ZiCA
Competence, Integrity and Virtue
Zambia Institute of Chartered Accountants

Annual Report
2020

Zambia Institute of Chartered Accountants


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

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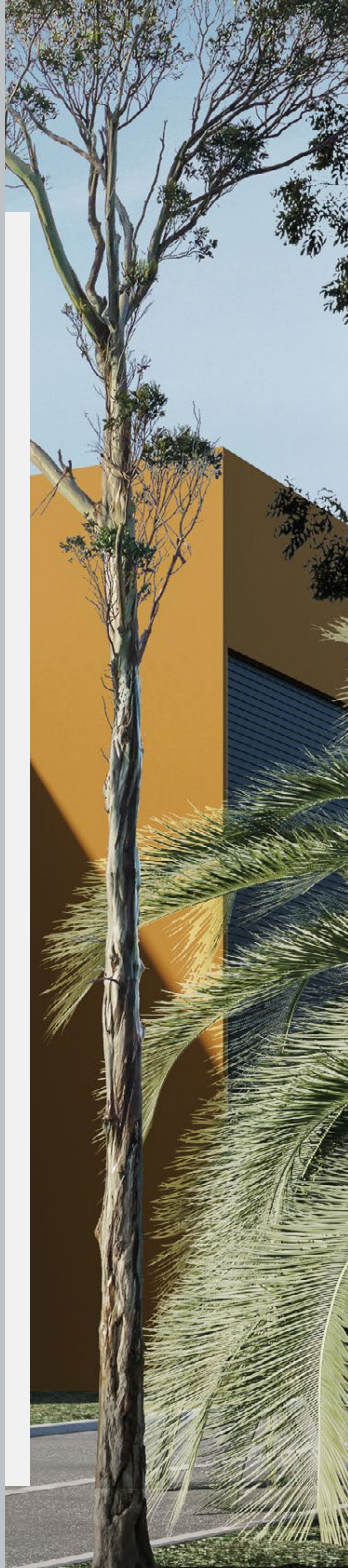


WHO WE ARE

Our Vision

A reputable leader in developing finance and business professionals

Our Mission

To protect public interest through the regulation of the accountancy profession to the satisfaction of stakeholders

Our Core Values

We take pride in our core values and incorporate them in all our daily operations and programmes.

01. Integrity

02. Professionalism

03. Customer Centric

04. Accountability

05. Excellence

06. Innovation

OUR MANDATE

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

1 Regulation

Regulation of the accountancy profession in Zambia

2 Educate & Train

Regulation of the education and training of Accountants and registration of students

3 Setting Standards

Setting ethical, auditing and accounting standards

4 Protect Public Interest

Investigation of Disclosures

2020 Events in Pictures

1 Right to left: Immediate Past ZICA President Mr. Jason Kazilimani Jr, ZICA President Mrs. Cecilia Zimba and ZICA CEO Mr. Bonna Kashinga posing for a photo after presenting a Jacket and Shield to Mr. Kazilimani during the Corporate Governance Workshop for new council members.

2 Left to right: Senior ZICA members Mr. Mofya Kapambwe, Major Humphrey Mutambo and Mr. Manuel Mutale at the 35th Annual General Meeting held in Livingstone at Fallspark Mall.

3 ZICA Council members attending the Pre-AGM workshop held on 16th October 2020.

4 ZICA CEO Mr. Bonna Kashinga presenting the 'Approved Tuition Provider' certificate to National Institute of Public Administration (NIPA) Director- Business Studies Dr. Sepo Imasiku.

5 ZICA CEO Mr. Bonna Kashinga and ZCAS University Vice Chancellor Prof. Mutale Musonda during the MoU signing ceremony held at ZCAS University.

6 ZICA Management and the Mansa City Council staff posing for a photo after the stakeholder consultative meetings regarding the repackaged qualifications held in Mansa.

7 ZICA Management led by Mr. Bonna Kashinga met Management from the Copperbelt University led by Dr. Chanda Shikaputo during the consultative meetings for the CA Zambia repackaged qualifications.

8 ZICA and Insight Africa Management during the MoU signing ceremony for mutual collaboration on providing short courses in capacity building to ZICA members.

9 ZICA President Mrs. Cecilia Zimba presenting her speech at the 14th ZICA Graduation Ceremony

10 ZICA President Mrs. Cecilia Zimba presenting an award to the deserving candidate during the 14th ZICA Graduation Ceremony

YEAR IN REVIEW

Key Highlights

Membership Growth — 5%

Membership funds growth — 24%

Revenue Growth — 3.4%

Surplus Growth — 59%

Student Growth/Decline

CA Zambia	5.8%
Diploma in Accountancy	(16.6%)
PSFM	117%
Diploma in Taxation	(8.9%)

SERVICES WE OFFER

Regulatory Services

The Zambia Institute of Chartered Accountants' (ZICA) primary mandate is to promote the accountancy profession through the regulation of the accountancy education and practice in Zambia. In the regulation of the profession, the Institute provides a range of services.

Regulation of the Accountancy Profession

- Disciplining Erring Members
- Registering and Monitoring all accountants working in Zambia
- Competence Practice Examinations
- Compliance, Monitoring and Enforcement
- Setting Auditing, Accounting and Ethical Standards

COMPLIANCE MONITORING AND ENFORCEMENT

The Institute ensures members comply with relevant professional standards. This is done partly through audit monitoring reviews for all audit firms. We also carry out reviews of members' compliance with Continuous Professional Development (CPD) requirements and enforce sanctions to members failing to comply with CPD requirements.

DISCIPLINING ERRING MEMBERS

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

AUDITING, ACCOUNTING AND ETHICAL STANDARDS

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

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

REGISTERING AND MONITORING ALL ACCOUNTANTS WORKING IN ZAMBIA

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

COMPETENCE PRACTICE EXAMINATIONS

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

Regulatory Services

CONTINUOUS PROFESSIONAL DEVELOPMENT

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

DEVELOPING AND PROMOTING PRACTICE STANDARDS

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

PROVISION OF TECHNICAL ADVICE TO MEMBERS

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

PROTECTION OF PUBLIC INTEREST

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

Education and Training Services

REGISTRATION OF STUDENTS

The Institute registers all students studying or intending to become Accountants in Zambia as stipulated in the Accountants Act of 2008. As a legal requirement, registration of students ensures that the students are introduced to ethical requirements of the accountancy profession at an early stage.

ACCREDITATION OF TUITION PROVIDERS

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

It is important that members remain competent and develop new skills to remain effective in their roles and careers.

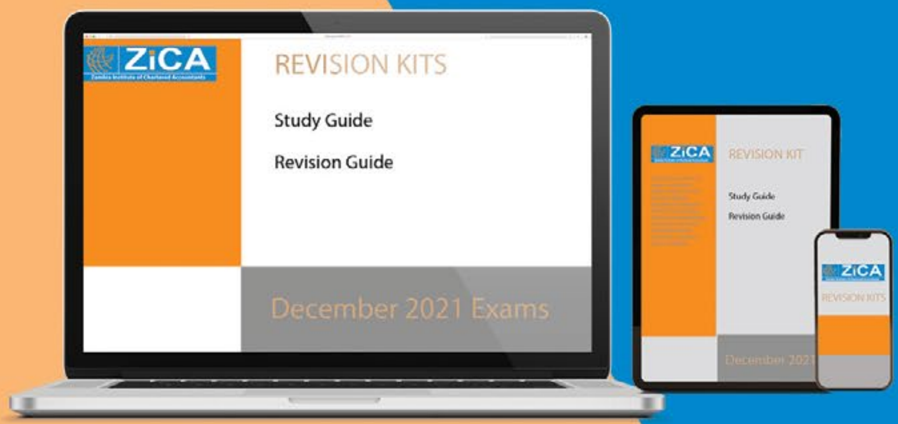
Download the ZICA Mobile App

ANDROID APP ON Google play

Available on the App Store

e-Books Launch!

