kalaluka	3	2	2
3	Collina Halwampa	3	3	3
4	Gabriel Banda	3	3	3
5	George William Bester	3	2	2
6	Andrew Chibuye	3	2	1
7	Silvia Madawaki	3	2	2

## 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.

S/N	Name	Meetings Held	Meetings Eligible to Attend	Meetings Attended
1	Muyaka Ngwira	4	2	2
2	Chilala Banda	4	2	2
3	Satish K. Gulati	4	4	4
4	Fidelis Cheelo	4	4	3
5	Munsaka C. Mabbolobolo	4	4	2
6	Tinashe Jerahuni	4	4	2
7	Linda Siwingwa	4	4	0
8	Mwiche Mutale Banda	4	1	0

## 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.

S/N	Name	Meetings Held	Meetings Eligible to Attend	Meetings Attended
1	Chilala Banda	3	2	2
2	Moonga Hamukale	3	2	2
3	Alice Tembo	3	3	2
4	Gilbert Muyalwa	3	2	1
5	Brian C Musonda	3	2	0
6	Kelvin Chungu	3	2	2
7	Kampamba K Mulenga	3	2	2

## Taxation Committee

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

S/N	Name	Meetings Held	Meetings Eligible to Attend	Meetings Attended
1	Chikusi Banda	3	3	0
2	Yanga CK Kalaluka	3	3	3
3	Joseph Chaonsa	3	3	2
4	Michael Phiri	3	3	3
5	George Chitwa	3	3	3
6	Patrick Z Mawire	3	1	1
7	Moses Nkandu	3	3	3
8	Victor Nyasulu	3	3	3
9	Nambwenga N Kauseni	3	3	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 2017 in line with its mandate.

S/N	Name	Meetings Held	Meetings Eligible to Attend	Meetings Attended
1	Bbenkele Hachitwe	3	2	2
2	Patson Banda	3	2	2
3	Fred Musonda	3	3	3
4	Frank Munthali	3	3	3
5	Namakau Ntini	3	3	2
6	Abonny Munsaka	3	3	2
7	Edward C Kunda	3	0	0

## 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.

### E. Delegation by Council

Council delegates some of its functions to the Chief Executive Officer to make the management more effective. This enables Council to focus on policy matters and play its oversight functions more effectively.

## PROFILES OF COUNCIL MEMBERS



**JASON KAZILIMANI, JR**  
**President**

Mr. Kazilimani is the Senior Partner and Chief Executive of KPMG in Zambia. He is a Fellow of ZICA with over 23 years of experience in public practice and 2 years in industry. He holds an MBA in Financial Services.



**CECILIA M ZIMBA**  
**Vice-President and Chairperson, Finance and Administration Committee**

Mrs. Zimba is a Fellow of ZICA with 20 years of experience in Commerce and Industry. She holds a Master's Degree in Business Administration (MBA).



**MUYAKA E NGWIRA**  
**Chairperson, Education and Training Committee**

Mrs. Ngwira is an Associate member of ZICA with over 15 years of experience in public and private sector. She holds a Master's Degree in Business Administration (MBA) and MSC in Strategic Planning. Mrs. Ngwira is also a Certified Compliance Professional with the International Academy of Business and Financial Management (USA). She represents members in business.



**CHIKUSI BANDA**  
**Chairperson, Taxation Committee**

Mr. Banda 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.



**BBENKELE HACHITWE**  
**Chairperson, Audit and Risk Committee**

Mr. Haachitwe is a Fellow of ZICA with 21 years of experience in Commerce and Industry. He holds BSc (Hons) degree. He represents members in business.



**MOONGA HAMUKALE**  
**Chairperson, Membership Committee**

Mr. Hamukale is a Fellow of ZICA with over 10 years of experience in audit. He represents members in practice.



**CHILALA BANDA**  
**Chairperson, Technical Committee**

Mrs. Banda is a Fellow of ZICA with over 21 years of experience in Public Practice. She holds a Bachelor's degree in Accountancy. She represents members in practice.



**LUCY ZULU - MUBANGA**  
**Chairperson, Public Sector Committee**

Mrs. Mubanga is a Fellow of ZICA with 18 years of experience in the Accountancy profession. She represents members in business.

## PROFILES OF COUNCIL MEMBERS CONT'D



**PATSON BANDA**  
Vice Chairperson, Audit and  
Risk Management Committee

Mr. Banda is a Fellow of ZICA with over 10 years of experience in the profession. He holds a Bachelor's degree in Accountancy and MSc Economics and Finance. He represents members in practice.



**YANGA CK KALALUKA**  
Vice Chairperson, Membership  
Committee

Ms Katongo is an Associate member of ZICA with 11 years of experience in the profession. She represents members in practice.



**DICK C SICHEMBE**  
Accountant General

Dr. Sicheembe is the Accountant General for the Republic of Zambia. He is a Fellow of ZICA with 19 years of experience in the public service, rising through the ranks up to his current appointment. He represents government on Council.

# 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.

## PROFILES OF MANAGEMENT TEAM



**HAPENGA M KABETA**  
Chief Executive Officer

Mr. Kabeta has many years of corporate management experience in academia and 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 22 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 20 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 22 years of senior management experience in commerce and industry.



**ZiCA**

Competence, Integrity and Virtue

**Zambia Institute of Chartered Accountants**

# **ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS**

Financial Statements

for the year ended 31<sup>st</sup> December 2017

## 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 if 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 The Gallery Office Park Frost Building Lagos Road, Rhodes Park 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, the requirements of the Accountants Act 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.

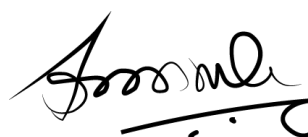
The Council has reviewed the Institute's cash flow forecast for the 12 months to 31 December 2018 and, in the light of this review and the current financial position, they are satisfied that the Institute has or has access to adequate resources to continue in operational existence for the foreseeable 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 43 to 48.

