

2015 ANNUAL REPORT

CONTACT DETAILS

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

PROFILE

OUR VISION

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

OUR MISSION

"A world class professional accountancy regulator and educator"

OUR CORE VALUES

Ethical

Customer Orientation

Virtue

Integrity

- Reliability
- Competence Courtesy
- Professionalism
- Responsiveness
 - Consistency

The mandate of the Institute includes:

- OUR MANDATE
- 1. The regulation of the accountancy profession
- 2. The regulation of the education and training of accountants
- 3. The setting of ethical, auditing and accounting standards
- 4. The investigation of the disclosures made in the public interest

SERVICES OFFERED

Regulation of the Accountancy Profession



Audit Monitoring

The practice review or audit monitoring visits carried out by the Zambia Institute of Chartered Accountants is as per Section 31 of the Accountants Act No. 13 of 2008 as amended under part IV. The review is intended for all chartered accountants and the firms owned by them. It is carried out through two types of reviews: Firm Reviews and Engagement Reviews. The objective of the review is to ensure that the work of professional accountants in practice is conducted in compliance with ethical and professional standards.

Compliance Monitoring of Accountants

The Institute conducts Compliance Monitoring Visits aimed at ensuring that accountants comply with the requirements of the Accountants Act of 2008. Members not complying with the Accountants Act of 2008 are brought before the Disciplinary Committee, after enough evidence has been gathered against them, for disciplinary action. The ruling of the Disciplinary Committee can only be appealed in the High Court of Zambia.

Continuous Professional Development

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

Provision of Technical Advice

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

Education and Training of Accountants



The Institute offers two qualifications namely the ZICA Accountancy Professional qualification and the Diploma in Taxation qualification.

ZICA Professional Accountancy Qualification

Under this Programme, the Institute offers three qualifications namely Technician, Licentiate and Professional qualifications. The three qualifications are separately certified to meet the varied needs of various stakeholders. However, the Institute is currently reviewing the structure of the Accountancy Programme.

Diploma in Taxation Qualification

The Diploma in Taxation Qualification was introduced in 2013. This is a specialised programme 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.

The President's Report

The year 2015 was a very challenging one for the Institute, whose operations were affected by the weak economic growth experienced during the year. At the global level, the slowdown in the global economic growth dampened demand and prices of many commodities including copper and this had a negative impact on many countries including Zambia.

A the domestic level, the Kwacha depreciated sharply against major currencies. According to the Bank of Zambia, the Kwacha depreciated by about 59 per cent against the US Dollar over one year. On the back of this depreciation in the currency, inflation reached 21.1 per cent during the year under review. The other challenge at the domestic level was the deficit in power supply, which affected productivity in almost all spheres of the economy. The resultant energy management negated businesses ability to operate at full capacity.

This state of affairs had severe ramifications on the economy in general and the Institute in particular, among them the increased cost of doing business, which partly contributed to suffocation of local entrepreneurship, with most businesses scaling down on operations. Further, prices of most commodities and services increased by significant proportions, reducing the buying power of consumers.

The above factors negatively impacted on the Institute's performance during the year under review. Some of the cited factors such as the depreciation of the Kwacha, the energy deficit and high inflation were expected to continue in 2016.

Consequently the spending power of most citizens was not likely to improve, thereby affecting the income from the education and membership operations of the Institute. It is in this regard that your Council decided to make some interventions to increase revenue and implement various cost control measures.

At the 2015 General Assembly of the Pan African Federation of Accountants (PAFA) in Mauritius, the Institute was appointed to host the 2016 PAFA General Assembly. Further, the Institute attended the Council Meeting of the International Federation of Accountants (IFAC) in Singapore.

While attending the meeting, the Chartered Accountant Worldwide (CAW) indicated that the Institute had been admitted to the prestigious body. The CAW is a prestigious body for accountancy professional bodies in the world promoting the Chartered Accountant brand.

Wesley M. Beene President

Council is satisfied that the strategies put in place will enable the Institute to navigate through the challenges and continue exploiting the opportunities in order to deliver membership value.

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...the Chartered Accountant Worldwide (CAW) indicated that the Institute had been admitted to the prestigious body.

Such admission to CAW is a I wish to express my gratitude to demonstration of the recognition of the commitment of the Institute to transform itself to the family of alobal chartered accountants which would attract a designation of CA Zambia in its institutional development into the future.

At the Annual General Meeting, one member Mr Elijah Chabu will be retiring after having served the Institute as Council Member and Chairperson of the Audit and Risk Management Committee. On behalf of Council, I would like to thank him for his dedicated service to the Institute and wish him well in his future endeavours. There will therefore be a vacancy for members in commerce and Industry to replace him on Council.

The operating environment remains volatile and competitive going into 2016 and beyond. However, Council is satisfied that the strategies put in place will enable the institute to navigate through the challenges and continue exploiting the opportunities in order to deliver membership value.

Council members, the Management Team, the general membership and indeed all other stakeholders for the commitment and support rendered during the period.

Wesley M. Beene PRESIDENT

Chief Executive Officer's Report

The implementation of the 2014-2018 strategic plan progressed well during the year under review despite the volatility in the Zambian economy which negatively affected the performance of the Institute.

FINANCIAL HIGHLIGHTS

The Institute recorded a total income of **ZMW27.304 million** (2014:ZMW23.564million) against a budget of ZMW24.163million. The total expenditure for the year was **ZMW25.441 million** (2014:ZMW22.459 million) compared to the budget of ZMW23.288 million. The surplus for the year was **ZMW1.862 million** (2014: ZMW1.105 million) against a budgeted surplus of ZMW0.875 million.

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

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

Under this area of strategic focus, the Institute continued to monitor and enforce compliance to professional standards. Audit quality monitoring visitations were conducted in 21 firms. Further, with the support of the Institute of Chartered Accountants of England and Wales (ICAEW), a peer review of the review processes was conducted during the year. The key findings indicated that the Institute's audit monitoring work was similar to what was used by the counterpart Institute. However, best practices from the ICAEW were adopted to enhance the risk based quality audit monitoring.

In order to enhance proficiency of members' understanding of professional standards, the Institute continued to conduct workshops during the year. A total of 18 workshops were conducted in line with the CPD calendar. A total number of 5,858 members were registered with the Institute during the period under review. The Institute launched the iMIS database system which would make it easy to trace members not complying with the law relating to registration of accountants. This will make it possible for the Institute to take necessary steps designed at making them comply.

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

In line with the Education policy of reviewing the professional qualification every five years; the Institute reviewed the qualification and completed the review of the syllabus after extensive stakeholder consultations. The Institute contracted the Institute of Chartered Accountants of England and Wales

Hapenga M Kabeta Chief Executive Officer

The Institute achieved positive results in a number of key areas in the implementation of the strategic plan.

Chief Executive Officer's Report Cont'd

(ICAEW) to conduct the review of the Professional Qualification (PQ). The outcome of the review was that the Accountancy Programme would be rebranded and be called CA-Zambia. In order to address the lower level needs of the accountancy profession, the Diploma in Accounting would be introduced. The switch from the Accountancy Programme to CA Zambia and Diploma in Accountancy is scheduled to take place in 2017.

Further, the Institute continued to develop partnerships with various organisations aimed at strengthening the training of professional graduates. Other MoUs for practical training signed were 4. However, the Institute intends to review the practical training system before the rebranding of the PQ.

Another MoU was signed between the Institute and the Zambia Centre for Accountancy Studies (ZCAS) for the joint certification degree programme. Further

discussions were underway with other universities for the joint certification programmes.

In furthering its goal of broadening the qualifications portfolio in order to meet market demands, the Institute commenced the development of the Public Sector Financial Management Programme (PSFMP). The programme is dedicated to the development and enhancement of the technical skills of accountants with a career in the public sector. It aims to meet the needs of central and local government accountants. This qualification is expected to be launched in 2016.

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

The Institute held stakeholder meetings with employers that included the mining industry, Government through the Human Resource functions in government, the members of Zambia Institute of Human Resource Management, Zambia Federation of Employers and Chambers of Commerce. The Institute continued to advertise its qualifications in the mainstream media and social media. Communication to stakeholders was further strengthened through the use of The Accountant Journal, The Student Accountant Magazine, website, emails and social media among others.