The Zambia Institute of Chartered Accountants has launched the e-version of study manuals and revision kits for the **CA Zambia qualification** and **Diploma in Accountancy.**



Study Anywhere Anytime

for more information on how to access ebooks follow the link
https://www.zica.co.zm/wp-content/uploads/2021/03/e-books-launched.pdf

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PRESIDENT'S REPORT

I am pleased to present the Institute's Annual Report for the year ended 31st December 2020. I wish to tender my heartfelt gratitude and appreciation for the support and confidence you have placed in me and the new Council for the Zambia Institute of Chartered Accountants (ZICA).

I would like to thank you all for the wonderful support you provided to the Institute throughout the year 2020. Without your support, it would be impossible to record success on a number of our desired goals for the Institute. I must reiterate that the Institute continues to keep an open door policy to all its stakeholders to contribute positively to the development of the Institute and foster achievement of its core mandate. In view of the foregoing I would like to inform you on some of the key activities the Institute undertook during the period under review.

To begin with, lets take a look at the Global and National Economic performance which have a huge bearing on the operations of the Institute.

> *I wish to tender my heartfelt gratitude and appreciation for the support and confidence you have placed in me and the new Council for the Zambia Institute of Chartered Accountants (ZICA).*

A. PERFORMANCE OF THE GLOBAL ECONOMY

The global economy was largely affected by the COVID-19 pandemic which continued to spread across many countries forcing measures such as partial lockdowns to protect susceptible populations. The adverse impact on low-income households was particularly acute, slowing down the significant progress made in reducing extreme poverty in the world since the 1990s.

B. PERFORMANCE OF THE NATIONAL ECONOMY

The COVID-19 pandemic worsened Zambia's macroeconomic vulnerabilities. The country is Africa's second largest copper producer; depressed commodity markets had pushed copper prices down by about 14% through 2020. The supply chain breakdown in major trading partners such as China and South Africa negatively affected domestic production and consumption. The Kwacha depreciated by 30% since the beginning of the year, increasing external debt servicing costs and domestic inflationary pressures. Falling revenues and increased COVID-19-related spending worsened the 2020 fiscal position, whilst falling exports and capital inflows put additional pressure on foreign exchange reserves.

As a result, the economy contracted by about 4.5% in 2020. Mining and services sectors were impacted by the global commodities demand and price outlook.. Domestically, increases in the number of COVID-19 cases negatively affected the health system while the resultant restrictions on public gatherings resulted in massive business slowdown and job losses.

C. PERFORMANCE OF THE INSTITUTE

During the period under review, the Institute remained resolute to achieving its vision and mission despite the disruptions brought about by the COVID-19 pandemic. I wish to report to you some of the key highlights in the year 2020.

Financial Highlights

During the year under review, the Institute recorded a total income of ZMW 49.963 million. The total expenditure for the year was ZMW43.707 million. The surplus for the year was ZMW 6.256 million.

ZMW 49.963m	ZMW 43,707m	ZMW 6,256m
Total Income	*Total Expenditure*	*2020 Surplus*

Membership Highlights

7,258

registered Members in 2020

The number of registered members for the year ended 31st December 2020 was 7,258. The membership statistics for 2020 showed a slight improvement of members on the register by 350 over those of 2019 due to the inclusion of the accountants in Central Government. The number of retained members for the year ended 31st December 2020 was 5,362 representing a retention rate of 78 % of the 6,908 that had subscribed as at 31st December 2019.

During the year under review, ZICA continued to support members through the life plan policy supported by Prudential Life Assurance Zambia. The partnership provides the needed support to members and their families during the time of difficulties occasioned by the death or disability of a member of the Institute.

Parliamentary Business

In its role of advising Government on matters of national and economic development, the Institute submitted memoranda to Parliament on the ramifications of various bills presented for enactment. We also submitted comments on the proposed 2021 National Budget and made an appearance before the Expanded Committee on Estimates. In addition, the Institute appeared before various Committees of Parliament to make oral submissions on the Bills.

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

1. The Role of Financial Intelligence Centre (FIC) in the fight against corruption and other Financial Crimes,
2. The National Planning and Budgeting Bill of 2019,
3. The Corporate Insolvency ACT No.9 of 2017,
4. The 2021 estimates of revenue and expenditure,
5. The Financial Intelligence Centre (Amendment) No. 11 of 2020,
6. The Companies Act (Amendment) Bill No.12 of 2020,
7. The Property Transfer Tax, Value Added Tax, Income Tax, Customs and Excise Tax, Skills Development Levy and Zambia Revenue Authority Amendment Bills.

Annual General Meeting Highlights

In the year under review, the 35th Annual General Meeting (AGM) of the Zambia Institute of Chartered Accountants was held on 17th October 2020. The delay was as a result of the COVID-19 pandemic which resulted in restrictions on public gatherings. Despite the COVID-19 challenges, the 35th AGM recorded a total of Six Hundred and Seventy (670) participants that attended the Pre-AGM workshop and AGM in 2020 under the theme: *"Managing Disruption Through Innovation and Adaptation"* at Falls Park Mall in Livingstone compared to 1,087 participants who attended the event in the year 2019. The Institute was also privileged to host a successful Pre-AGM workshop which had keynote speakers such as the then PAFA CEO Mr. Vickson Ncube.

Long Term Sustainability

The Institute is committed to the path of long- term sustainability. During the period under review, the property development agreement for the Accountants Park continued to subsist with Time Projects Property (Zambia) Limited. Further, the Institute commissioned the update of the market reports for Lusaka and Livingstone projects in order to inform decisions going forward. I am confident that with the support of members through contributions to the ZICA Property Fund by purchasing units, our diversification strategy will be realised.

Tenure of Council

I would like to report to you that in the year under review, the President, Vice President, and Six (6) Council Members, two (2) from industry and four (4) from Public Practice were ushered into office. In addition, three vacancies on the Disciplinary Committee were filled on 17th October 2020 during the 35th AGM of the Institute. The positions fell vacant after the previous Council Members had served their initial 3 year tenure on Council.

I wish to take this opportunity to inform you that at the 36th Annual General Meeting of the Zambia Institute of Chartered Accountants (ZICA), one (1) position on Council and one (1) position on Disciplinary Committee shall fall vacant as the incumbents have served their three and six year tenure respectively.

Acknowledgments

On behalf of Council and indeed on my own behalf, I would like to thank you all for your commitment to the Institute and for your dedication to the accountancy profession. I implore all of you to continue being resilient in your respective areas of operation as we navigate through the challenges imposed by the COVID-19 pandemic. I would like to sincerely thank Council, Management and Staff, the general membership, and indeed all other stakeholders for the unwavering commitment and support rendered to the Institute during the period under review.

Best Wishes

Cecilia Zimba
PRESIDENT

Bonna Kashinga
SECRETARY & CHIEF EXECUTIVE

CHIEF EXECUTIVE OFFICER'S REPORT

ZMW49.963m
Total Income

ZMW43.707m
Total Expenditure

ZMW 6.256m
Total Surplus

"Despite the adverse impact of the COVID-19 pandemic, the Institute remained resolute to achieving the milestones as enshrined in the 2019-2023 strategic plan.

Strategic Focus

I am pleased to report to you on the activities undertaken during the year under review. We have leveraged technology in our service provision to all our stakeholders and have adapted positively to the new normal brought about by the COVID-19 pandemic. Our performance in 2020 shows that we remain committed to ensuring that we continue to achieve our corporate goals in line with the 2019-2023 strategic plan.

Improve Regulation of the Accountancy Profession

In line with our core mandate, the Institute has been working towards having the enactment of the Accountants Bill of 2018. However, following the resolution that was passed at the 35th Annual General Meeting (AGM) held on 17th October, 2020, of reviewing the 2012 ZICA Constitution, the Institute had to stall the process of enactment of the Accountants Bill because the changes that would be in the ZICA Constitution would have an effect on the Accountants Bill.

Regarding the Accountants Act (Client Service Fees) Rules of 2019, the Institute had made significant strides through the meetings held with the Tripartite Committee (ZICA, Ministry of Justice and Ministry of Finance). The Committee agreed to have Regulatory Impact Assessment (RIA) conducted on the proposed rules with the help of Business Regulatory Review Agency (BRRA). The process outlined the aspect of carrying out a consultative process with all the stakeholders. However, because of the COVID-19 restrictions, the Institute had challenges in implementing this during the period under review.