The financial statements set out on page 49 to 73, which have been prepared on the going concern basis, were approved by the Council on 29<sup>th</sup> March 2018 and were signed on its behalf by:



Jason Kazilimani, Jr  
President



Cecilia Zimba  
Chairperson, 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 2017.

### Activities

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

### Financial results

Total income during the year was ZMW 41.269 million (2016: ZMW 32.105 million). Total expenditure for the year was ZMW 37.516 million (2016: ZMW30.893 million). The Institute recorded a surplus for the year of ZMW3.752 million (2016 surplus : ZMW1.212 million).

### Operations

The Institute continued the implementation of the Strategic Plan 2014-2018. Activities were undertaken in monitoring and enforcing compliance with professional standards and the law. In order to enhance the quality of Education and Training systems, the Institute launched the Chartered Accountant (CA) Zambia programme, Diploma in accountancy and the Public Sector Financial Management programmes. International visibility was achieved by attending conferences organised by the International Federation of Accountants (IFAC) and the Pan African Federation of Accountants (PAFA)

### Council Members

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

Mr. J Kazilimani, Jr	President
Ms. C Zimba	Vice President
Ms. M E Ngwira	Member
Mr. C Banda	Member
Mr. D C Sichembe	Member
Mr. P Banda	Member
Mr. B Haachitwe	Member
Ms. Y K C Kalaluka	Member
Mr. P M Hamukale	Member
Ms. C Banda	Member
Ms. L Z Mubanga	Member

### Council Members interests

None of the Council Members had any material interest in any contracts awarded during the year. (2016: none)

### Employees and their remuneration

The total remuneration of employees during the year amounted to ZMW 13.929 million (2016: ZMW 11.984 million) and the average number of employees was 39 (2016 : 36).

### Property, plant and equipment

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

	2017 ZMW	2016 ZMW Restated
Leasehold land and buildings	271,519	114,336
Computer equipment	24,464	129,328
Motor vehicles	454,928	-
Office equipment	5,708	68,784
Furniture and fittings	67,011	30,442
Library books	-	40,469
<b>Total</b>	<b>823,630</b>	<b>383,359</b>

### 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

Date: 29th March 2018



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## 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 2017, 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 49 to 73.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at 31 December 2017, 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. 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.

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)
ZICA Accountancy programme	Impairment of ZICA programme	The Institute launched a new Chartered Accountant (CA Zambia) qualification in August 2017. The introduction of the new CA qualification effectively rendered the ZICA qualification obsolete. The Institute was carrying the following balances relating to the old ZICA programme; Intangible amount of ZMW 1,166,598 Inventory ZMW 211,729 Management have formed a judgement that the balances relating to the ZICA Accountancy programme are fully impaired.	In this area our principal audit procedures included testing the Institute's controls surrounding intangible asset impairment and evaluating the Institute's assumptions used in assessing the recoverability of intangible assets. Our procedures included holding discussions with relevant senior management personnel on the impairment of the ZICA Accountancy programme and the related Inventory for the programme. We also assessed the adequacy of related disclosures in the Institute's financial statements relating to the impairment of the ZICA programme.
Investment Property	Valuation of Investment Property	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 annually. These valuation opinions are based on assumptions, such as historical transactions, and market knowledge.	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 and we reviewed the underlying assumptions. We further focused on the adequacy of the disclosures on the valuation of investment property. Disclosures of the investment property and the related valuation are included in note 4 of the financial statements.
Recognition and classification	Classification between Investment Property and Property, Plant and Equipment	The Institute has invested significant amounts of funds in the development of; • Livingstone development and Thabo Mbeki office complex projects ZMW 17,152,163 (2016: ZMW 6,424,215). Management have applied judgement in the determination of the classification of the investment between Property, Plant and Equipment as accounted for under IAS 16, and Investment Property as accounted for under IAS 40.	In this area our principal audit procedures included testing the Institute's policies relating to the recognition and classification criteria. Our procedures included assessing the reasonableness of the Institute's assumptions through consideration of the Institute's internal classification policy. Our procedures also included holding discussions and obtaining relevant management representations from senior management personnel on the Institute's future intentions for utilisation of the properties acquired.

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)
Recognition and classification (continued)	Classification between Investment Property and Property, Plant and Equipment	<p>Significant judgement applied included;</p> <ul style="list-style-type: none"> <li>• The properties (Livingstone, and Thabo Mbeki proposed Office Park) are being held solely for long term capital appreciation and not short-term sale in the ordinary course of business.</li> <li>• The properties are being developed for future use as Investment property.</li> <li>• The proposed Livingstone development, will not be owner managed.</li> <li>• The proposed Thabo Mbeki Office Park will not be owner occupied.</li> </ul>	The financial statements have been restated to reflect the change in management's intention accordingly in line with IAS 8.
Recognition and Measurement	Capitalisation practices of costs.	<p>Capitalisation of costs to assets are areas of significant judgement by the management.</p> <p>There is one main risk that we addressed in our audit, the risk that amounts being capitalised for the proposed Livingstone and Thabo Mbeki development projects do not meet capitalisation criteria.</p> <p>Our work mainly focused on the capitalisation of costs for the;</p> <ul style="list-style-type: none"> <li>• Livingstone – Development project, and;</li> <li>• The proposed Thabo Mbeki Office Park.</li> </ul>	<p>We evaluated the basis 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.</p> <p>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 further reviewed the ZICA Properties Collective Investment scheme prospectus issued in October 2017. The Institute is still in the process of analysing the outcome of the collective investment scheme pledges. We also reviewed the technical feasibility and financial viability studies performed.</p>

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	The Institute has significant intangible assets arising from the iMIS Software development and development costs related to expenditure on the CA (Zambia) programme, Taxation and Public-Sector Finance programmes both launched and under development. Recoverability of these assets is based on management's assessment, which is inherently highly judgmental. For programmes under development the main risk is completing the development as well as achieving successful implementation target results and objectives. For launched programmes, the key risk is the ability to successfully commercialise the individual programme concerned.	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 included assessing the reasonableness of management's assumptions through consideration of the Institute's assessment of impairment procedures and the related internal approval process. Our procedures also included holding discussions with relevant senior management personnel. We also assessed the adequacy of related disclosures in the Institute's financial statements.
Reconciliations	Integration of the iMIS and Pastel System	The Institute in 2016 implemented a new system which integrated iMIS and Pastel. However this integration process is not fully utilised due to members making unreferenced direct bank individual and group payments that distort the matching of the iMIS and Pastel numbers. The revenue module is affected by this integration. This module forms 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.	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.