The Institute also participated at various meetings and workshops locally, regionally and internationally aimed at influencing policies which impact on its operations. The Institute provided corporate memorabilia for

A total number of **5,858** members were registered with the Institute during the period under review.

staff and participants of workshops it organised during the year. The Institute continued its corporate social responsibility programmes support to various special causes where its voice has promoted the furtherance of such calls.

Meetings with such stakeholders as Securities and Exchange Commission, Pensions and Insurance Authority, Bank of Zambia through the Financial Sector Development Programmes as members of the Steering Committee were held during the year.

Enhance the organisational infrastructure to strengthen engagements with stakeholders

During the year, the Institute completed the implementation of the iMIS database software aimed at enhancing interaction with its various clients including students and members. The system improved the communication process and access to various services by members and students. Candidates for the December 2015 Accountancy examinations for instance were able to access their results online. The library was renovated and subscribed to online libraries for students and members for easy access of various resources.

The Institute conducted a job evaluation exercise in order to develop a structure with capacity to implement the strategic plan. Various policies such as risk management policy, financial policies and procedures, various human resource policies, IT policy, among others were developed and implemented during the year. These policies were developed to strengthen internal process and improve quality service delivery. Training of employees was ongoing to enhance their capacity to serve the Institute better.

Finally, the Institute continued working on the diversification of its investment portfolio. This included the development of an Ultra-Modern Office and Conference facility at the Accountants Park and the development of the Shuungu Namutitima International Convention Centre in Livingstone. The two projects are at an advanced stage, and construction could begin as soon as financing arrangements were finalised.

CONCLUSION AND WAY FORWARD

The Institute will continue with its plans to diversify the investment portfolio. New avenues of generating income would be explored to ensure that the operations of the Institute were not solely dependent on income from members and students.



Hapenga M Kabeta SECRETARY AND CHIEF EXECUTIVE

OPERATIONAL AND FINANCIAL REVIEW

The Operational and Financial review gives highlights of the performance of the Institute during the year 2015. The operational highlights provide the nonfinancial metrics of the performance of the Institute.



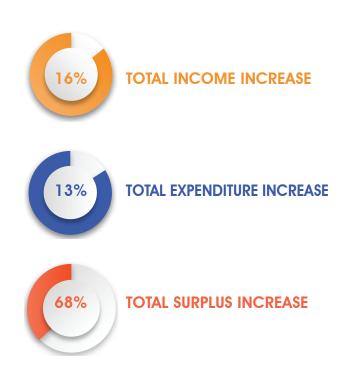
ZMW 27.304 m total income for the year

FINANCIAL HIGHLIGHTS

The total income for the year was ZMW27.304 million (2014:ZMW23.564 million) representing an increase of 16 percent compared to 2014. However, there was a notable reduction in the number of students paying subscription fees and examinations fees in the Technician, Licentiate and Taxation categories. Income from regulatory and education services contributed eight per cent to the total income recorded during the year.

The total expenditure incurred during the year was ZMW25.441 million (2014: ZMW22.459 million) representing an increase of 13 percent compared to 2014. The increase was largely attributed to the increased prices of goods and services during the third and fourth quarters of 2015.

The year to date surplus was ZMW1.862 million compared to a surplus of ZMW1.105 million recorded in 2014, representing an increase of 68 per cent. The increase in the surplus for the year was mainly attributed to the seminars and workshops and the gain on fair value of investments property.



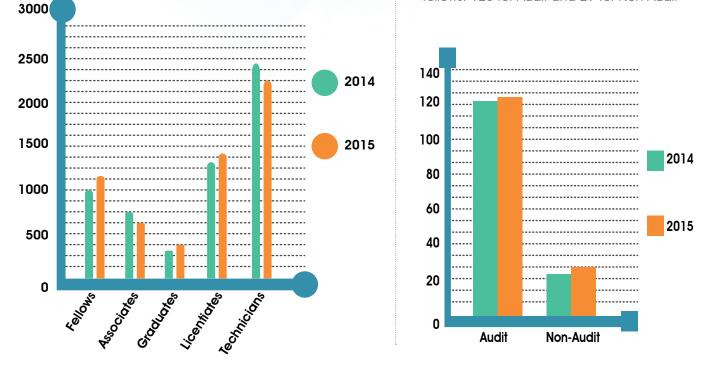


MEMBERSHIP STATISTICS

he number of registered members for the year ended 31 December 2015 was as follows:

1,136 Fellows, **684** Associates, **349** Graduates, **1,440** Licentiates, and **2,249** Technicians.

The number of practising certificates and non-audit practising certificates held during the year were as follows: 125 for Audit and 29 for Non-Audit



ANNUAL BUSINESS CONFERENCE

The Annual Business Conference was held in Livingstone at Avani Resort. The theme of the conference was: "Zambia's Development Agenda: The future role of accountancy." The conference was hosted by ZICA, CIMA and ACCA as an annual tripartite arrangement. The conference was attended by 550 participants. Members continued to make late payments resulting in difficulties in effective planning.



COMPETENCE PRACTICE EXAMINATIONS

A total of five members passed the Competence Practice Examinations (CPE) Conducted in June and December 2015 respectively. During the year seven new practicing certificates were issued.





EMPLOYER SENSITISATION

A total of 40 organisations attended the Employers Fora held in Ndola and Lusaka. There were no violations of the Act by employers during firm visitations. The Institute used the visitations to sensitize both accountants and employers on the requirements of the Accountants Act. During the year the Institute was invited to the membership of the Ministry of Labour Zambianisation Committee and conducted joint employer visits. The Institute has a beneficial relationship with the Immigration Department to ensure foreign accountants get clearance before they could be granted work permits. However, this has been a challenge as some people undermine the system by adopting different job titles unrelated to accounting when making applications to Immigration. Such deliberate misrepresentations required members of the Institute employed in such organisations to anonymously whistle blow for the Inspectorate wing to visit such organisations.

ZICA/ICPAK MEMORANDUM OF UNDERSTANDING

A Memorandum of Understanding (MOU) with ICPAK was signed in June 2015 to facilitate the provision of membership services when members from either Institute was in the host Institute's territory.

ACCOUNTANTS FORUM

A total of Ten (10) Accountants fora were held during the year on various topical lissues. Six of these fora were held in Lusaka while four were held in Kitwe. About 1 600 members attended these events and received 20 CPD hours where they attended all the fora.

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

- "Economic aggregates (Inflation, Poverty, GDP and Employment) measurement methods and Interpretation.'
- "Volatility of the Kwacha against major currencies causes and way forward to safeguard domestic and International trade".
- "Parastatals: Opportunities for Effective Management and Governance of Public Resources"
- "The Fight Against Poverty in Zambia: Current Status in View of the Volatile Economic Performance."
 - "The Electricity Deficit: Short, Medium and Long Term Interventions by Government".



ANNUAL GENERAL MEETING (AGM) AND PRE- AGM WORKSHOP

Atotal of nine hundred and ninety nine participants attended the Pre-AGM workshop and AGM in 2015 under the Atheme: "Strategic Leadership for Accountancy Professionals – Values and Perspectives," at Zambezi Sun Hotel in Livingstone.

PRACTITIONERS FORUM

Two practitioner's fora were held as scheduled in Lusaka and Ndola. The attendance at these fora continued to be relatively low, with low levels of representation from senior practitioners and partners. Topical issues affecting members in practice were discussed such as the SEC rules and the requirement for financial statements for audit firms when bidding for tenders. These were some of the issues discussed and resolved at these fora.

TAX UPDATE WORKSHOPS

During the year under review, three tax update workshops were held as scheduled in Lusaka, Kitwe and Choma. The workshops were aimed at updating members on the upcoming tax legislation and upskill their taxation knowhow to enable them apply 2015 tax legislation correctly. The workshops were facilitated by the PwC Zambia tax team and the Ministry of Finance. The workshops were attended by a total of 435 participants.