Improve Customer and Stakeholder Engagement.

Membership and Corporate Services

In the year 2020 we continued to modernise how we enable the delivery of our services focusing our efforts on opportunities for adopting new technologies and aligning our services and processes to create value for our members and students.

The Institute took strides in its digital transformation agenda with the following notable steps:

Provision of online CPD events: - with restrictions on physical gatherings in place due to the COVID-19 pandemic, the Institute held a number of virtual events. These included Accountants Forums and the Budget Night. The Institute also partnered with CIMA and AICPA to bring online self-paced CPD courses.

Acquisition of an Enterprise Resource Planning System (ERP): - The Institute commenced the process of acquiring a new ERP to replace the current Information Management System (IMIS). The Acquisition of an ERP was necessitated by the challenges faced with the current system in meeting stakeholder needs.

Launching of the ZICA Mobile App on iStore: the Institute's mobile App, initially only available on Google Play (for Android devices) was launched on the Apple iStore to cater for users using Apple Devices.

Ebooks

The Institute took a further step to transition Diploma in Accountancy and CA Zambia Manuals and Revision Kits into e-books to enhance ease of access to students.

Education and Training

Total Student Registrations

The total number of registered students as at 31st December 2020 in comparison to those as at 31st December 2019 and against target for 2020 were as follows;

No	Category	Dec 2019	Dec 2020	Dec 2020 Target	Variance	2020 Target
1	CA Knowledge	816	873	900	(27)	900
2	CA Application	754	798	697	101	697
3	CA Advisory	1 085	1 135	997	138	997
4	DA – 1	3 292	2 533	3 314	(781)	3 314
5	DA – 2	1 487	1 454	1 335	119	1 335
6	PSFM	12	26	25	1	23
7	Cert. Tax	191	176	162	14	162
8	Diploma Tax	10	7	13	(6)	13
	Total	**7 647**	**7 002**	**7 443**	**(441)**	**7 441**

Practical Training

With regards to practical training experience, 145 CA Zambia trainees were admitted under the CA practical training programme with 4 trainees being discharged from the training. The candidates have successfully been admitted as Associate members of ZICA.

During the period under review, 48 MoUs were signed with cooperating partners and 255 mentors were accredited to provide mentorship to trainees.

Learning materials/support

Online lecture points were up-loaded on the ZICA website making learning easier and readily available to all our students.

In addition, 6200 online study texts were made available to students as e-books. This initiative by the Institute made the books ready on the go and reduced the bulkiness of student materials for students who may have to travel from place to place for work or other personal commitments. We are pleased to indicate that the e-books version of study materials came at a price reduction of about 45-50% of the physical manuals.

Introduction of short Courses in capacity building

The Institute continues to make positive strides at ensuring that members have access to world-class professional development and certifications that are progressive and enhance the professional knowledge and skills. ZICA collaborated with renowned institutions such as the Association of International Certified Professional Accountants (AICPA) which offered and continue to offer members professional development content at discounted rates. Additionally, the Institute signed MoUs with Celsoft, Northline Training Company and Corporate Finance Institute (CFI) to provide various short courses. The short courses offered through these partner institutions are aimed at providing members and other interested parties with up-to date skills in Financial Modelling, Soft skills, Data Analysis and Dashboard reporting. The partnership with CFI, in particular, consists of e-learning courses in Financial Modeling and Valuation Analyst (FMVA) Certification programme.

Tuition and examination centres

In the quest to shorten the distance to the examination and tuition centre, the Institute accredited one new tuition centre and one examination centre during the period under review. These were Mansa Trades Training Institute in Mansa and St Mawaggali in Choma respectively.

Accreditation and Registration of the CA Zambia Qualification

During the period under review, the Institute undertook countrywide multi-sectoral stakeholder engagements as part of the process of finalising the accreditation and registration of the CA Zambia qualification and providing exit certifications at various levels of the CA Zambia. The consultative meetings were a success and the Institute considered the views of stakeholders, the minority and the wider stakeholder groupings in coming up with recommendations on the proposed naming for the CA Zambia exit certifications. On 18th December 2020 the Institute submitted the following proposed names to the Zambia Qualifications Authority for approval:

1. Knowledge Level to be renamed-CA Certificate in Accountancy
2. Application Level to be renamed-CA Application Advanced Diploma in Accountancy.
3. Advisory Level to be named: CA Advisory Professional in Accountancy.

Stakeholder Engagements

The Institute carried out stakeholder engagements in Lusaka, Copperbelt, Central, Northern and Western Provinces. The Institute was able to meet a total of eleven (11) corporate institutions and Government departments. The aim of these visits where to update the various stakeholders on the reforms the Institute had introduced. The Institute visited eight (8) tuition providers who were presented with their accreditation certificates.

Improve Infrastructure

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

The Institute renewed a development agreement with Time Projects Property (Zambia) Limited for the development of a multi-facility at the Accountants Park. The initial agreement suffered significant disruption due to the outbreak of the COVID-19 pandemic.
The Institute further engaged a consultant to update the market report for the multi-use facility at the Accountants Park.

Development of lot No. 19921/M Livingstone SNICC EIA update

The Institute engaged a consultant to update the market report for SNICC in view of the impact of COVID-19 and other competitive forces on the market.

The Institute further continued to engage the Zambia Environmental Management Agency (ZEMA) on the Environmental Impact Statement (EIS) report for which a decision letter is still being awaited.

Improving Marketing and Communication

Adverts in Media

The Institute continued to advertise in the print and electronic media, on provincial radio stations and social media. In light of the COVID 19 pandemic, the Institute fully utilized social media platforms to advertise the ZiCA Qualification and education reforms, examinations techniques videos and the flexible payment plan. In addition the Institute continued to promote the Equality. Diversity. Opportunity - A #FinBiz2030 Series Webinar by Chartered Accountants Worldwide (CAW). The Institute was able to stream live the 14th ZICA Graduation Ceremony on Diamond TV and on the official ZICA Facebook page.

Marketing Campaigns

The Institute carried out stakeholder engagements on the Copperbelt, Central, Northern and Western Provinces to sensitize selected secondary school pupils on the CA Zambia and the Diploma in Accountancy qualifications.

A total number of seventeen (17) secondary schools were visited and career talks were given to more than 2,000 grade twelve (12) pupils. In order to encourage the uptake of CA Zambia programme amongst University graduates, the Institute attended three (3) university graduation ceremonies and awarded three (3) CA Zambia scholarships to the best graduating students in the Bachelor of Accountancy programmes.

CA Zambia Ambassadors Finalists

The Institute was able to conclude the selection process for the CA Zambia Ambassadors (CAZA) in the year under review. The CAZA finalists will be able to serve as the Institute's agents in recruiting students onto the CA Zambia programme and will perform restricted duties at various events related to their role. The Institute selected Fourteen (14) CA Zambia Ambassadors for the 2020-2023 cohort.

ZICA Trademark Registration

In the effort to mitigate the abuse of the ZICA brand, the Institute registered its ZICA Trademarks with PACRA. The trademark registration included registering of the ZICA Logo and Acronym, Zambia Institute of Chartered Accountants Name, Chartered Accountants Zambia Name and CA Zambia Logo and Acronym. The process was concluded in the year under review and the final certification were expected to be received in January 2021.

Placement of Murals (ZICA Branded Posters)

In an effort to improve the Institute's Brand visibility, the Institute placed posters at partner tuition providers and examination centres. The posters placed recognise the respective centres as Accredited Tuition Provider, Accredited Examination Centres and Accredited Block Release Centres. The posters were placed in strategic areas such as reception areas, front office and at the entrances for enhanced visibility.

President's Press Briefing

The ZICA President held the first quarterly press briefing on 21st December 2020 post being elected as President on 17th October 2020 at the 35th AGM of the Institute. The President made comments on matters of national interest including Zambia's debt distress, Energy sector reforms, Auditor General's Covid-19 report and the Africa Continental Free Trade Area (ACFTA) amongst other topical issues.