## **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 Institutes' 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.

**Auditor's responsibilities for the audit of the financial statements (Continued)**

We are responsible for the direction, supervision and performance of the Institute's 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 to 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 74 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 the Institute 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.



BDO Zambia Audit Services



W.P. Saunders  
Partner  
AUD/F000038  
Date: 6<sup>th</sup> April 2018

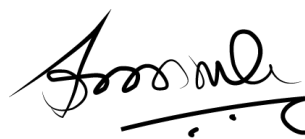
## Statement of financial position

	Note	2017 ZMW	2016 ZMW Restated
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	3	33,288,122	18,820,694
Investment property under development	4	17,152,163	6,424,215
Equity investments	5	1,063,215	746,761
Intangible assets	6	10,002,700	4,429,226
Other assets	9	249,777	566,221
		<b>61,755,977</b>	<b>30,987,117</b>
<b>Current assets</b>			
Inventories	8	1,342,113	398,103
Accounts receivable	9	1,027,972	1,055,330
Investment securities	7	4,740,577	2,647,222
Cash and cash equivalents	10	1,565,726	5,748,199
		<b>8,676,388</b>	<b>9,848,854</b>
<b>Total assets</b>		<b>70,432,365</b>	<b>40,835,971</b>
<b>MEMBERS' FUND AND LIABILITIES</b>			
Accumulated fund		19,553,593	15,175,988
Revaluation reserve		25,622,874	11,481,920
Other reserves		139,783	(191,369)
		<b>45,316,250</b>	<b>26,466,539</b>
<b>Non current liabilities</b>			
Employee liabilities	11	891,757	286,917
Other payables	12	1,426,500	-
Deferred Income	13	11,868,910	6,654,535
		14,187,167	6,941,452
<b>Current liabilities</b>			
Trade and other payables	12	10,928,948	7,427,980
Total liabilities		<b>25,116,115</b>	<b>14,369,432</b>
<b>Total members' fund and liabilities</b>		<b>70,432,365</b>	<b>40,835,971</b>

The responsibility of the Council with regard to the preparation of the financial statements is set out on page 40. The financial statements on pages 49 to 73 were approved by the Council on 29th March 2018 and were signed on its behalf by:



Jason Kazilimani, Jr  
President



Cecilia Zimba  
Chairperson, Finance and Administration  
Committee

*The notes on pages 53 to 73 are an integral part of these financial statements*

## Statement of profit or loss and other comprehensive income

	Note	2017 ZMW	2016 ZMW Restated
<b>Revenue</b>			
Income	14	25,496,522	22,243,524
Other income	15	13,047,678	8,875,157
Interest income	15.1	819,202	516,382
Capital grant amortised	13	1,905,187	469,750
Total income		<b>41,268,589</b>	<b>32,104,813</b>
<b>Expenditure</b>			
Operating expenses		18,996,242	16,694,234
Depreciation, amortisation and impairment		3,110,687	1,410,749
Employee benefits expenses		15,409,431	12,788,033
Total expenditure		<b>37,516,360</b>	<b>30,893,016</b>
<b>Surplus before tax</b>		<b>3,752,229</b>	<b>1,211,797</b>
Income tax expense	16	-	-
<b>Surplus for the year</b>		<b>3,752,229</b>	<b>1,211,797</b>
<b>Other comprehensive Income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Gain/(Loss) on available for sale investments	5	316,454	(431,161)
Gain on revaluation of property, plant and equipment	3	14,781,028	-
<b>Other comprehensive income for the year</b>		<b>15,097,482</b>	<b>(431,161)</b>
<b>Total comprehensive income for the year</b>		<b>18,849,711</b>	<b>780,636</b>

The notes on pages 53 to 73 are an integral part of these financial statements

## Statement of cash flows

	Note	2017 ZMW	2016 ZMW Restated
<b>Cash flows from operating activities</b>			
Surplus for the year		3,752,229	1,211,797
<b>Adjustments to reconcile surplus to net cash flows:</b>			
Depreciation	3	1,137,230	1,063,025
Amortisation of development costs	6	595,129	347,724
Interest income	15.1	(819,202)	(516,382)
Dividends received	15	-	(10,727)
Change in fair value of investment property	4	(1,563,112)	(119,200)
Profit on disposal of property, plant and equipment		-	(409,500)
Impairment loss recognised in assets-Intangible	6	1,166,598	-
Impairment loss recognised in assets-Inventory	8	211,729	-
Capital grant amortised	13	(1,905,187)	(469,750)
		<b>2,575,414</b>	<b>1,096,987</b>
(Increase)/decrease in inventories	8	(1,155,739)	107,400
(Increase)/decrease in accounts receivables	9	27,358	(968,921)
Decrease in other assets	9	316,444	-
Increase in employee benefits	11	604,840	-
Increase in other payables	12	1,426,500	-
Increase in trade and other payables	12	3,500,968	2,546,644
<b>Net cash flows from operating activities</b>		<b>7,295,785</b>	<b>2,782,110</b>
<b>Cash flow from investing activities</b>			
Interest income		819,202	516,382
Purchase of property, plant and equipment	3	(823,630)	(383,360)
Proceeds from disposal of property, plant and equipment		-	6,318,000
Dividend received		-	10,727
Acquisition of intangible assets	6	(7,335,201)	(1,263,388)
Acquisition of investment property	4,3	(9,164,836)	(3,486,993)
Grant received	13 (ii)	7,119,562	-
(Acquisition)/redemption of investment securities		(2,093,355)	(330,117)
<b>Net cash flows (utilised in)/ from investing activities</b>		<b>(11,478,258)</b>	<b>1,381,251</b>
<b>(Decrease)/increase in cash and cash equivalents</b>		<b>(4,182,473)</b>	<b>4,163,361</b>
Cash and cash equivalents at beginning of the year		5,748,199	1,584,838
<b>Cash and cash equivalents at end of the year</b>	10	<b>1,565,726</b>	<b>5,748,199</b>