SUBMISSIONS ON THE TAX APPEALS TRIBUNAL BILL 2015

The Institute made submissions on the proposed amendment bill to the Revenue Appeals Tribunal Act to Parliament. The Institute further appeared before the Committee on Economic Affairs, Energy and Labour on to present the written submission on the Amendment Bills to the Committee. The Bill was among others aimed at amending the name of the Revenue Appeals Tribunal to Tax Appeals Tribunal and elevating the status of the Tribunal to be equivalent to the High court.

STAKEHOLDER ENGAGEMENTS

During the period under review, the Institute undertook its strategic role of representing and promoting the interest of the profession by engaging the stakeholders on various matters.

These included among others the mandatory auditor rotation in the banking and financial services sector, annual tendering for audit services and provisions in the Securities Act regarding auditor reporting. All these matters were adequately addressed to the satisfaction of members. The Institute held a joint workshop with Securities and Exchange Commission (SEC) for practitioners and stakeholders. The workshop focused on the Role of Auditors in fostering Risk, Credibility and Investor protection in the Capital Markets and Reporting under the Securities Act. Further it was agreed that the requirements of rule 18 of the Securities Act would be best addressed through agreed upon procedures as opposed to addressing the auditor report to SEC.

The Institute and SEC held a meeting at which parties agreed to form a joint working group to formulate a practice note and write a position paper on matters for amendment in the Securities Act.

DEVELOPING AND PROMOTING PRACTICE STANDARDS

Standard format for signing Assurance and Non-Assurance Reports

The Institute issued an auditing pronouncement prescribing the format through which all reports issued by practitioners and accountants will be signed. The format which is applicable to both Assurance and Non-Assurance Reports requires the Practitioner's personal name, the practicing certificate number and the name of the firm to be indicated on the signature.

Practice Standard Certification of Legal Practitioners Accounts

The pronouncement gives guidance on who is eligible to issue Accountants Certificates to Legal Practitioners registered under the Law Association of Zambia and the framework under which such certificates can be issued.

Revision of Financial Reporting Standard for Micro and Small Enterprises (MSEs) in Zambia

The Institute convened a consultative meeting with key stakeholders on the revision of financial reporting standard for Micro and Small Enterprises. The forum collected inputs on causes of the low uptake of the standard and matters for consideration during revision of the standard. The revision of the standard would be completed in 2016.

Comments on the Income Tax Bill 2015

The Institute submitted comments on the proposed Amendment Bill to the Income Tax Act to Parliament. The Institute further appeared before the Parliamentary Committee on Estimates to present the written submissions on the Amendment Bills to the Committee. The Bill was among others aimed at replacing the 2015 mining tax regime.



Contribution to Standard Setting

The Institute submitted seven comment letters on various Exposure Drafts and Discussion Papers.

Audit Monitoring

The Institute conducted a total of 21 audit monitoring visits of which eleven 11 achieved a 'satisfactory' outcome while 10 were 'unsatisfactory'. The Institute also carried out off-site practice reviews on the large firms. Overall the reports indicated that the quality of audit work has continued to improve. There was generally continued improvement in the quality of work by practitioners even for those that get unsatisfactory reports.

2016 Budget Submissions

During the year under review, two budget submission workshops were held as scheduled in Lusaka and Kitwe in order to collect members' and stakeholders' submissions for Government consideration in the 2016 National Budget. The workshops drew a total attendance of 60 participants.

The Institute made submissions on the 2016 National Budget and appeared before the Ministry of Finance to make oral presentations.

In house Taxation Workshop for FQM

The Institute conducted an in-house 2015 tax and accounting standards update workshop for First Quantum Minerals (FQM) in Ndola. The Institute also conducted an in-house 2015 tax training workshop for Kansanshi in Solwezi on 18th and 19th September 2015.

PROMOTING THE INTERESTS OF THE ACCOUNTANCY PROFESSION

Technical Advice and Guidance

The Institute continued to provide technical advice to members on various matters affecting the profession.

Inaugural Local Authorities Finance Workshop

The Institute held two Local Authorities Finance Governance workshops from 24th to 25th August 2015 in Lusaka and 27th to 28th August in Ndola. The workshop was well received by participants who requested that it be incorporated on the CPD calendar as an annual event. Further, a report highlighting financial management challenges in Councils and recommendations was sent to the Ministry of Local Government.



Chief Finance Officers Forum

The inaugural Chief Finance Officers' Forum was held on 4th September 2015 with an attendance of 12 participants. During the event, the participants were consulted on the use of Integrated Reporting as a choice of corporate reporting. Participants recommended that the event becomes part of the CPD calendar.

Auditors Workshop

The Internal Auditors Workshop was held in Livingstone from 24th to 25th September 2015. A total of 124 people attended the workshop against the anticipated 150 participants. There was a general view that the next Internal Auditors workshop should be jointly hosted with the Institute of Internal Auditors. A Memorandum of Understanding was developed to formalise the relationship going forward.

Professional Bodies Forum

Three meetings were hosted for Professional Bodies which among others agreed on operations of the forum to foster a common platform for engagement in national development.

The Institute undertook a number of activities in order to enhance the quality of Education and Training.



REVIEW OF THE ACCOUNTANCY PROFESSIONAL QUALIFICATION

The review of the ZiCA Accountancy qualification was completed during the year under review. The review of the Accountancy programme resulted into the current qualification being divided into two qualifications – CA Zambia and Diploma in Accounting.

In arriving at the structure and syllabus content of the qualification, the Institute consulted various stakeholders which included, auditing firms in Zambia, Office of the Auditor General, Office of the Accountant General and Office of the Controller Internal Audits at the Ministry of Finance, Bank of Zambia, Mining companies (Mopani, KCM, FQM), training providers including Universities, and other leading employers in Zambia.

In addition CA Zambia qualification was benchmarked against the current best practice and the International Education Standards (IES) both in terms of content, quality and quantity. The distinctive feature of the CA Zambia qualification is the flexible option routes at the Final (advisory) level. The CA Zambia Professional Qualification (PQ) has three option routes – Public Practice Route, Business Route and Public Sector Route. CA Zambia will be launched in the fourth quarter of 2016 with the first examinations under the new structure to be undertaken in June 2017. From June 2017, the current ZICA PQ will no longer be offered. CA Zambia qualification benchmarked against the current best practice and the International Education Standards (IES)

PARTNERSHIP WITH INDUSTRY ON PRACTICAL TRAINING

The partnership with industry in order to strengthen practical training of ZiCA Accountancy graduates continued. In the year under review the Institute signed a Memorandum of Understanding (MoU) with 4 organisations. These are Zamseed, Zambeef, Goldman Insurance and Sanctuary Retreats Ltd. These firms were in addition to the MoUs signed in the previous year (2014).

QUALITY ASSURANCE PROGRAMMES

During the year under review, the Institute continued with its quality assurance programmes of accrediting tuition providers and examiners. Further the Institute revised study materials to bring them in line with best practice.

EXAMINATIONS

The Institute held two examination sessions in June and December in 2015 as programmed. The comparative average pass rates per level for the two sittings are as shown by the table below:

PROGRAM / LEVEL	June 2015	December 2015		
ACCOUNTANCY				
Technician	39.41%	43.68%		
Licentiate	21.20%	31.27%		
Professional	29.36%	23.47%		
TAXATION				
Certificate	50.13%	53.33%		
Diploma	58.33%	82.93%		

ACCREDITATION OF TUITION PROVIDERS	ACCREDITATION OF EXAMINERS
The Institute continued accrediting tuition providers	The Institute continued with the accreditation of Examiners
offering accountancy studies as a means of enhancing	on a three year basis. During the year a total of 68
the quality of the accountancy graduates. A total of 22	examiners were accredited by the Institute. The Institute
tuition providers were accredited to offer tuition for the	held the annual workshop for examiners where a total of
Accountancy programme at various levels.	63 Examiners attended.
REVISION OF STUDY MATERIALS In an effort to improve the quality of the study materials and ensure that they were up to date, the Institute continued with the annual update of study materials. During the year, the focus was on development of the Taxation Manuals using local technical experts and BPP Learning Media as the editor and typesetter.	BROADENING OF THE QUALIFICATIONS PORTFOLIO The Institute continued with the implementation of the development of the Diploma in Public Sector Financial Management programme, which is aimed at enhancing accountants in the Public Sector and those wishing to join the Public Sector with the necessary public sector financial management skills. During the year, the development of the syllabus for the Public Sector Financial Management Programme was completed. At the close of the year, the consultants were developing Study Manuals, Revision Kits and Teaching guides for the programme. The development of the Public Sector Financial Management Programme was expected to be completed by August 2016.