Enhanced Communication

With the onset of COVID-19 pandemic in the year under review, it was incredibly important for the Institute to reach out to members, students and various stakeholders through online platforms due to COVID-19 pandemic induced measures by the Government. The Institute was able to facilitate various communication notices to members and the general public with regards to COVID 19 prevention measures as guided by World Health Organization (WHO). Posters were placed at all critical touch points at both the Lusaka and Kitwe offices. The Institute ensured business continuity by equipping all critical staff with the necessary tools to enable them to work from home.

Customer Satisfaction Survey

The Institute carried out two (2) customer satisfaction surveys for all members and students. The surveys were carried out in January and December 2020 respectively. The Institute was pleased to receive positive responses from the 1544 respondents and scored over 80% overall satisfaction from members and students. The Institute would like to thank members and students who took part in the survey and acknowledge that the areas of improvement suggested were duly noted for action.

I wish to thank the Council, Management and staff for their resilience in achieving the Institutes goals in the year under review. The Institute will continue moving on the path of providing quality service to all stakeholders.

I thank you.

Bonna Kashinga
SECRETARY AND CHIEF EXECUTIVE

1st
Virtual Graduation Ceremony

8
tuition providers presented with accreditation certificates

17
Secondary Schools visited and career talks given

80%
overall satisfaction from students and members

FINANCIAL AND OPERATIONAL REVIEW

The operational review gives highlights of the performance of the Institute during the year 2020. The operational highlights provide both the financial and non-financial metrics of the performance of the Institute.

Financial Highlights

Income

The total income for the year was ZMW 49.963 million against a budget of ZMW 35.287 million. The income for the year was higher by 3.4% when compared to 2019 actual income. The increase was mainly attributed to members renewing their subscriptions and the increase in fair value of investment property under development.

Expenditure

The total expenditure incurred for the year was ZMW 43.707 million against a budget of ZMW 34.936 million .The expenditure for the year was lower by 1.5% when compared to 2019 actual expenditure. The decrease was mainly attributed to cost saving measures put in place to mitigate the impact of covid-19 such as the suspension of foreign travel, overtime, leave allowance and reduction of fuel entitlements.

Surplus

The Institute achieved a surplus of ZMW 6.256 million against a budget of K0.351 million. The surplus was higher by 59 % when compared to the 2019 actual surplus. The increase in the surplus was mainly attributed to the cost reduction measures implemented during the year and the increase in fair value of the investment property under development.

Membership Statistics

Registered Members

The number of registered members for the year ended 31st December 2020 was 7,258 broken down as follows: 1,456 Fellows, 937 Associates, 682 Graduates, 1,994 Licentiates and 2,189 Technicians.

Category	2020	2019	Variance
Fellow	1,456	1,404	52
Associate	937	935	2
Graduate	682	650	32
Licentiate	1,994	1,918	76
Technician	2,189	2,001	188
Total	**7,258**	**6,908**	**350**

7,258

Registered members for the year ended 31 December 2020

The membership statistics for 2020 showed a slight improvement of members on the register by 350 compared to 2019 due to the inclusion of the accountants in Central Government.

Membership retention statistics

The number of retained members for the year ended 31st December 2020 was 5,362 representing a retention rate of 78 % of the 6,908 that had subscribed as at 31st December 2019.

Category	2019	2020	Variance
Fellow	1,404	1,396	(8)
Associate	935	571	(364)
Graduate	650	527	(123)
Licentiate	1,918	1,477	(441)
Technician	2,001	1,391	(610)
Total	**6,908**	**5,362**	**1,546**

5,362

Retained members for the year ended 31 December 2020

Number of Audit and Non- Audit Practitioners for 2020 and 2019

The number of practicing certificates for audit and non-audit held during the year are as indicated below:

	2020	2019	Variance
Audit	141	145	(4)
Non-Audit	37	32	5
Total	**178**	**177**	**1**

Competence Practice Examinations

During the period under review, a total of 17 candidates passed the CPE exams for December and June. For December, out of the 13 who sat for Audit, only 6 passed and of the 8 who sat for Non-audit only 1 passed. For June, a total of 11 sat for Audit, and only 5 passed, for Non-audit, 11 candidates sat and only 5 passed.
During the period under a review a total of 16 new licenses were issued, broken down as; 7 for Non-audit, 6 for Audit Practice and 3 upgraded from Non-audit to Audit Practice.

Employer Sensitisation

A total of 43 employer visitations and offsite inspections were conducted in the year under review. The trend is that most employers are not compliant. It must be noted that we still have a lot of accountants working without ZICA membership in Government and the private sector.

Accountants Forum

A total of three (3) Accountants fora were held during the year on various topical issues. Two of these fora were virtual. Accountants forums are aimed at helping members meet their CPD requirements through attendance of free events. The themes of the Accountants forum discussions held in both Kitwe and Lusaka were as follows:

- Effective Strategic Leadership – The key to sustainable growth in the current business environment - Presented by Dr Mweemba Mungo - 23rd January 2020
- Code of Ethics for Accountants (Virtual) - Presented by Mr Jason Kazilimani Jr – 14th May 2020
- The Role of Accountants in ensuring Organizations achieve business resilience and continuity amidst the pandemic (Virtual) - Presented by Ms. Venus Hampinda - 17th September 2020

Annual General Meeting (AGM) and Pre- AGM Workshop

A total of Six Hundred and Seventy (670) participants attended the Pre-AGM workshop and AGM in 2020 under the theme: **"Managing Disruption Through Innovation and Adaptation"** at Falls Park Mall in Livingstone compared to 1,087 participants who attended the event in the year 2019.

ZICA members asking questions during the 35th Annual General meeting held on 17th October 2020

ZICA Secretary and Chief Executive Mr. Bonna Kashinga giving his key note address at the Pre-Annual General Meeting held in Livingstone on 16th October 2020.

Technical Workshops

Tax Update Workshops

During the year under review, two tax update workshops were held as scheduled in Lusaka and Ndola. The workshops were aimed at updating members on the upcoming tax legislation and upskill their taxation know how to enable them apply 2021 tax legislation correctly. The workshops were attended by a total of 484 participants.

IPSAS Workshop

The 2020 International Public Sector Accounting Standards (IPSAS) workshop was held on 11th and 12th June, 2020 at Fresh view Homes in Siavonga. The workshop was attended by 81 participants. The event was intended to promote the implementation of accrual IPSAS in Zambia and update members in the public sector on the latest developments on IPSAS.

Developing and Promoting Practice Standards

As part of our mandate to develop, promote and enforce internationally comparable practice accounting standards in Zambia, the Institute issued three pronouncements during the year on the Impact of COVID -19 on the auditor's report in relation to going concern, exemption for small companies from having an external audit and application of IFRS 9 amidst COVID-19.

Further, the Institute issued a guidance note to the public and the general membership on Exemptions for Small Companies from having an external audit in line with the provisions of Section 263(1) of the Companies Act No. 10 of 2017; Circular 1/ 5 March 2020.

Additionally, another guidance note was issued on Extension of the Filling Period for Financial Statements with Financial Sector Regulators due to the COVID-19 pandemic; which brought disruptions to the operations of many organisations. This was Circular 2/27 March 2020.

2020 IFRS Update Workshops

The Institute held two scheduled 2020 IFRS Updates workshops in Lusaka and Ndola on the 12th to 13th November, 2020 and 19th and 20th November, 2020 respectively with a combined attendance of 246 participants.

2021 National Budget Submissions

During the year under review, ZICA made a submission on the Tax and Non Tax 2021 National Budget to the Ministry of Finance on the 31st July 2020. Further, the Institute appeared before a special tax force working on the 2021 budget on 11th August 2020 to clarify and justify some of the Tax and Non Tax budget submissions made to the Ministry of Finance for possible consideration in the 2021 national budget. The taskforce comprised of Ministry of Finance, Ministry of National Planning, Ministry of Commerce, ZRA and Bank of Zambia.