The notes on pages 53 to 73 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 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	-
<b>Balance at 31 December 2016 (Restated)</b>	<b>15,175,988</b>	<b>11,481,920</b>	<b>(283,788)</b>	<b>92,419</b>	<b>26,466,539</b>
Balance at 1 January 2017	<b>15,175,988</b>	<b>11,481,920</b>	<b>(283,788)</b>	<b>92,419</b>	<b>26,466,539</b>
Total comprehensive income	3,752,229	14,781,028	316,454	-	18,849,711
Amortisation	640,074	(640,074)	-	-	-
Funds transfer	(14,698)	-	-	14,698	-
Balance at 31 December 2017	<b>19,553,593</b>	<b>25,622,874</b>	<b>32,666</b>	<b>107,117</b>	<b>45,316,250</b>

- (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 2017.
- (iii). The whistle blower protection fund is a reserve to protect members that may 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.

*The notes on pages 53 to 73 are an integral part of these financial statements*

## 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.

#### 1.1. 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.

#### 1.2. Functional and presentation currency

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

### 2. Significant accounting policies

#### 2.1. 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%

Library books are 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

**2.1. Property, plant and equipment (continued)**

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.

**2.2 Investment property under development**

Property that is being constructed or developed for future use as investment property is classified as investment property under development and carried at fair value until construction or development is complete, at which time it is reclassified and subsequently accounted for as investment property. Any gain or loss on remeasurement is recognised in profit or loss. All costs directly associated with the purchase and construction of a property and all subsequent capital expenditure for the development qualify as acquisition costs and are capitalised.

**2.3. 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.

**2.4. 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.

**2.5. 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.

**2.6. 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.

**2.7. 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.

## 2.8. 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.

## 2.9. 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.

## 2.10. 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.

## 2.11. 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.

## 2.12. 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 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.

A fair value measurement of a non-financial asset takes 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 uses 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, 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,

## 2.12. Fair value measurement (continued)

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.

## 2.13. Current versus non-current classification

The Institute presents assets and liabilities in the 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
- 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.

## 2.14. 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.

## 2.15. 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.

## 2.15. Standards issued but not yet effective (continued)

### 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 and will not restate comparative information.

During 2017, the Institute has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Institute in 2018 when the Institute will adopt IFRS 9.

Overall, the Institute expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The Institute expects an increase in the loss allowance resulting in a negative impact on equity as discussed below. In addition, the Institute will implement changes in classification of certain financial instruments.

### IFRS 15 Revenue

#### (a) Sale of goods

For contracts with customers in which the sale of educational material is generally expected to be the only performance obligation, adoption of IFRS 15 is not expected to have any impact on the Institute's revenue and profit or loss. 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. In preparing to adopt IFRS 15, the Institute is considering the following

#### (i) Variable consideration

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, the Institute recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

If revenue cannot be reliably measured, the Institute defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception and updated thereafter. IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. The Institute expects that application of the constraint will result in more revenue being deferred than under current IFRS.

#### (ii) Rights of return

When a contract with a customer provides a right to return the good within the specified period, the Institute currently accounts for the right of return using a probability-weighted average amount of return approach similar to the expected value method under IFRS 15. Under the current accounting policy, the amount of revenue related to the expected returns is deferred and recognised in the statement of financial position within Trade and other payables. A corresponding adjustment is made to the cost of sales. The initial carrying amount of goods expected to be returned is included within Inventories. Under IFRS 15, because the contract allows the customer to return the products, the consideration received from the customer is variable. The Institute has decided to use the expected value method to estimate the goods that will be returned because this method better predicts the amount of variable consideration to which the Institute will be

## 2.15. Standards issued but not yet effective (continued)

entitled. The Institute applied the requirements in IFRS 15 on constraining estimates of variable consideration to determine the amount of variable consideration that can be included in the transaction price. The Institute is still performing an impact assessment of IFRS 15 on the financial statements.

### (b) Rendering of services

The Institute recognises service revenue by reference to the stage of completion. Under IFRS 15, allocation will be made based on relative stand-alone selling prices. Hence, the allocation of the consideration and, consequently, the timing of the amount of revenue recognised in relation to these sales would be affected. The Institute is still performing an impact assessment of IFRS 15 on the financial statements.

### (c) Advances received from customers, members and students

Generally, the Institute receives only short-term advances from its customers. They are presented as part of trade and other payables. However, from time to time, the Institute may receive from customers long-term advances. Under the current accounting policy, the Institute presents such advances as Deferred revenue under the noncurrent liabilities heading in the statement of financial position. No interest was accrued on the long-term advances received under the current accounting policy. Under IFRS 15, the Institute must determine whether there is a significant financing component in its contracts. However, the Institute decided to use the practical expedient provided in IFRS 15, and will not adjust the promised amount of the consideration for the effects of a significant financing components in the contracts, where the Institute expects, at contract inception, that the period between the Institute transfer of a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Therefore, for short-term advances, the Institute will not account for a financing component even if it is significant.

Based on the nature of the goods and services offered and the purpose of payment terms, the Institute determined that for the vast majority of the contracts that require customers to pay long-term advances, the payment terms were structured primarily for reason other than the provision of finance to the Institute, i.e. advances are generally required from new customers, as well as customers with a history of late payments, they do not provide customers with an alternative to pay in arrears.