PARTNERSHIPS WITH UNIVERSITIES FOR JOINT CERTIFICATION

The Institute signed the memorandum of understanding with the Zambia Centre for Accountancy Studies (ZCAS) on the partnership for a joint certification of the Bachelor of Accountancy degree programme. The joint certification degree/ professional qualification programme was launched in July 2015. The Institute held discussions with Copperbelt University, University of Lusaka, and Zambia Open University on the possibility of developing joint certification programmes. The discussions were not concluded by the end of the year.



STRENGTHEN THE ZICA BRAND IN ORDER TO ENHANCE THE IMAGE OF THE INSTITUTE LOCALLY, REGIONALLY, AND INTERNATIONALLY

The Institute undertook a number of activities in order to strengthen the ZiCA Brand as follows:

MARKETING OF THE ZICA PROGRAMMES

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

Secondary School Visitations

The Institute conducted visitations to Secondary Schools to promote the Accountancy and Taxation programmes to Grades 11 and 12 pupils. A total of 38 Secondary schools were visited in the following provinces: Copperbelt, North Western, Luapula, and Eastern. Over 8 800 pupils were sensitised during the visitations.

Careers Exhibitions

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

Adverts in traditional media

The Institute continued to advertise the ZiCA Programmes in the mainstream media i.e. radio and television. The Institute continued sponsoring the presentations of the national budget to Parliament in order to accord the majority of Zambians an opportunity to watch the presentation live from Parliament.



KITWE OFFICE RELOCATION

The Kitwe office relocated to new office premises at Mukuba Pension House. The offices at David Mwila house became inadequate for our operations hence the relocation. The officers have settled well and the ICT infrastructure has been put in place.

MIS PROJECT UPDATE

The iMIS database system was rolled out successful with the system initially going live in August 2015. A period of testing by staff and ZiCA Committee members followed thereafter and the results were successful. The general ZiCA membership was given access to the system starting from November 2015. The system was successfully used to process December 2015 exam registrations

VISA PAYMENT PLATFORM

The Institute engaged Barclays Bank for the provision of an online payment portal. Progress was recorded in the implementation with initial tests already made. Initial project timelines indicate that this payment platform would be operational before end of the first quarter of 2016.

GRADUATION CEREMONY

1,096 Graduants

The Graduation Ceremony was successfully held during the year. The ceremony was held at the New Government Complex, where a total of 1,124 students graduated at various levels of the Accountancy Programme. The comparative numbers of graduates at each level for the past five years are as per the table below:

	YEAR				
Category	2011	2012	2013	2014	2015
Technicians	1,214	1,044	711	758	640
Licentiates	299	257	394	302	371
Professional	36	38	68	64	81
Taxation – Certificate	N/A	N/A	N/A	N/A	04
TOTAL	1,549	1,339	1,173	1,124	1,096

355 Library Users Accessed Our e-resources



LIBRARY AND RECORDS MANAGEMENT

A total number of 1,962 library users visited the library during the period under review while 355 users used our e-resources respectively .

The Institute has rights to some e journals having subscribed to Zambia Library Consortium (ZALICO). The resources are ready for use and the links are available in the Library.

LABOUR STATISTICS

The Labour Statistics at the end of the December 2015 were as follows;

Divisions	Existing Establishment Structure	Actual Labour Strength	Variance
Administration	10	10	0
Finance and Corp Services	15	13	-2
Education and Training	13	7	-6
Standards and Regulations	11	8	-3
TOTAL	49	38	-11

DEVELOPMENT OF LOT NO. 19912/M LIVINGSTONE

The Institute finalized and signed the contract with Anderson and Anderson for the first phase of the development of Lot No. 19912/M Livingstone.

The major activities in the first phase are preparation of schematic drawings for the proposed development and the initial feasibility and viability assessment report.

JOB EVALUATION

The job evaluation exercise was undertaken during the period under review. The Job evaluation report was finalized and approved during the period. The finalization of the Job evaluation characterized the year end activities.

DEVELOPMENT OF THE ULTRA-MODERN OFFICE COMPLEX ON PLOT 2374/A THABO MBEKI ROAD

The development of the eight storey office complex at the accountants' park recorded tangible progress during the period under review.

The Architects and Construction Consultants, GES Architects submitted the preliminary architectural, structural and electrical drawings. The final drawings would be submitted to the Institute together with the bill of quantities (BOQ).

Further, the Institute applied to the Zambia Environmental Agency (ZEMA) for the Environmental Project Brief (EPB) in respect of the proposed construction of the eight (08) storey building at the Accountants Park. ZEMA after reviewing the application upgraded the project to a full Environmental Impact Statement as per the regulations.

The fundraising road shows commenced during the fourth quarter of the year under review. Presentations were made to various prospective local investors. However, by the end of the year, no commitments from prospective investors were received. Management commenced exploring other financing options. Job Evaluation Report Approved



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.

Offer Affordable Services and Qualifications

The Institute offers the most competitive services and accountancy qualifications in Zambia. The idea of having affordable charges is to enable as many citizens as possible benefit from the services and qualifications being offered. This would in the long run develop a large cadre of professionals contributing to national economic development. Significant investments were made in the ICT and education areas. The investments in these areas helped to enhance customer's experience with services and qualifications we offer. Further, the Institute continued to be innovative and invested in the development of qualifications, such as the Public Sector Financial Management Programme, that would produce the much needed skills in the public sector.

Support the Vulnerable in Society

As part of Corporate Social Responsibility, the Institute continued to support the vulnerable in society. During the year under review, the Kwasha Mukwenu Fund received its first donation of K50, 000 from Zesco. The fund is meant to help vulnerable students to be enrolled on the ZiCA Accountancy Programme and is expected to be operational in 2017. We encourage the business community to support this initiative in order to grow the fund. The Institute continued supporting worthy community initiatives as well. Innovative caring initiatives for the deprived individuals such as orphanages received support from the Institute. St Matthew 25 of Lusaka District was one such orphanage that had received support through the donation of various goods and food staffs as part of International Women's Day celebrations.

> the Institute procured 90% of its services and goods from local suppliers.

Sustainability Report Cont'd

The Institute also made a donation to the Zambia Medical Association. The donation was a contribution towards the construction of the centre of excellence for cardiac diseases. This was the second donation the Institute made with the first one made in 2014.

Mandatory Responsibilities

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.

Support to Local Suppliers

The Institute has a policy of supporting local suppliers of goods and services wherever possible. Through the support of local suppliers, greater positive social and economic impact is created. During the year under review, the Institute procured 90% of its services and goods from local suppliers.





CORPORATE GOVERNANCE REPORT



Council delegates some of its functions to Secretariat to make the management more effective.

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 is governed.

The Council

The Council is the top most level in the hierarchy of the Governance Structure and makes policy decisions on the affairs of the Institute. It sets the strategic direction of the Institute and provides oversight to the management or Secretariat of the Institute. It carries out its business through ten (10) standing Committees. The Council and its Committees meet every quarterly.

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.

Membership and attendance of meetings in 2015

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

Corporate Governance Report Cont'd

Committees of Council

The current Committees of Council are as follows:

Finance and Administration Committee

The Finance and Administration Committees' primary purpose is to ensure financial stability and enhance the long-term financial sustainability of the Institute.

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 the Institute in areas relating to but not limited to; salaries and conditions of service, resources, disciplinary and staff grievances.

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 the Institute in areas relating to but not limited to; salaries and conditions of service, resources, disciplinary and staff grievances.