2021 National Budget Analysis

The Institute held the 2021 National Budget Analysis Dinner on 25th September 2020 at Mulungushi International Conference in Lusaka with an attendance of 157 participants.

81
IPSAS Workshop participants

246
2020 IFRS Update Workshops participants

157
2020 National Budget Analysis participants

As part of our mandate to develop, promote and enforce internationally comparable practice accounting standards in Zambia, the Zambia Institute of Chartered Accountants (ZICA) issued three pronouncements during the year on the Impact of COVID -19

Promoting the Interests of the Accountancy Profession

Technical Advice and Guidance

The Institute continued to provide technical advice to members on various technical accounting matters affecting them. During the year under review, the Instituted received and provided guidance to 14 technical queries from members.

Chief Finance Officers' Forum

The Chief Finance Officers' Conference was held on 27th July 2020 at Radisson Blu Hotel in Lusaka with an attendance of 62 participants. The workshop was designed to provide a platform for senior finance executives to share new developments and emerging issues in the profession, obtain global perspectives, share knowledge and expand the network. The Conference featured Mrs. Musonda Ulaya, Assistant Labour Commissioner - Legal, Ministry of Labour, Mr. Goodson Kataya, Assistant Director - Financial Stability, Bank of Zambia, Mr. Victor Muhundika – Tax Partner, Deloitte Zambia, Mr. Kampamba Mulenga – Chief Financial Officer, FNB Bank Zambia, Mr. Kelvin Chungu – Managing Partner, Nolands Zambia as keynote speakers.

Internal Auditors Conference

The Institute organised one workshop for internal auditors in Siavonga on 3rd -4th December 2020. The event which drew an attendance of 58 participants was intended to keep internal auditors updated on the latest developments.

Quality Assurance

Graduation Ceremony

The graduation ceremony was held virtually via a live broadcast on Diamond TV on 11th December 2020 where 217 students graduated at various levels of the CA Zambia program, Diplomas in Accountancy, PSFM and Taxation programmes as indicated in the table. The total number of 2020 graduates was 526 broken down as follows; CA Zambia 19, Diploma in Accountancy 468, PSFM 6, Certificate in Taxation 17 and Diploma in Taxation 16.

Programme	2020	2019
CA Zambia	19	8
Diploma in Accountancy	159	133
Diploma in Public Sector Financial Management (PSFM)	6	4
Certificate in Taxation	17	19
Diploma in Taxation	16	8
Total	**217**	**172**

Quality Assurance of Education Programmes

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

Institutional and Programmatic Accreditation

The Institute continued collaborations with tuition providers offering accountancy studies as a means of enhancing the quality of the accountancy graduates. One (1) tuition provider was accredited to offer tuitions in the ZICA programmes.

The Institute continued to strengthen partnerships with various Universities and Colleges offering programmes in Accountancy. Two (2) accountancy programmes were granted exemption in order to allow student graduates from the accredited programmes to enrol for the CA Zambia programme at Application and Advisory levels.

Administration of Examinations

The Institute commenced offering of quarterly examinations as a way of according students multiple sessions from which to choose in the CA Zambia and Diploma in Accountancy programmes. The first session held in March 2020 was a pilot session which only covered all subjects of level 2 of the Diploma in Accountancy and Advisory level of CA Zambia. At Knowledge level and Application level of CA Zambia, only CA1.4-Commercial and Corporate Law and CA2.4-Taxation were examined in March 2020. The pass rates for the year across levels of all programmes were as indicated in the table below:

Programme	Mar 2020	Jun 2020	Sept 2020	Dec 2020
CA (Z) Knowledge Level	N/A	54.1%	71.4%	72.9%
CA (Z) Application Level	N/A	49.0%	44.5%	31.4%
CA (Z) Advisory Level	42.9%	36.1%	38.1%	38.1%
Diploma in Accountancy 1	N/A	57.7%	49.7%	46.7%
Diploma in Accountancy 2	36.4%	50.0%	39.9%	41.6%
Taxation Certificate	N/A	64.6%	N/A	83.3%
Taxation Diploma	N/A	61.5%	N/A	87.5%
Diploma in Public Sector Financial Management	N/A	64.3	N/A	88.2%

Revision of Study Materials

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

Examination answering techniques

The Institute undertook an exercise of recording examination answering techniques for thirty-nine (39) subjects. All the forty-nine (49) papers offered across ZICA's four qualifications now have recordings accessible to paid up students through their student accounts.

Human Resources

During the year under review the following employees separated from the Institute, namely Mr. Modest Hamalabbi, former Director Education and Training, Mr. Dickson Chirambo, former Information Communication Technology Manager and Mr. Brian Chanda, former Procurement Officer.

The Institute recruited Ms. Lilian Musonda Kaira as Procurement Officer and Mr. Quincy Kabamba as Information Communication Technology Officer. Further, Mr. Twiza Siwale was promoted to the Position of Information Communication Technology Manager.

COLLABORATION WITH STAKEHOLDERS

STRATEGIC PARTNERSHIPS

Some of the notable strategic partnerships the Institute signed in the year under review included:

A memorandum of understanding with Securities and Exchange Commission (SEC) that commits the two organisations to enhanced collaboration.

The Institute also held consultations on the application of IFRS 9- Financial Instruments amidst COVID 19 and on the impact of COVID -19 on the Auditors report in relation to going concern.

Business Coalition Council Emergency Taskforce

With the advent of COVID-19, the Institute was involved with the formation of the Business Coalition Council Emergency Taskforce, a taskforce consisting of private sector players united to provide support to the Government and citizens on the fight against COVID-19. The Institute assumed the role of Secretariat for BCCET and was also represented on the Board of Trustees of BCCET.

Corporate Governance Report

Governance Structure

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

The Council

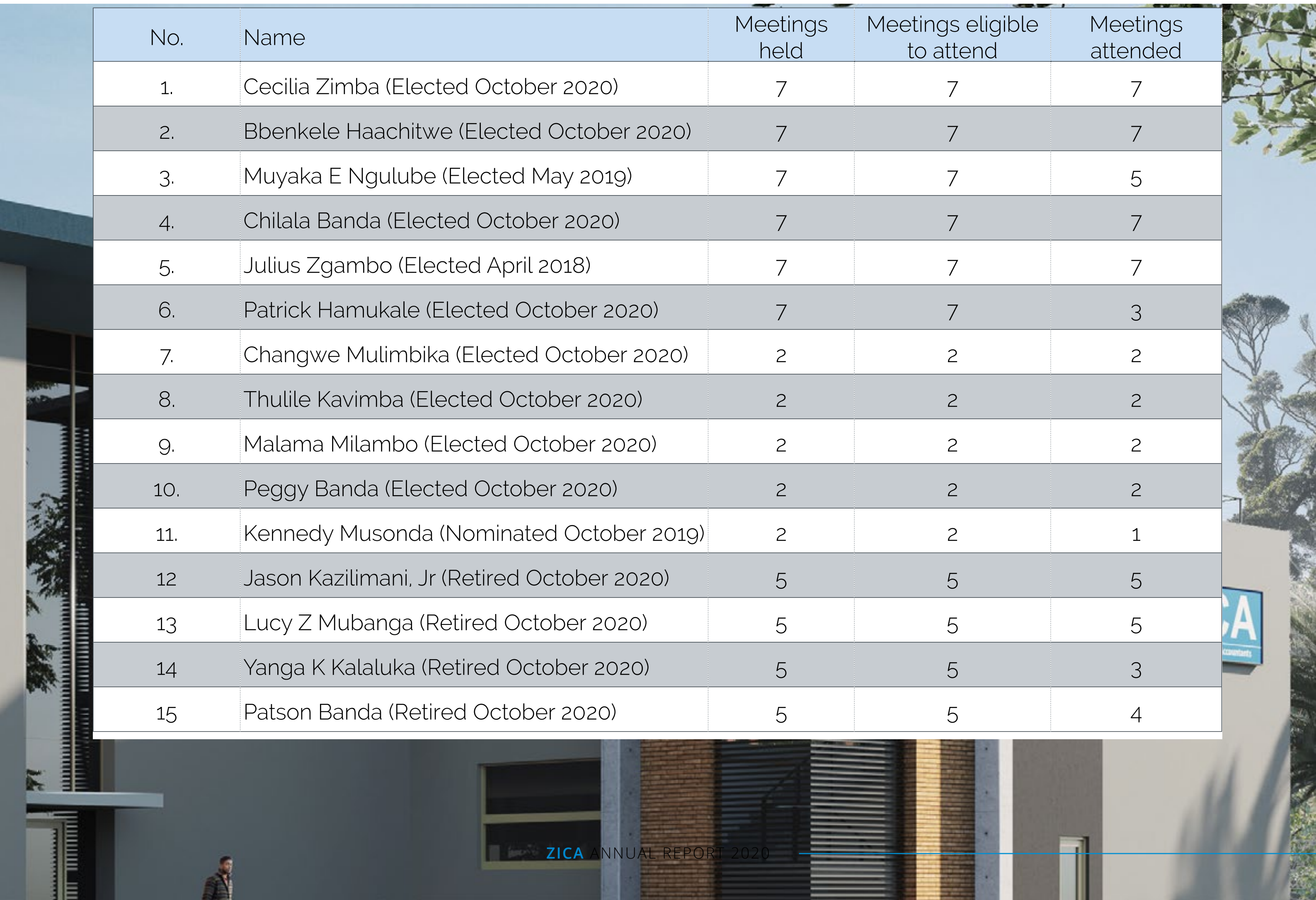
The Council is the highest body in the hierarchy of the Governance Structure and makes policy decisions over the affairs of the Institute. It sets the strategic direction of the Institute and provides oversight to the Management of the Institute. It carries out its mandate through seven (7) Council Committees.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