In addition, the length of time between when the customer pays for the goods and the Institute transfers goods to the customer is relatively short. Therefore, the Institute has concluded that there is not a significant financing component in these contracts. However, certain contracts between the Institute and its customers include two alternative payment options: payments after a number of years when the customers obtain control over the assets and the payment of a smaller amount when the contracts are signed. For these contracts when the customer elects to use the prepayment option, the Institute concluded that they contain a significant financing component because of the length of time between when the customer pays for the goods and when the Institute transfers goods to the customer, as well as the prevailing interest rates in the market.

The transaction price for such contracts will be determined by discounting the amount of promised consideration using the appropriate discount rate. The Institute is still performing an impact assessment of IFRS 15 on the financial statements.

### (d) Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the Institute's financial statements. Many of the disclosure requirements in IFRS 15 are new and the Institute has assessed that the impact of some of these disclosures requirements will be significant. In particular, the Institute expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made: when

## 2.15. Standards issued but not yet effective (continued)

determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. Also, extended disclosures are expected as a result of the significant judgement made when assessing the contracts where the Institute has concluded that: it acts as an agent instead of a principal, there is a significant financing component, and service-type warranties are provided. In addition, as required by IFRS 15, the Institute will disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. It will also disclose information about the relationship between the disclosure of disaggregated revenue and revenue information disclosed for each reportable segment. In 2017 the Institute continued testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

### (e) Other adjustments

In addition to the major adjustments described above, on adoption of IFRS 15, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them, profit or loss after tax for the year from discontinued operations, investments in associate and joint venture, as well as share of profit of an associate and a joint venture, will be affected and adjusted as necessary. Furthermore, exchange differences on translation of foreign operations would also be adjusted. The recognition and measurement requirements in IFRS 15 are also applicable for recognition and measurement of any gains or losses on disposal of non-financial assets (such as items of property and equipment and intangible assets), when that disposal is not in the ordinary course of business. However, on transition, the effect of these changes is not expected to be material for the Institute. In summary, the Institute is still performing an impact assessment of IFRS 15 on the financial statements.

### Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that the gain or loss resulting from the sale or contribution of assets that constitute a business, as defined in IFRS 3, between an investor and its associate or joint venture, is recognised in full. Any gain or loss resulting from the sale or contribution of assets that do not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. The IASB has deferred the effective date of these amendments indefinitely, but an entity that early adopts the amendments must apply them prospectively. The Institute will apply these amendments when they become effective.

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

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled.

On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

The amendments are effective for annual periods beginning on or after 1 January 2018, with early application

## 2.15. Standards issued but not yet effective (continued)

permitted. The Institute is assessing the potential effect of the amendments on its consolidated financial statements.

### IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17.

The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17.

Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2018, the Institute will continue to assess the potential effect of IFRS 16 on its financial statements.

### Transfers of Investment Property — Amendments to IAS 40

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with IAS 8 is only permitted if it is possible without the use of hindsight. Effective for annual periods beginning on or after 1 January 2018. Early application of the amendments is permitted and must be disclosed.

The Institute will apply amendments when they become effective. However, since Institute's current practice is in line with the clarifications issued, the Institute does not expect any effect on its consolidated financial statements

## 2.15. Standards issued but not yet effective (continued)

### Annual Improvements 2014-2016 Cycle (issued in December 2016)

These improvements include:

#### IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018. This amendment is not applicable to the Institute. IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which:
  - (a) the investment entity associate or joint venture is initially recognised;
  - (b) the associate or joint venture becomes an investment entity; and
  - (c) the investment entity associate or joint venture first becomes a parent.

The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. These amendments are not applicable to the Institute. Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 The amendments address concerns arising from implementing the new financial instruments standard, IFRS 9, before implementing IFRS 17 Insurance Contracts, which replaces IFRS 4. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying IFRS 9 and an overlay approach. The temporary exemption is first applied for reporting periods beginning on or after 1 January 2018. An entity may elect the overlay approach when it first applies IFRS 9 and apply that approach retrospectively to financial assets designated on transition to IFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying IFRS 9.

These amendments are not applicable to the Institute.

#### IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the amendments on a fully retrospective basis. Alternatively, an entity may apply the Interpretation prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

**2.15. Standards issued but not yet effective (continued)**

The beginning of the reporting period in which the entity first applies the interpretation or (ii) The beginning of a prior reporting period presented as comparative information in the financial statements of the reporting period in which the entity first applies the interpretation. The Interpretation is effective for annual periods beginning on or after 1 January 2018. Early application of interpretation is permitted and must be disclosed. However, since the Institute's current practice is in line with the Interpretation, the Institute does not expect any effect on its consolidated financial statements.

## Notes to the financial statements

### 3. Property, plant and equipment

	Leasehold land and buildings	Motor vehicles	Furniture, fitting Equipment	Machinery	Office equipment	Computers	Library books	Work in progress	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
<b>2017</b>									
<b>Cost</b>									
At 01 January 2017	1 9,597,186	1 3,301,355	1,526,858	278,424	776,109	2,091,010	87,722	-	25,658,664
Additions	271,519	4 54,928	67,011	-	5,708	2 4,464	-	-	823,630
Net revaluation gain	1 2,415,295	-	-	-	-	-	-	-	12,415,295
Transfer to Investment property under development	-	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-	-
At 31 December 2017	<b>32,284,000</b>	<b>1,756,283</b>	<b>1,593,869</b>	<b>278,424</b>	<b>781,817</b>	<b>2,115,474</b>	87,722	-	<b>38,897,589</b>
<b>Depreciation</b>									
At 01 January 2017	1,879,559	1 1,181,677	1,203,345	167,055	672,124	1,734,210	-	-	6,837,970
Charge for the period	486,174	2 04,977	140,228	73,038	46,478	186,335	-	-	1,137,230
Write-back on revaluation	(2,365,733)	-	-	-	-	-	-	-	(2,365,733)
At 31 December 2017	-	<b>1,386,654</b>	<b>1,343,573</b>	<b>240,093</b>	<b>718,602</b>	<b>1,920,545</b>	-	-	5,609,467
<b>Net book value as at 31 December 2017</b>	<b>32,284,000</b>	<b>369,629</b>	<b>250,296</b>	<b>38,331</b>	<b>63,215</b>	<b>1 94,929</b>	<b>8 7,722</b>	-	<b>33,288,122</b>