Membership and attendance of meetings in 2015

No	Name	Meetings Held	Meetings eligible	Meetings attended
		noru	to attend	anonaoa
1.	Tom Thewo	8	8	8
2.	Morgan Chiselebwe	8	8	6
3.	James Kapesa	8	8	6
4.	Namataa K Mudenda	8	8	5
5.	Beatrice Zulu	8	8	4
6.	Mirriam Chiyaba	8	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).

Membership and attendance of meetings in 2015

No	Name	Meetings Held	Meetings eliaible	Meetings attended
			to attend	
1	Morgan Chiselebwe	2	2	1
2	Shadrick Phiri	2	2	2
3	Dick Sichembe	2	2	0
4	Joyce P. Sundano	2	2	0
5	Humphrey Himwaaba	2	2	2
6	Robert Nkhata	2	2	2
7	Mwila Munkanta	2	2	2
8	Esther Haamaundu	2	2	2
9	Nsandi Manza	2	2	0
10	Elijah Chabu	2	2	1
11	Maulu Hamunjele	2	1	0

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.

Membership and attendance of meetings in 2015

No	Name	Meetings Held	•	Meetings attended
1	Maulu O Hamunjele	4	1	1
2	Morgan Chiselebwe	4	2	2
3	Christabel Banda	4	1	1
4	Davies Simbaya	4	3	1
5	Chishala Kateka	4	1	0
6	Goodson Kapaso	4	4	3
7	Anderson Mwape	4	4	3
8	Collina Halwampa	4	4	4
9	Gabriel Banda	4	4	3

Corporate Governance Report Cont'd

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.

Membership and attendance of meetings in 2015

No	Name	Meetings Held	Meetings eligible	Meetings attended
			to attend	
1	Jason Kazilimani Jr	5	5	3
2	Andrew Chibuye	5	5	3
3	Tom J Thewo	5	5	4
4	George Mubipe	5	2	0
5	Satish K Gulati	5	5	5
6	Linda Siwingwa	5	5	3
7	Munsaka C Mabbolobbolo	5	5	5
8	Atanasius Mulenga	5	1	1
9	Fidelis Cheelo	5	5	3
10	Tinashe Jerahuni	5	4	2

Technical Committee

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

Membership and attendance of meetings in 2015

No	Name	Meetings Held	Meetings eligible to attend	Meetings attended
1	Andrew Chibuye	3	3	3
2	Jason Kazilimani Jr	3	3	3
3	Dion Dault Banda	3	3	1
4	John L. Banda	3	3	0
5	Chrispin Daka	3	3	3
6	Gilbert Muyalwa	3	3	2
7	Muppala N. Raju	3	3	3
8	Alice Jere Tembo	3	3	3

Taxation Committee

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

Membership and attendance of meetings in 2015

No	Name	Meetings Held	-	Meetings attended
			to attend	
1	Christabel M Banda	6	2	1
2	Dion D Banda	6	6	4
3	Michael Phiri	6	6	6
4	Nelson Mwila	6	6	5
5	Prince H Matambo	6	6	6
6	Deborah Chanda Nonde	6	6	0
7	William F. Mwila	6	6	5
8	Stephen Chulu	6	6	1
9	Martin Mutondo	6	6	0
10	Chikusi Banda	6	4	1

Audit and Risk Management Committee

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

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

Membership and attendance of meetings in 2015

No	Name	Meetings Held	-	Meetings attended
1	Elijah M Chabu	6	6	6
0	Humphrey C L	6	6	4
2	Mutambo (Rtd)	0	0	0
3	Frank G Munthali	6	6	6
4	Abonny Munsanka	6	6	5
5	Namakau Ntini	6	6	2
6	Fred Musonda	6	6	2
7	Boniface Mwamelo	6	6	0

Corporate Governance Report Cont'd

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, Pension and Insurance Authority, 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 Regulation Board whose decisions are final. In cases where decisions require the discipline of members, such matters are taken to the Disciplinary Committee for 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.

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.

Council delegates some of its functions to Secretariat 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



Wesley M. Beene President

Mr Beene is a Partner at Grant Thornton. He is a Fellow of ZICA with 25 years' experience in public practice and four years in business. **Tom J. K. Thewo** Vice-President and Chairperson, Finance and Administration Committee

Mr Thewo is the Managing Partner for Thewo & Company. He is a Fellow of ZICA with 29 years of experience in public practice. Elijah M. Chabu Chairperson, Audit & Risk Management Committee

Mr Chabu is the Audit Services Manager at ZESCO. He is a Fellow of ZICA and member of the Institute of Directors. He has over 21 years' experience in industry and six years in practice. Mr Chabu represents members in business. Dion D. Banda Chairperson, Taxation Committee

Mr Banda is the founder and managing partner of AMO Certified Public Accountants. He is a fellow of ZICA with 13 years' experience in public practice. He represents members in public practice.

Profiles of Council

Members



Jason Kazilimani Jr Chairperson, Education and Training Committee

Mr Kazilimani is the Senior Partner and Chief Executive of KPMG in Zambia. He is a Fellow of ZICA with 21 years of experience in public practice. He represents members in public practice.



Maulu O. Hamunjele Chairperson, Public Sector Committee

Mr Hamuniele is an Assistant Director – Balance of Payments Monitoring at Bank Zambia. He is a Fellow of ZICA and has a Master Degree in Business Administration (MBA). He has over 21 years working experience and he represents members in business.



Morgan Chiselebwe Chairperson, Membership Committee

Mr Chiselebwe is a Director of Finance and Administration at National Council for Construction (NCC). He is a fellow of ZICA with 17 years' experience in industry. He represents members in business.



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

Major Mutambo (Rtd) is the Managing Partner of HCL Chartered Accountants, He is a Fellow of ZICA with over 31 years of experience in public practice and public sector. He represents members in public practice.



Andrew Lubuta Dick C. Sichembe Vice Chairperson Public Chairperson, Technical Committee

Mr Chibuye is a Director in the Assurance Line of Service at **PricewaterhouseCoopers** Zambia. He has 12 years of post-aualification experience in public practice. He represents members in public practice.



Vice Chairperson, Public Sector

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



Chikusi Banda Vice Chairperson, Taxation Committee

Mr. Banda is Manager Tax at Mopani Copper Mines Plc and a Fellow of Zambia Institute of Chartered Accountants. He has over 20 years work experience in finance, audit, tax and lecturing obtained from both the public and private sectors. He represents members in business.

THE MANAGEMENT TEAM

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



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 20 years of senior management experience in commerce and industry.

Hapenga M Kabeta Secretary and Chief Executive

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

Modest Hamalabbi Director Education and Training

Mr Hamalabbi is a Fellow of ZICA. He has 18 years of work experience in academia and corporate management. He holds a Master Degree in Business Administration (MBA).

Chansa A. Chiteba Director Standards and Regulation

Mr Chiteba is a Fellow of ZICA and has 20 years experience covering public practice, audit monitoring and regulation. He holds a Master Degree in Business Administration (MBA).

ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS

Financial Statements FOR THE YEAR ENDED 31 DECEMBER 2015

Street, or April 19 and 19

GENERAL INFORMATION

Country of incorporation and domicile	Zambia
Nature of business and principal activities	The Zambia Institute of Chartered Accountants (ZICA refered 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
Advocates	BETAM Chambers Plot 6911 Addis Ababa Drive P. O. Box 50742 Lusaka
	Sikaulu Lungu Mupeso Legal Practitioners 4 Matandani Close off Lubuto Road Rhodes Park Lusaka
Auditors	BDO Zambia Audit Services Counting House Square Thabo Mbeki Road P. O. Box 35139 Lusaka

Responsibility of the Council

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

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

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

These controls are monitored throughout the institute and all employees are required to maintain the highest ethical standards in ensuring the institute's activities is 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 endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The Council has reviewed the institute's cash flow forecast for the 12 months to 31 March 2017 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 33 and 34.