The Council is the highest body in the hierarchy of the Governance Structure and makes policy decisions over the affairs of the Institute

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

The 2020 membership and meeting attendance statistics of Council are as shown below:

No.	Name	Meetings held	Meetings eligible to attend	Meetings attended
1.	Cecilia Zimba (Elected October 2020)	7	7	7
2.	Bbenkele Haachitwe (Elected October 2020)	7	7	7
3.	Muyaka E Ngulube (Elected May 2019)	7	7	5
4.	Chilala Banda (Elected October 2020)	7	7	7
5.	Julius Zgambo (Elected April 2018)	7	7	7
6.	Patrick Hamukale (Elected October 2020)	7	7	3
7.	Changwe Mulimbika (Elected October 2020)	2	2	2
8.	Thulile Kavimba (Elected October 2020)	2	2	2
9.	Malama Milambo (Elected October 2020)	2	2	2
10.	Peggy Banda (Elected October 2020)	2	2	2
11.	Kennedy Musonda (Nominated October 2019)	2	2	1
12	Jason Kazilimani, Jr (Retired October 2020)	5	5	5
13	Lucy Z Mubanga (Retired October 2020)	5	5	5
14	Yanga K Kalaluka (Retired October 2020)	5	5	3
15	Patson Banda (Retired October 2020)	5	5	4



COMMITTEES OF COUNCIL

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

Finance and Administration Committee

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

No.	Name	Meetings held	Meetings eligible to attend	Meetings attended
1.	Cecilia Zimba (Retired October 2020)	3	3	3
2.	Bbenkele Haachitwe (Appointed October 2020)	1	1	1
3.	Changwe Mulimbika (Appointed October 2020)	1	1	1
4.	Kumoyo Wambulawae (Appointed October 2018)	3	3	3
5.	Mundia Mundia (Appointed October 2019)	3	3	3
6.	Kutemba Mwandumbwa (Appointed October 2020)	1	1	1
7.	Hellen Kalumbi (Appointed October 2020)	1	1	1
8.	Mathews Phiri (Appointed October 2020)	1	1	0
9.	Lucy Z Mubanga (Retired October 2020)	3	3	2
10.	Kennedy Mwila (Retired October 2020)	3	3	3
11.	Mirriam Chiyaba (Retired October 2020)	3	3	3

Public Sector Committee

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

No.	Name	Meetings held	Meetings eligible to attend	Meetings attended
1	Julius Zgambo (Appointed October 2020)	1	1	1
2	Peggy Kaponda Banda (Appointed October 2020)	1	1	1
3	Alice Tembo (Appointed October 2020)	1	1	1
4	Chembe Chakalashi (Appointed October 2020)	1	1	1
5	Lucy Zulu Mubanga (Retired October 2020)	3	3	3
6	Elijah Manunga (Appointed May 2020)	3	3	2
7	Esther Haamaundu (Retired October 2020)	3	2	2
8	Julius Mwanza (Appointed May 2017)	3	3	2
9	Bornwell Mpofu (Appointed July 2019)	3	3	3

10	Shadrick Phiri (Retired October 2020)	3	3	0
11	Humphrey Himwaaba (Retired October 2020)	3	3	0
12.	Caroline Bwalya Banda (Retired October 2020)	3	3	2

Membership Committee

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

Membership and attendance of meetings in 2020

Table-Attendance list

No.	Name	Meetings held	Meetings eligible to attend	Meetings attended
1.	Moonga Hamukale (Appointed October 2020)	3	3	3
2.	Changwe Mulimbika (Appointed October 2020)	1	1	1
3.	Yanga Kalaluka (Retired October 2020)	3	3	2
4.	Collina Halwampa (Appointed May 2017)	3	3	2
5.	Gabriel Banda (Retired October 2020)	3	3	2
6.	George William Bester (Appointed May 2017)	3	3	1
7.	Silvia Madawaki (Appointed May 2017)	3	3	3
8.	Lyndon Lane Poole (Appointed May 2017)	3	3	2
9.	Bernas Phiri (Appointed November 2020)	3	3	1

Education and Training Committee

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

No.	Name	Meetings held	Meetings eligible to attend	Meetings attended
1.	Muyaka Ngulube (Appointed April 2016)	7	7	7
2.	Chilala Banda (Appointed November 2020)	7	7	7
3.	Mwiche Banda (Appointed July 2017)	7	7	6
4.	Tinashe Jerahuni (Appointed February 2015)	7	7	7
5.	Dr. Michael Mabenga	7	7	6
6.	Mwale Tembo (Retired November 2020)	7	6	6
7.	Kennedy Bowa (Appointed November 2018)	7	7	5
8.	Munsaka Mabbolobbolo	7	7	7
9.	Joseph Ngulube (Appointed November 2020)	1	1	1

Technical Committee

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

No.	Name	Meetings held	Meetings eligible to attend	Meetings attended
1.	Chilala Banda (Appointed October 2020)	3	3	3
2.	Moonga Hamukale (Retired October 2020)	2	2	2
3.	Thulile Kavimba Mumba (Appointed October 2020)	1	1	1
4.	Alice Tembo (Retired October 2020)	2	1	1
5.	Kelvin Chungu (Appointed July 2017)	3	3	3
6.	Kampampa K Mulenga (Appointed July 2017)	3	3	3
7.	Brian Musonda (Retired October 2020)	2	2	0
8.	Gilbert Muyalwa (Retired October 2020)	2	1	1
9.	Mwale Tembo (Appointed October 2020)	1	1	1
10.	Saviour Mwiinga (Appointed October 2020)	1	1	1

Taxation Committee

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

No.	Name	Meetings held	Meetings eligible to attend	Meetings attended
1.	Julius Zgambo (Retired October 2020)	5	5	5
2.	Yanga Kalaluka (Retired October 2020)	5	5	3
3.	Victor Muhundika (Retired October 2020)	5	5	4
4.	Michael Phiri (Appointed January 2007)	6	6	6
5.	George Chitwa (Appointed December 2015)	6	6	6
6.	Patrick Z Mawire (Appointed January 2017)	6	6	6
7.	Moses Nkandu (Appointed January 2017)	6	6	4
8.	Victor Nyasulu (Retired October 2020)	5	2	2
9.	Joseph Matimba (Appointed March 2020)	6	6	5
10.	Jetty Lungu (Appointed February 2019)	5	5	3
11.	Thulile Kavimba Mumba (Appointed October 2020)	1	1	1
12.	Malama Milambo (Appointed October 2020)	1	1	1
13.	Mwamba Chishimba (Appointed October 2020)	1	1	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.