	Leasehold land and buildings	Motor vehicles	Furniture, fitting Equipment	Machinery	Office equipment	Computers	Library books	Work in progress	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
<b>2016 (Restated)</b>									
<b>Cost</b>									
At 01 January 2016	1 9,482,850	1 4,432,532	1,496,415	278,424	707,325	1,961,682	47,253	287,222	25,693,703
Additions	114,336	-	30,442	-	68,784	129,328	40,469	3,486,993	3,870,352
Revaluation	-	-	-	-	-	-	-	-	-
Disposal	-	(364,540)	-	-	-	-	-	-	(364,540)
Transfer to Investment property under development	-	-	-	-	-	-	(3,774,215)	(3,774,215)	(3,774,215)
At 31 December 2016	<b>19,597,186</b>	<b>1,067,992</b>	<b>1,526,857</b>	<b>278,424</b>	<b>776,109</b>	<b>2,091,010</b>	87,722	-	<b>25,425,300</b>
<b>Depreciation</b>									
At 01 January 2016	1,409,250	1 1,189,148	988,661	111,370	657,369	1,550,323	-	-	5,906,121
Charge for the period	470,309	1 23,706	214,683	55,685	14,755	183,887	-	-	1,063,025
Disposal	-	(364,540)	-	-	-	-	-	-	(364,540)
At 31 December 2016	<b>1,879,559</b>	<b>948,314</b>	<b>1,203,344</b>	<b>167,055</b>	<b>672,124</b>	<b>1,734,210</b>	-	-	<b>6,604,606</b>
<b>Net book value as at 31 December 2016 (restated)</b>	<b>17,717,627</b>	<b>119,678</b>	<b>323,513</b>	<b>111,369</b>	<b>103,985</b>	<b>356,800</b>	87,722	-	<b>18,820,694</b>

	2017	2016
	ZMW	ZMW
		Restated

### 3. Property, plant and equipment (continued)

The leasehold buildings were valued at 31 December 2017 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 7,649,472.

### Restatement of property, plant and equipment

In 2017, the Institute changed its accounting policy in respect of the recognition and classification of the costs capitalised relating to investment property under development, located in Lusaka Thabo Mbeki Stand No.2374/M (earmarked for an Office Park Development project), and the Livingstone Lot No.19912/M & Farm No.9012 (embarked for an International Convention Centre project). The projects were previously classified as Capital Work in Progress under the principles of IAS 16. Management have re-evaluated the key assumptions and its intentions for these properties and accordingly the properties are now deemed as being held for long term capital appreciation, and not short term appreciation purposes in the ordinary course of business. Management have also formed a view that the proposed Thabo Mbeki Office Park and Livingstone International Conversion Centre project will not be owner occupied, and should accordingly be accounted for under the principles of IAS 40 - Investment property under development. Accordingly the financial statements have been restated in accordance with IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, with the effects on the SOFP and SOMF being disclosed below.

The impact of the change in accounting policy is disclosed as follows;

Statement of financial position (SOFP)	Narrative		
Property, plant and equipment	Change in accounting policy	-	(3,774,215)
Investment property under development	Change in accounting policy	-	3,774,215
<b>Net effect on SOFP</b>		-	-
<b>Statement of changes in members' funds (SOMF)</b>			
No effect		-	-
<b>Net effect on SOMF</b>		-	-
<b>4 Investment property under development</b>			
Opening balance		6,424,215	8,439,300
Additions during the year		9,164,836	-
Disposals during the year		-	(5,908,500)
Change in fair value of Investment Property		1,563,112	119,200
WIP transfers from property, plant and equipment		-	3,774,215
<b>Closing balance</b>		<b>17,152,163</b>	<b>6,424,215</b>

The Institute engaged an independent valuation specialist, Knight Frank to assess the fair value as at 31 December 2017 of the Investment property under development. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided.

	2017	2016
	ZMW	ZMW
		Restated

#### 4 Investment property under development (continued)

The revalued Investment under development consists of the Livingstone Lot No.19912/M & Farm No.9012. 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.

The Institute reclassified the capital work in progress which were recognised in property, plant and equipment in the prior year to investment property. This work in progress all relate to the progress being made to the Lusaka Thabo Mbeki Stand No.2374/M, Livingstone Lot No.19912/M & Farm No.9012 investment property under development.

#### 5 Equity investments

Company	No. of shares	Share price as at 31 December 2017 ZMW	Market value as at 31 December 2016 ZMW	Capital appreciation/ (depreciation) ZMW	Market value as at 31 December 2017 ZMW
Zambia National Commercial Bank Plc	2 50,000	0.97	72,500	170,000	2 42,500
Standard Chartered Bank Plc	87,949	2.75	1 53,031	88,829	2 41,860
Zambeef Products Plc	50,000	3.00	1 25,000	25,000	1 50,000
Zambia Sugar Plc	1 00,000	2.70	3 00,001	(30,001)	2 70,000
Copperbelt Energy Corporation Plc	1 11,087	1.43	96,229	62,626	1 58,855
			<b>746,761</b>	<b>316,454</b>	<b>1,063,215</b>

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

#### 6 Intangible assets

31 December 2017	Carrying value at beginning of year ZMW	Additions ZMW	Amortisation ZMW	Impairment ZMW	Carrying value at end of year ZMW
Software costs	1,861,198	2,202	(372,240)	-	1,491,160
Development costs	2,568,028	7,332,999	(222,889)	(1,166,598)	8,511,540
	<b>4,429,226</b>	<b>7,335,201</b>	<b>(595,129)</b>	<b>(1,166,598)</b>	<b>10,002,700</b>
31 December 2016	Carrying value at beginning of year ZMW	Additions ZMW	Amortisation ZMW	Impairment 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
	<b>3,513,562</b>	<b>1,263,388</b>	<b>(347,724)</b>	<b>-</b>	<b>4,429,226</b>

	2017	2016
	ZMW	ZMW
		Restated

## 6 Intangible assets (continued)

Software costs relate to iMIS software which is fully operational as its implementation was finalised during the year 2017. Development costs relate to expenditure on the CA Zambia qualification, the Diploma in Accountancy Qualification, Taxation and the Public Sector Finance Programmes. The development expenditure and software are being amortised over a period of five years. The impairment loss relates to the discountuation of the ZICA Accountancy programme leading to the introduction of the CA Programme and the Diploma in Accountancy.