The financial statements set out on page 35 to 56, which have been prepared on the going concern basis, were approved by the Council on 24th March 2016 and were signed on its behalf by:

Wesley M Beene President DATE: 31 March 2016

Tom J K Thewo Chairman Finance and Administration Committee

Report of the Council

The Council Members are pleased to present their report and audited financial statements for the year ended 31December 2015.

Activities

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

Financial results

Total income during the year was ZMW27.304 million (2014: ZMW23.565 million). Total expenditure for the year was ZMW25.441 million (2014: ZMW22.459 million). The Institute recorded a surplus for the year of ZMW1.862 million (2014 surplus : ZMW1.105 million).

Operations

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

Council Members

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

Mr. W M Beene Mr. T J K Thewo Mr. E Chabu Mr. C Banda Mr. D C Sichembe Mr. D Banda Mr. O M Hamunjele Mr. A Chibuye Mr. M Chiselebwe Maj. H C L Mutambo (Rtd) Mr. J Kazilimani

Council Members interests

None of the Council Members had any material interest in any contracts awarded during the year. (2014:nil).

Employees and their remuneration

The total remuneration of employees during the year amounted to ZMW10.434 million (2014: ZMW8.931 million) and the average number of employees was 37 (2014 : 32).

Property, plant and equipment

The institute received land in the form of a donation in 2015, from Mopani Copper Mines. The land has been recognised in the financial statements at the fair value of ZMW 680,000 including transaction costs.

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

	2015 (ZMW)	2014 (ZMW)
Leasehold land and buildings	692 850	-
Computer equipment	50 490	62 887
Office equipment	16 052	1 390
Furniture and fittings	52 605	247 809
Library books	47 253	-
Work in progress	67 222	-
Total	926 472	312 086

Report of the Council Cont'd

Auditors

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

By order of Council

Secretary and Chief Executive Officer Lusaka



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

Independent auditor's report

To the members of Zambia Institute of Chartered Accountants

Report on the financial statements

We have audited the accompanying financial statements of Zambia Institute of Chartered Accountants which comprise the statement of financial position at 31 December 2015, 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 35 to 56.

Council's responsibility for the financial statements

The institute's council is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Accountants Act and for such internal control as the council determines necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly in all material respects the financial position of the Zambia Institute of Chartered Accountants as at 31 December 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Accountants Act.

Report on other legal and regulatory requirements

The Accountants Act Number 13 of 2008 requires that in carrying out our audit, we consider and report to you as to whether or not the Institute has kept the accounting records and registers required by this Act. We confirm that in our opinion, our examination of the accounting records, other records, and registers required by the Accountants Act have been properly kept by the Institute.

Supplementary information

The supplementary schedule on page 57 presenting the detailed expenses does not form part of the audited financial statements and is presented as additional information only.

BDO Zambia Audit Services

W P Saunders Partner AUD/F000038 Date: 31 March 2016

Statement of financial position

	Note	2015 ZMW	2014 ZMW
ASSETS			
Non-current assets			
Property, plant and equipment	3	19 787 582	20 009 836
Investment property	4	8 439 300	5 905 470
Equity investments	5	1 177 922	1 462 876
Intangible assets	6	3 513 562	2 445 689
Investment securities	7	-	620 264
Other assets	9	78 135	144 659
		32 996 501	30 588 794
Current assets			
Inventories	8	505 503	417 859
Accounts receivable	9	950 921	894 607
Investment securities	7	1 940 679	1 924 984
Cash and cash equivalents	10	1 584 838	733 087
	10	4 981 941	3 970 537
Total assets		37 978 442	34 559 331
MEMBERS' FUND AND LIABILITIES			
MEMBERS FUND AND LIABILITIES			
Accumulated fund		13 674 134	11 521 768
Revaluation reserve		11 786 675	12 091 430
Other reserves		225 094	495 350
		25 685 903	24 108 548
Non current liabilities			
Employee liabilities	11	111 642	446 289
Deferred income	13	7 124 285	6 914 035
		7 235 927	7 360 324
Current liabilities			
Trade and other payables	12	5 056 612	3 090 459
Total liabilities		12 292 539	10 450 783
Total members' fund and liabilities		37 978 442	34 559 331
		J, ,, J + 42	

The responsibility of the Council with regard to the preparation of the financial statements is set out on page 30. The financial statements on pages 35 to 56 were approved by the Council on 24th March 2016 and were signed on its behalf by:

Wesley M Beene President

Tom J K Thewo Chairman Finance and Administration Committee

The notes on pages 39 to 56 are an integral part of these financial statements

Statement of Comprehensive Income

	Note	2015 ZMW	2014 ZMW
Revenue			
Income	14	18 071 973	17 426 496
Other income	15	8 761 910	5 686 189
Capital grant amortised	13	469 750	452 005
Total income		27 303 633	23 564 690
Expenditure			
Employee benefits expenses		11 228 806	9 500 379
Operating expenses		12 726 206	11 565 144
Depreciation and amortisation		1 486 312	1 393 860
Total expenditure		25 441 324	22 459 383
Surplus before tax		1 862 309	1 105 307
Income tax expense	16	-	-
Surplus for the year		1 862 309	1 105 307
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Loss on available for sale investments	5	(284 954)	(99 840)
Other comprehensive income for the year		(284 954)	(99 840)
Total comprehensive income for the year		1 577 355	1 005 467

Statement of Cash Flows

	Note	2015 ZMW	2014 ZMW
Cash flows from operating activities			
Surplus before tax		1 862 309	1 105 307
Adjustments to reconcile surplus before tax to net cash flows:			
Depreciation	3	1 148 726	1 137 050
Amortisation of development costs	6	337 586	256 809
Interest income	15	(395 094)	(472 747)
Dividends received	15	(15 892)	(13 103)
Change in fair value of investment property	4	(2 533 830)	(605 000)
Profit on disposal of property, plant and equipment		(37 000)	(30 659)
Increase in deferred income	13	680 000	-
Capital grant amortised	13	(469 750)	(452 005)
		577 055	925 652
Increase in inventories	8	(87 644)	(67 952)
Decrease in accounts receivables	9	10 210	71 791
Increase/(decrease) in trade and other payables	11,12	1 631 506	(451 106)
Net cash flows from operating activities		2 131 127	478 385
Cash flow from investing activities			
Interest income		395 094	472 747
Purchase of property, plant and equipment	3	(926 472)	(312 086)
Proceeds from disposal of property, plant and equipment		37 000	124 522
Dividend received		15 892	13 103
Acquisition of intangible assets	6	(1 405 459)	(476 537)
Redemption of investment securities		604 569	372 778
Payment to acquire equity investments	5	-	(681 774)
Net cash flows from investing activities		(1 279 376)	(487 247)
Net cash flow		851 751	(8 862)
Cash and cash equivalents at beginning of the year		733 087	741 949
Cash and cash equivalents at end of the year	10	1 584 838	733 087

Statement of Changes in Members' Funds

	Accumulated fund	Properties revaluation reserve	Available for sale reserve	Whistle blower protection fund	Total
	(ZMW)	(ZMW)	(ZMW)	(ZMW)	(ZMW)
Balance at 1 January 2014	10 126 404	12 396 185	532 167	48 325	23 103 081
Total comprehensive income	1 105 307	-	(99 840)	-	1 005 467
Amortisation	304 755	(304 755)	-	-	-
Funds transfer	(14 698)	-	-	14 698	-
Balance at 31 December 2014	11 521 768	12 091 430	432 327	63 023	24 108 548
Balance at 1 January 2015	11 521 768	12 091 430	432 327	63 023	24 108 548
Total comprehensive income	1 862 309	-	(284 954)	-	1 577 355
Amortisation	304 755	(304 755)	-		-
Funds transfer	(14 698)	-	-	14 698	-
Balance at 31 December 2015	13 674 134	11 786 675	147 373	77 721	25 685 903

i. The accumulated fund represents carried forward recognised income net of expenses for the Institute.

ii. The revaluation reserve is the surplus on land and buildings that were revalued as at 31 December 2012.

- iii. The whistle blower protection fund is a reserve to protect members 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 39 to 56 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.