No.	Name	Meetings held	Meetings eligible to attend	Meetings attended
1.	Bbenkele Haachitwe (Retired October 2020)	3	3	2
2.	Julius Zgambo (Appointed October 2020)	1	1	1
3.	Malama Milambo (Appointed October 2020)	1	1	1
4.	Caroline Banda (Appointed November 2020)	3	3	2
5.	Luhana Hlupekile (Appointed in October 2020)	1	1	1
6.	Edward Kunda (Appointed July 2017)	3	3	2
6.	Namakau Ntini (Appointed July 2014)	3	3	2

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. Officers from the Standards and Regulation Directorate, who operate semi autonomously, service the independent committees.

The independent committees include the following:

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.

Practice Review Committee

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

Standards and Regulatory Board

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

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.

Delegation by Council

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

PROFILES OF COUNCIL MEMBERS

Mrs. Cecilia Zimba
PRESIDENT

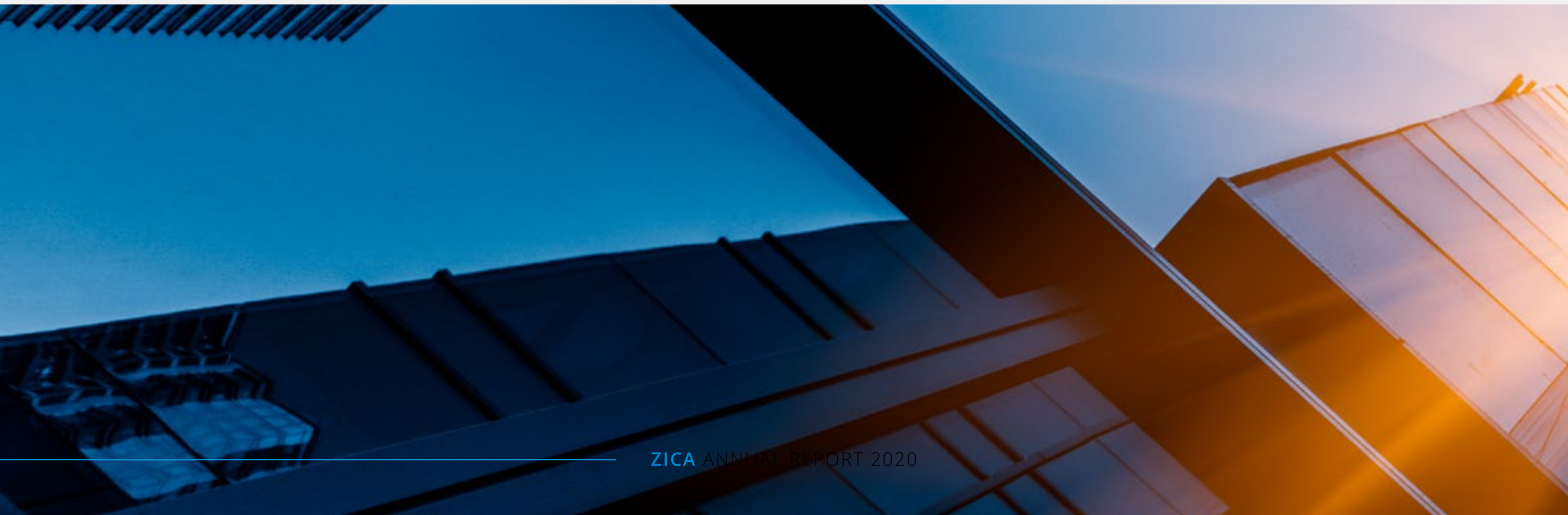
Ms. Zimba is a Fellow of ZICA. She holds a Master's Degree in Business Administration, ACCA and has a post graduate Diploma in Sustainable Business Leadership. She is the immediate past Vice President of ZICA. She has over 20 years' work experience, a corporate leader with extensive professional experience and significant leadership accomplishment in Business. She is also the immediate past Chairperson of the Finance & Administration Committee of ZICA. She has served on various Boards and Committees including ZRA, ZESCO, Financial Intelligence Centre, BOZ Financial Sector Development Program, Zambia Industrial Commercial Bank and ZEMA.

Mr. Bbenkele Haachitwe
VICE PRESIDENT

Mr. Haachitwe is a Fellow of ZICA. He holds an MBA-Finance, BSc (Hons) Applied Accounting and a Diploma in Project Management. He has over 20 years' experience and currently Head of Assurance and Internal Audit at Copperbelt Energy Corporation (CEC). He is the immediate past Chairperson for the Audit and Risk Management Committee of ZICA. He has worked for Zambia National Broadcasting Corporation as Chief Internal Auditor and Zambia Revenue Authority in the Internal Audit division.

Mr. Kennedy Musonda
COUNCIL MEMBER

Mr. Musonda is the Accountant General for the Republic of Zambia. He is a Fellow of ZICA and ACCA and he has worked in the financial management function of the public sector for more than 26 years. He has worked through different Government Ministries as Head of Accounting Units and as Accountant General and Ex-Officio of the ZICA Council from 2008 to 2012.



Ms. Muyaka Ethel Ngulube
COUNCIL MEMBER

Ms. Ngulube is a Fellow of ZICA and a Chartered Global Management Accountant. She has over 21 years' experience in public, private and development aid sectors. She is a Certified Compliance Professional (CCP) with the American Institute of Business and Financial Management and also a Certified People and Teams Developer. She has an Honors Bachelor's Degree in Accounting, a Master of Business Administration and a MSc in Strategic Planning. She represents members in Industry.

Mr. Julius Zgambo
COUNCIL MEMBER

Mr. Zgambo is a Fellow of ZICA and ACCA with over 13 years of experience in the profession. He holds ACCA professional qualification from Zambia Centre for Accountancy Studies (ZCAS). Board Member - Standards and Regulations Board at the Zambia Institute of Chartered Accountants. He represents members in Industry.

Ms. Thulile Kavimba
COUNCIL MEMBER

Ms. Kavimba is a Fellow of ZICA and ACCA. She has 12 years of experience in public practice and 4 years in commerce and industry. She is currently Audit Partner at PKF Zambia Chartered Accountants. She is in charge of the firm's training program and a member of the firm's technical committee. Her experience spans a wide range of industries including manufacturing, service, Education, and non-governmental organizations. She has worked for Development Aid from People to People as Country Finance Manager, Grant Thornton as Audit Senior and PWC as Assistant Tax Consultant.

Profiles of Council Members Cont'