## 7 Investment securities

Institution	Annual rate	Maturity date	Amortised amount as at 31 December 2017
First National Bank Zambia Limited fixed deposit	15.5%	June 2018	1,330,746
First National Bank Zambia Limited fixed deposit	18.5%	March 2018	847,072
First National Bank Zambia Limited fixed deposit	14.0%	March 2018	885,208
Stanbic Bank Zambia Limited fixed deposit	16.0%	May 2018	1,081,008
Government treasury bills	17.0%	June 2018	596,543
			<b>4,740,577</b>
Institution	Annual rate	Maturity date	Amortised amount as at 31 December 2016
First National Bank Zambia Limited fixed deposit	25%	June 2017	1,135,415
First National Bank Zambia Limited fixed deposit	23%	June 2017	801,867
Barclays Bank fixed deposit	23%	April 2017	709,940
			<b>2,647,222</b>

## 8 Inventories

Study manuals	1,553,842	398,103
Impairment of ZICA manuals	(211,729)	-
	<b>1,342,113</b>	<b>398,103</b>

The cost of inventories recognised as an expense during the year was ZMW 802,769 (2016: ZMW 642,885).

## 9 Accounts receivable

### Current asset

Staff loans and advances ( short term component)	465,767	693,301
Sundry debtors	476,757	231,088
Prepayments	8 5,448	130,941
	<b>1,027,972</b>	<b>1,055,330</b>

### Non current asset

Other assets - staff loans and advances (long term component)	<b>249,777</b>	<b>566,221</b>
	1,277,749	1,621,551

## 10 Cash and cash equivalents

Cash at bank	1,564,665	5,745,156
Cash on hand	1,061	3,043
	<b>1,565,726</b>	<b>5,748,199</b>

## 11 Employee liabilities

Balance at 31 December	1,898,257	1,603,144
Less short term portion (note 12)	(1,006,500)	(1,316,227)
Long term portion	<b>891,757</b>	<b>286,917</b>

	2017 ZMW	2016 ZMW Restated
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**11 Employee liabilities (continued)**

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 894.61 of an employees' total monthly contribution in order to fund the benefits. The total expenses recognised in profit or loss was ZMW 310,247 (2016: ZMW 274,726)

**12 Accounts payable****Non-current**

Other payables	<b>1,426,500</b>	-
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**Current**

Accruals	4,188,247	2,148,066
Benevolent fund	15,913	10,498
Subscriptions received in advance (note 13)	2,661,106	2,249,011
Employee liabilities (note 11)	1,006,500	1,316,227
Sundry creditors	3,057,182	1,704,178
	<b>10,928,948</b>	<b>7,427,980</b>

**13 Deferred Income****Current**

Subscriptions received in advance (i)	<b>2,661,106</b>	<b>2,249,011</b>
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**Non current**

Grants (ii) (iii)		
Opening balance	6,654,535	7,124,285
Additions	7,119,562	-
Amortisation	(1,905,187)	(469,750)
Closing Balance	<b>11,868,910</b>	<b>6,654,535</b>

- (I). The deferred income arose from subscriptions received in advance during the year.
- (II). The grant relates to funds received from Government of the Republic of Zambia 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 in the current year received support in the form of a grant from the World Bank for the development of the curriculum for the Chartered Accountant (CA) Zambia programme. The grant is recognised in the profit or loss on a systematic basis over a five year period.

**14 Income**

Examination and exemption fees	10,380,820	9,697,766
Fees and subscription	13,866,352	11,405,720
Practicing certificate fees	1,115,700	1,031,744
Firm registration and competence fees	133,650	108,294
	<b>25,496,522</b>	<b>22,243,524</b>

**15 Other income**

Proceeds from sale of manuals	1,733,101	1,150,863
Rental income	-	45,000

	2017 ZMW	2016 ZMW Restated
<b>15 Other income (continued)</b>		
Sundry income	455,523	840,596
Advertising income	-	11,900
Seminars and workshops	9,289,255	6,696,871
Dividends received	-	10,727
Exchange gain	6,687	-
Gain on fair value of Investment Property	1,563,112	119,200
	<b>13,047,678</b>	<b>8,875,157</b>
<b>15.1 Interest Income</b>		
Interest income	<b>819,202</b>	<b>516,382</b>

## 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.

## 17 Related party transactions

The remuneration of key management personnel and Council and Committee members during the year was as follows;

Short term benefits	4,556,640	4,062,225
Post employment benefits	1,139,160	1,053,900
	<b>5,695,800</b>	<b>5,116,125</b>
Loans to key management personnel	270,682	395,422
Council and committee expenses	250,578	173,857

Council and Committee members receive an honorarium of ZMW 300 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 2017, 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.