2 Significant accounting policies

2.1 Basis of preparation

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

2.2 Functional and presentation currency

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

2.3 Property, plant and equipment

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

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

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

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

2.4 Investment property

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

2.5 Intangible assets

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

2.6 Inventory

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

2.7 Income recognition

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

2.8 Grants and non-monetary donations

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

2.9 Transactions in foreign currencies

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

2.10 Cash and cash equivalents

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

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

2.11 Employee benefits

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

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

2.12 Financial assets

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

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

2.13 Financial liabilities

Financial liabilities are classified as ether 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 are measured at amortized cost using the effective interest rate. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.14 Fair value measurement

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

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

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

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

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

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

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

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

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

External valuers are involved for valuation of significant assets, such as properties and AFS financial assets, and significant liabilities, such as contingent consideration. Involvement of external valuers is decided upon annually by the Valuation Committee after discussion with and approval by the Institute's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

Valuers are normally rotated every three years. The Valuation Committee decides, after discussions with the Institute's external valuers, which valuation techniques and inputs to use for each case. At each reporting date, the Valuation Committee analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Institute's accounting policies. For this analysis, the Valuation Committee verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

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

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

2.15 Current versus non-current classification

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

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

Or

• Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months

All other assets are classified as non-current.

A liability is current when:

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

Or

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

2.16 Investment securities

a) Government bonds

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

b) Shares

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

2.17 Standards issued but not yet effective

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

IFRS 9 Financial Instruments

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

The Institute plans to adopt the new standard on the required effective date. During 2015, the Institute has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Institute in the future. 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.

(a) Classification and measurement

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

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

(b) Impairment

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

(c) Hedge accounting

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

Sale of goods

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

Rendering of services

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

Amendments to IAS 16 and IAS 38 Clarification of Acceptable methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Institute given that the Institute has not used a revenue-based method to depreciate its non-current assets.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include: IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal Institute's) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(a) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(b) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be
 presented in aggregate as a single line item, and classified between those items that will or will not be
 subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Institute.

2.18 Key sources of estimation uncertainty

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

Recoverability of internally generated intangible asset

During the year, the Institute considered the recoverability of its internally generated intangible asset arising from its development of the ZICA Accountancy Programme which is included in the financial statement with a carrying value of ZMW 1,807,332 (2014: ZMW 1,094,260). The Institute is confident that the carrying amount of the asset will be recovered in full.

Useful lives of Property, Plant and Equipment

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

Fair Value Measurements and valuation processes

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

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

3. Property, plant and equipment

	2015			2014		
Owned assets	Cost / valuation (ZMW)	Accumulated depreciation (ZMW)	Carrying value (ZMW)	Cost / valuation (ZMW)	Accumulated depreciation (ZMW)	Carrying value (ZMW)
Leasehold land and buildings	19 482 850	(1 409 250)	18 073 600	18 790 000	(939 500)	17 850 500
Motor vehicles	1 432 532	(1 189 148)	243 384	1 797 073	(1 391 582)	405 491
Computer equipment	1 961 682	(1 550 324)	411 358	1 911 192	(1 311 805)	599 387
Office equipment	985 750	(713 054)	272 696	691 273	(529 455)	161 818
Machinery	278 424	(111 370)	167 054	278 424	(55 685)	222 739
Furniture and fittings	1 217 991	(932 976)	285 015	1 443 811	(893 910)	549 901
Library books	47 253	-	47 253	-	-	-
Work in progress	287 222	-	287 222	220 000	-	220 000
	25 693 704	(5 906 122)	19 787 582	25 131 773	(5 121 937)	20 009 836

2015

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

2014

Owned assets	Carrying value at beginning of year (ZMW)	Additions (ZMW)	Depreciation (ZMW)	Depreciation disposal (ZMW)	Disposal (ZMW)	Carrying value at end of year (ZMW)
Leasehold land and buildings	18 320 250		(469 750)	-	-	17 850 500
Motor vehicles	661 460		(162 108)	386 344	(480 205)	405 491
Computer equipment	796 070	62 887	(259 570)	-	-	599 387
Office equipment	253 530	1 390	(93 102)	-	-	161 818
Machinery	278 424	-	(55 685)			222 739
Furniture and fittings	398 928	247 809	(96 835)	-	-	549 901
Work in progress	220 000	-	-			220 000
	20 928 662	312 086	(1 137 050)	386 344	(5 121 937)	20 009 836

|--|

3. Property, plant and equipment (Continued)

i. The leasehold buildings were last valued at 31 December 2012 on an open market value basis by qualified, independent valuers from Knight Frank. The leasehold buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any 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 9,169,302.

ii. During the year, the Institute received a donation of land from Mopani Copper mines and the land was valued by Knight Frank a firm of qualified and independent valuers. The land is situated on subdivision D1 of farm no.1469, corner of Kitwe-Kalulushi road and Southdowns airport road, Kitwe West in Kitwe. The Institute intends to develop the regional office complex on this land.

4. Investment property

Opening balance	5 905 470	5 300 470
Addition during the year	-	-
Change in fair value of investment property	2 533 830	605 000
Closing balance	8 439 300	5 905 470

The Institute engaged an independent valuation specialist to assess fair value as at 31 December 2015 for revaluation of the Investment Property. The key assumptions used to determine the fair value of the properties and sensitivity analyses are provided below.

The revalued Investment Property consists of Plot No.24 Joseph Mwilwa Offices and Lot No. 19912/M Livingstone. Management determined that these constitute one class of asset, based on the nature, characteristics and risks of the property. Fair value of the properties 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 on 30 September 2015, the properties' fair values are based on valuations performed by Knight and Frank Zambia Limited, an accredited independent valuer who has valuation experience for similar properties. There was no change to the valuation technique during the year.

5. Equity investments

Opening balance	1 462 876	880 942
Additions	-	681 774
Fair value loss	(284 954)	(99 840)
Closing balance	1 177 922	1 462 876

Equity investments consist of funds invested in shares in Lusaka Stock Exchange (LuSE) 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 2015	Carrying value at beginning of year (ZMW)	Additions (ZMW)	Amortisation (ZMW)	Carrying value at end of year (ZMW)
Software costs	1 351 429	354 801	-	1 706 230
Development costs	1 094 260	1 050 658	(337 586)	1 807 332
	2 445 689	1 405 459	(337 586)	3 513 562

31 December 2014	Carrying value at beginning of year (ZMW)	Additions (ZMW)	Amortisation (ZMW)	Carrying value at end of year (ZMW)
Software costs	1 083 144	268 285	-	1 351 429
Development costs	1 142 818	208 252	(256 809)	1 094 260
	2 225 962	476 537	(256 809)	2 445 689

Software costs relate to iMIS software which is still work in progress and is expected to start operating during the year 2016. Development costs relate to expenditure on the ZICA Accountancy, Taxation the Public Sector Finance Programmes. The expenditure is being amortised over a period of five years.

	2015 ZMW	2014 ZMW
7. Investment securities		
Long term		
Government of Zambia bonds	-	620 264
Current portions		
Treasury bills and fixed deposits	1 940 679	1 924 984
	1 940 679	2 545 248
8. Inventories		
Study manuals	505 503	417 859
The cost of inventories recognised as an expense during the year was ZMW 430,419 (2014: ZMW 419,916).		
9. Accounts receivable		
Staff loans and advances (short term component)	341 112	406 323
Interest receivable on fixed deposits	376 426	292 618
Sundry debtors	209 235	166 180
Prepayments	24 148	29 486
	950 921	894 607
Non current asset		
Other assets		
Staff loans and advances (Long term component)	78 135	144 659
	1 029 056	1 039 266
10. Cash and cash equivalents		
Cash at bank	1 581 498	730 051
Cash on hand	3 340	3 036
	1 584 838	733 087
11. Employee liabilities		
Balance at 31 December	1 148 258	1 043 299
Less short term portion (note 12)	(1 036 616)	(597 010)
Long term portion	111 642	446 289
-		

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 796.20 of an employees total monthly contribution in order to fund the benefits. The total expenses recognised in profit or loss was ZMW 247,670 (2014: ZMW 224,628).

12 Accounts payable

Accruals	891 887	551 614
Benevolent fund	53 033	38 217
Subscriptions received in advance (note 13)	1 611 556	877 324
Employee liabilities (note 11)	1 036 616	597 010
Sundry creditors	1 463 520	1 026 294
	5 056 612	3 090 459

	2015 ZMW	2014 ZMW
13. Deferred Income		
Current		
Subscriptions received in advance (i)	1 611 556	877 324
Non current		
Grants (ii)		
Opening balance	6 914 035	7 366 040
Amortisation	(469 750)	(452 005)
Closing balance	6 444 285	6 914 035
Donated land (iii)	680 000	-
	7 124 285	6 914 035

i. The deferred income arose from subscriptions received in advance during the year.

ii. The deferred income arose as a result of the Government grant received in relation to the construction of the Institute's Head Office on plot 2374/a Thabo Mbeki Road. The grant is recognised in profit or loss on a systematic basis over the useful life of the asset.

iii. The Institute received a donation of land from Mopani Copper Mines in 2015. The land is situated on subdivision D1 of farm no.1469, corner of Kitwe-Kalulushi road and Southdowns airport road, Kitwe West in Kitwe. The land will be subject to amortisation over the remaining lease period. Amortisation will commence in 2016.

14. Income		
Examination and exemption fees	8 775 772	8 514 205
Fees and subscription	8 418 932	8 165 611
Practicing certificate fees	818 734	706 545
Firm registration and competence fees	58 535	40 135
	18 071 973	17 426 496
15 Other income		
Interest income	395 094	472 747
Proceeds from sale of manuals	1 053 581	1 353 523
Rental income	180 000	180 000
Sundry income	424 826	334 346
Advertising income	14 860	25 114
Seminars and workshops	4 101 837	2 682 082
Dividends received	15 892	13 103
Exchange gain	41 990	20 274
Gain on fair value of Investment Property	2 533 830	605 000
	8 761 910	5 686 189

16 Taxation

1/ Income

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.

0015	0014
2015 7MW	2014
	ZMW

17 Related party transactions

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

Short term benefits	3 626 064	3 350 308
Post employment benefits	882 313	837 577
	4 508 377	4 187 885
Loans to key management personnel	210 413	256 815
Council and committee expenses	179 477	276 484

Council and Committee members receive an honorarium of ZMW 200 per sitting as part of cost recovery for the expenses they directly incur in discharging their duties for the Institute.

18 Financial instruments

Financial assets and financial liabilities

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

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

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

Categories of financial instruments

31 December 2015			
Financial mode	Loans and Receivables	Available for sale	Total
Financial assets	(ZMW)	(ZMW)	(ZMW)
Cash and bank balances	1 584 838	-	1 584 838
Accounts receivable	1 004 908	-	1 004 908
Investment securities	1,940,679	-	1 940 619
Equity investments	-	1,177,922	1,177,922
	4,530,425	1,177,922	5,708,347
Financial Liabilities			
Amortised cost (Trade payables)			4 019 996

31 December 2014

Financial assets	Loans and Receivables (ZMW)	Available for sale (ZMW)	Total (ZMW)
Cash and bank balances	733 087	-	733 087
Accounts receivable	1,009,780	-	1,009,780
Investment securities	2,545,248	-	2,545,248
Equity investments	-	1 462 876	1 462 876
	4,288,115	1,462,876	5,750,991

Financial Liabilities

Amortised cost (Trade payables)

2015	2014 ZMW
ZMW	ZIVIV

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:

Cash equivalents	1 581 498	730 051
Accounts receivables	1 004 908	1 009 780
Investment securities	1 940 679	2 545 248

All financial assets at the end of the reporting period are 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 co	ontractual maturities of	f financial liabilities	S.			
	Carying Amount	Contractual	withing 1 year	1-2 years	2-5 years	Longer than
31 December 2015		Cash Flows				5 years
	(ZMW)	(ZMW)	(ZMW)	(ZMW)	(ZMW)	(ZMW)
Financial liabilities						
Other payables	4 019 996	-	4 019 996	-	-	-
	Carying Amount	Contractual	withing 1 year	1-2 years	2-5 years	Longer than
31 December 2014		Cash Flows				5 years
	(ZMW)	(ZMW)	(ZMW)	(ZMW)	(ZMW)	(ZMW)
Financial liabilities						
Other payables	2 493 449	-	2 493 449	-	-	-

(iii) Foreign Currency Risk

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

Foreign currency sensitivity

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

Sensitivity analysis	Assets	Liabilities
Total foreign exposure in USD	74 268	124 500
Change in USD rate	+0.2	+0.2
Effect on profit	14 854	(24 900)
Effect on equity	14 854	(24 900)

(iv) Interest Rate Risk

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

(v) Price Risk

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

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

- The loss for the year ended 31 December 2015 would have been unaffected as the equity investments are classified as available for sale and no investments were disposed or impaired; and
- Other comprehensive income for the year ended 31 December 2015 would increase/ decrease by ZMW 284,854 (2014: ZMW 99,840) 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.

Fair value measurement hierarchy for assets as at 31 December 2015:

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

31 December 2014	Level 1 (ZMW)	Level 2 (ZMW)	Level 3 (ZMW)	Total (ZMW)
Equity Investment	1 462 876	-	-	1 462 876
Investment Property - Plot No. 24 Joseph Mwila Office	-	4 135 000	-	4 135 000
Investment Property - lot No. 19912/M Livingstone	-	1 770 470	-	1 770 470
Leasehold land and building		18 790 000		18 790 000
	1 462 876	24 695 470	-	26 158 346

For the properties categorised in level 2 of the fair value hierachy, 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 have been no transfers between level 1 and level 2 during 2015 (2014: Nil)

19 Capital commitments

The capital commitments approved by the Council as at 31 December 2015 was ZMW 1,200,000. (2014: ZMW 800,000). The capital commitments relate to the proposed development of lot no.19912/M Livingstone. The Institute intends to develop a convention centre and has engaged consultants to prepare schematic drawings, feasibility and viability reports in respect of the project. During the year, the Council approved the securitisation of 2.5% of annual income to be transferred to ZICA Properties Limited as part of equity contributions when the project commences.

20 Contingent liabilities

There were no contingent liabilities for the year ended 31 December 2015 (2014: 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

	2015 ZMW	2014 ZMW
Operating expenses		
Advertising and publicity	565 765	819 566
AGM expenses	518 341	392 788
Internal audit fee	64 640	48 400
External audit fee	116 000	79 268
Bank charges	334 895	274 802
Competence exams	14 500	14 300
Council and committee expenses	179 477	276 484
Exchange loss	-	152 403
Donations	25 000	48 500
Electricity and water	59 430	51 110
Examination expenses	2 324 838	2 273 086
Graduation expenses	69 872	75 951
ICT expenses	384 796	364 403
Insurance	1 030 899	661 320
Manuals	430 419	419 916
Monitoring expenses	-	130 673
Motor vehicle expenses	439 997	363 650
Office expenses	349 015	177 897
Office rent	75 995	50 700
Postage	363 138	233 537
Printing and stationery	649 126	548 583
Professional fees	328 204	360 402
Publication costs of Accountant Magazine	264 033	321 509
Rates and taxes	87 111	65 071
Repairs and maintenance	224 577	121 823
Security expenses	84 370	74 355
Seminars and workshops	2 348 520	1 935 415
Subscription	267 001	198 105
Telephone	223 371	263 331
Travel - local	271 258	307 580
Travel - foreign	373 361	381 018
Travel - foreign - IFAC meetings	258 257 12 726 206	79 198 11 565 144
Depreciation and amortisation	12 7 20 200	
Amortisation of development costs	337 586	256 809
Depreciation	1 148 726	1 137 051
	1 486 312	1 393 860
Employee benefits expenses		
Gratuity	1 768 804	1 598 619
Salaries	8 665 133	7 332 522
Staff training and development	276 822	208 695
Staff welfare	518 047	360 543
	11 228 806	9 500 379
Total expenditure	25 441 324	22 459 383

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



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