	2017	2016	
Categories of financial instruments	ZMW	ZMW	
		Restated	
18 Financial instruments (Continued)			
31 December 2017	Loans and	Available for sale	Total
Financial assets	Receivables		
	ZMW	ZMW	ZMW
Cash and bank balances	1,565,726	-	1,565,726
Accounts receivable	1,192,301	-	1,192,301
Investment securities	4,740,577	-	4,740,577
Equity investments		1,063,215	1,063,215
	7,498,604	1,063,215	8,561,819
Financial Liabilities			
Amortised cost (Trade payables)			9,678,429
31 December 2016 (Restated)			
Financial assets	Loans and	Available for sale	Total
	Receivables		
	ZMW	ZMW	ZMW
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)			5,168,471

### 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:

	2017 ZMW	2016 ZMW Restated
<b>18 Financial instruments (Continued)</b>		
Investment securities	4,740,577	2,647,222
Accounts receivables	1,192,301	1,490,610
	<b>5,932,878</b>	<b>4,137,832</b>

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 Institute manages liquidity risk by maintaining adequate reserves, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following are the contractual maturities of financial liabilities and assets.

31 December 2017	Carrying Amount ZMW	Contractual cash flows ZMW	Within 1 year ZMW	1-2 years ZMW	2-5 years ZMW	Longer than 5 ZMW
<b>Financial liabilities</b>						
Accounts payables	9,678,429	-	8,251,929	1,426,500	-	-
<b>Financial assets</b>						
Cash and bank balances	1,565,726	1,565,726	-	-	-	-
Accounts receivable	1,192,301	-	1,192,301	-	-	-
Investment securities	4,740,577	-	4,740,577	-	-	-
Equity investments	1,063,215	-	-	-	1,063,215	-
	<b>8,561,819</b>	<b>1,565,726</b>	<b>5,932,878</b>	<b>-</b>	<b>1,063,215</b>	<b>-</b>
<b>31 December 2016</b>	<b>Carrying Amount ZMW</b>	<b>Contractual cash flows ZMW</b>	<b>Within 1 year ZMW</b>	<b>1-2 years ZMW</b>	<b>2-5 years ZMW</b>	<b>Longer than 5 ZMW</b>
<b>Financial liabilities</b>						
Accounts payables	5,168,471	-	5,168,471	-	-	-
<b>Financial assets</b>						
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	-
	<b>10,632,792</b>	<b>5,748,199</b>	<b>4,137,832</b>	<b>-</b>	<b>746,761</b>	<b>-</b>

## (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.

	2017	2016
	ZMW	ZMW
		Restated

## 18 Financial instruments (Continued)

### 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	27,381	150,000
Change in USD rate	+0.2	+0.2
Effect on profit	5,476	(30,000)
Effect on equity	5,476	(30,000)

### (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;

- (i) The surplus for the year ended 31 December 2017 would have been unaffected as the equity investments are classified as available for sale and no investments were disposed or impaired; and
- (ii) Other comprehensive income for the year ended 31 December 2017 would increase/ decrease by ZMW 316,454 (2016: ZMW 431,161) 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.

### (vi) Fair value measurement hierarchy for assets as at 31 December 2017

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 value of the asset is categorised.

31 December 2017	Level 1 ZMW	Level 2 ZMW	Level 3 ZMW	Total ZMW
Equity investment	1,063,215	-	-	1,063,215
Investment property under development	-	17,152,163	-	17,152,163
Leasehold land and building		32,284,000		32,284,000
	<u>1,063,215</u>	<u>49,436,163</u>	<u>-</u>	<u>50,499,378</u>
31 December 2016 (Restated)	Level 1 ZMW	Level 2 ZMW	Level 3 ZMW	Total ZMW
Equity investment	746,761			
Investment property under development	-	6,424,215	-	6,424,215
Leasehold land and building		17,717,627		17,717,627
	<u>746,761</u>	<u>24,141,842</u>	<u>-</u>	<u>24,888,603</u>

	2017	2016
	ZMW	ZMW
		Restated

### 18 Financial instruments (Continued)

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 2017 (2016: nil)

### 19 Capital commitments

The capital commitments approved by the Council as at 31 December 2017 were ZMW 1,600,000. (2016: ZMW 1,200,000).

The capital commitments relate to the proposed development of the proposed Livingstone Lot No.19912/M & Farm No.9012 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 2017 (2016: 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

	2017	2016
	ZMW	ZMW
		Restated
<b>Operating expenses</b>		
Advertising and publicity	1,830,491	614,627
AGM expenses	715,678	547,303
Internal audit fee	61,320	53,200
External audit fee	150,000	127,600
Bank charges	452,856	390,551
Competence exams	35,830	16,000
Council and committee expenses	250,578	173,857
Exchange loss	137,758	156,468
Donations	10,000	70,000
Electricity and water	96,906	111,926
Examination expenses	2,807,757	2,258,096
Graduation expenses	169,605	144,392
ICT expenses	773,013	781,914
Insurance	734,933	942,763
Manuals	802,769	642,885
Motor vehicle expenses	528,786	560,265
Office expenses	352,857	329,822
Office rent	165,696	107,310
Postage	433,288	318,105
Printing and stationery	879,226	780,756
Professional fees	196,039	502,841
Publication costs of Accountant Magazine	368,080	439,734
Rates and taxes	136,019	445,350
Repairs and maintenance	290,636	290,114
Security expenses	125,027	127,189
Seminars and workshops	4,581,124	4,280,575
Subscription	406,235	420,024
Telephone	247,287	213,425
Travel - local	390,282	131,412
Travel - foreign	646,191	249,241
Travel - foreign - IFAC meetings	219,975	466,489
	<b>18,996,242</b>	<b>16,694,234</b>
<b>Depreciation, impairment and amortisation</b>		
Amortisation of development costs	595,129	347,724
Depreciation	1,137,231	1,063,025
Impairment	1,378,327	
	<b>3,110,687</b>	<b>1,410,749</b>
<b>Employee benefits expense</b>		
Gratuity	2,409,146	2,195,627
Salaries	11,519,917	9,787,922
Staff training and development	770,279	328,026
Staff welfare	710,089	476,458
	<b>15,409,431</b>	<b>12,788,033</b>
	<b>37,516,360</b>	<b>30,893,016</b>

The supplementary information presented does not form part of the financial statements and is unaudited.





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