Mr. Malama Milambo
COUNCIL MEMBER

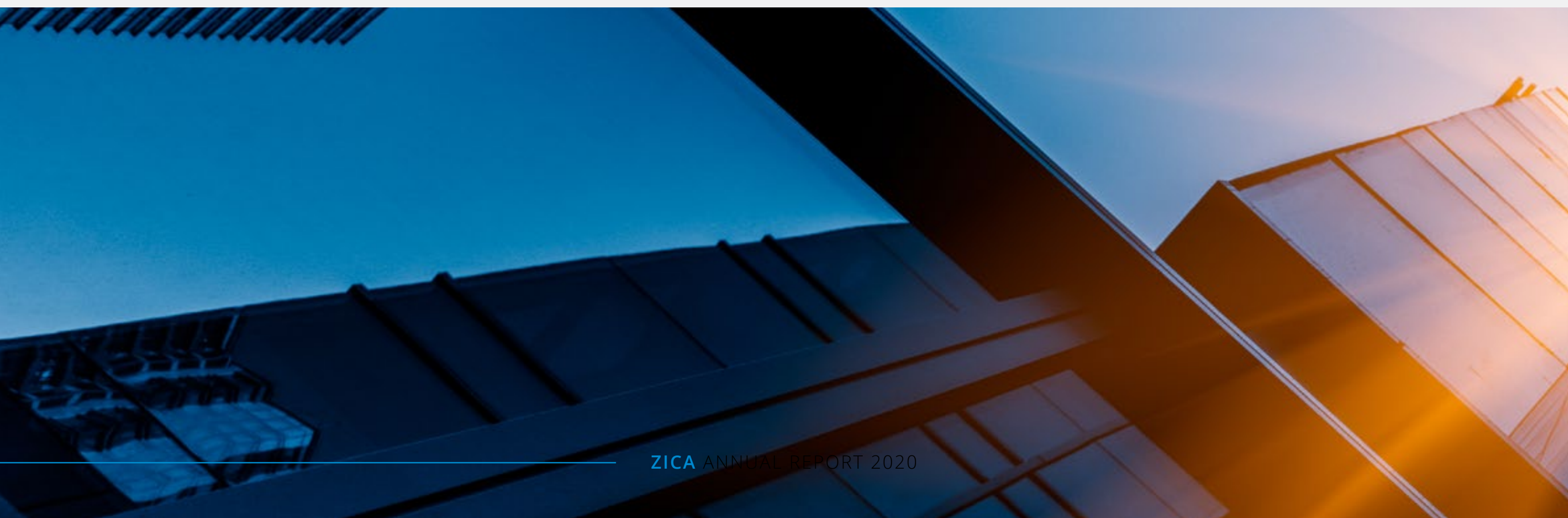
Mr. Malama is a Chartered Accountant with full ACCA Qualification and member of ZICA with exceptional skills in accounting, financial management, business management and risk management with over 9 years of progressive accounting and auditing experience in public, Non-Governmental Organizations (NGOs), private Programmes, financial institutions and small businesses. Currently Manager in audit and assurance at Deloitte & Touché.

Ms. Chilala Banda
COUNCIL MEMBER

Ms. Banda is a Fellow of ZICA. She holds ACCA qualification and Bachelor of Accountancy degree. She has over 20 years' experience in Auditing and is currently a Partner at Grant Thornton in charge of training. She served on the ZICA Disciplinary Committee from 2014 to 2016

Mr. Moonga Hamukale
COUNCIL MEMBER

Mr. Hamukale is a Fellow of ZICA. He holds ACCA. He has over 10 years' experience in Advisory, Consultancy and Auditing. He is currently Senior Manager at PricewaterhouseCoopers. He is the immediate past Chairperson for the Membership Committee of ZICA and immediate past Vice Chairperson for the Technical Committee.



Ms. Changwe Mulimbika
COUNCIL MEMBER

Ms. Mulimbika is a Fellow of the Zambia Institute of Chartered Accountants (ZICA) and the Association of Chartered Certified Accountants (ACCA). She holds an MBA (Strategic Planning) from Herriot-Watt University and a Bachelor of Science in Applied Accounting from Oxford Brookes University. She has 15 years of experience and is currently working for Atlas Mara as Finance Manager. Prior to this, she held positions of Head of Card Operations and Card Operations Manager. Before Joining Atlas Mara, she worked for Barclays Bank Plc and also served in various roles including Merchant Executive, Client Solutions Manager and Personal Banker. She is also currently serving as Zonal Coordinator for Zambia Forum for Women Accountants focusing on Lusaka, Central and Eastern Provinces.

Ms. Peggy Banda
COUNCIL MEMBER

Ms. Banda is a Fellow of ZICA. She holds a Master's in Business Administration with specialization in strategic planning she is currently pursuing a Doctorate in Business Administration with ZCAS University. She has over 21 years' experience and is currently Finance Manager at Tazama Petroleum Products. She worked for St Andrews Schools Board and Ndola Trust School Board as Bursar.

Management

Management implements the Accountants Act and decisions of Council. The Secretary and Chief Executive heads management and is assisted by four Directors namely; Director of Finance, Investments and Administration, Director Education and Training, Director Standards and Regulation and Director Membership and Corporate Services. Management provides secretarial services to Council and its Committees.

Profiles of Senior Management Team

BONNA KASHINGA
Chief Executive Officer

Mr. Bonna Kashinga is the Chief Executive Officer of Zambia Institute of Chartered Accountants & Director of ZICA Properties Limited. He is a seasoned finance professional and former banker with over 21 years work experience and exposure in the accountancy services, property, financial services and central bank regulatory sectors covering business development & management, strategy formulation & execution, wealth & investment management, financial risk management, assurance services, business advisory, financial system regulation and supervision.

Mr. Bonna Kashinga is a holder of a Master in Public Administration degree from Harvard University and an Edward S. Mason Fellow in Public Policy & Management from Harvard University. He also holds a Master of Science in Development Finance from The University of Manchester and was a Bank of England Developing Country Fellow. Additionally, he holds a Bachelors (Honours) degree in Accounting & Finance and a Diploma in Professional Accounting both from Athlone Institute of Technology, Ireland.

CHARLES MUTALE
Director Finance, Investments and Administration

Mr. Mutale is a Fellow of ZICA and the Chartered Institute of Management Accountants (CIMA) and holds a Master Degree in Business Administration specialising in Finance & Strategic Planning. He has 24 years of senior management experience in Commerce and Industry.

PATRICIA M HANTUMBA
Director Membership and Corporate Services

Patricia Hantumba is a Fellow of ZICA with over 22 years of experience in the profession. She holds a Master Degree in Business Administration (MBA) (Herriot Watt University) a Bachelors of Arts Degree (UNZA), BSc in Applied Accounting (Oxford Brookes), ACCA, NATech, CIA.

ELIZABETH SONDASHI MUSUKWA
Director Education and Training

Mrs. Elizabeth S. Musukwa has over 16 years' experience in education management and administration and business development in the education industry in both academic and professional settings. She holds a Master of Business Administration (MBA) (University of Lusaka) and a Bachelor of Business Administration (BBA) (Copperbelt University).

MWELWA MWABA
Director Standards and Regulation

Mr. Mwaba is a Fellow of ZICA and ACCA. He has 18 years of work experience in accounting, banking and Central Bank Regulation. He holds a Master Degree in Business Administration (MBA) and Bachelor's Degree in Accounting and Finance.

Conceptual drawing for the development of the ultra-modern multi-purpose commercial property complex consisting of 6 - 8 office blocks at the Accountants Park.

Annual Report 2020

FINANCIAL STATEMENTS

For the year ended 31st December 2020

GENERAL INFORMATION

Country of incorporation and domicile	Zambia
Nature of business and principal activities	The Zambia Institute of Chartered Accountants (ZICA, referred to as the "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 the regulation of the accountancy profession as well as the education and training of 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 First National Bank Limited Stand number 22767 P.O Box 36187 Lusaka ABSA Bank Zambia Plc Addis Ababa Roundabout P.O Box 31936 Lusaka
Solicitors	BETAM Chambers Plot 6911 Addis Ababa Drive P. O. Box 50742 Lusaka AB and David Plot No. 3168 Independence Avenue P.O BOX 38704 Lusaka Sikaulu Lungu Mupeso Legal Practitioners 4 Matandani Close off Lubuto Road Rhodes Park Lusaka MUSA DUDHIA & CO 2nd Floor, ALN House P.O Box 31198 Lusaka P.M. Kamanga & Associates 3rd Floor, Premium House PO Box 31466 Lusaka
Auditors	BDO Zambia Audit Services The Gallery Office Park Frost Building Lagos Road Rhodes Park Lusaka

REPORT OF THE COUNCIL

The Council Members are pleased to present their report and audited financial statements for the year ended 31st December 2020.

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

Financial results
Total income during the year was ZMW 49.963 million (2019: ZMW 48.301million). Total expenditure for the year was ZMW 43.707 million (2019: ZMW 44.373 million). The Institute recorded a surplus for the year of ZMW 6.256 million (2019: ZMW 3.928 million).

Operations
The Institute continued the implementation of the 2019-2023 strategic plan during the period under review. Various initiatives were undertaken in order to improve strategic partnerships and engagements which led to the introduction and accreditation of the CA Zambia exit certifications. Audit monitoring reviews of practicing firms continued to be undertaken in order to improve regulation of the accountancy profession. The operations of the Institute were impacted by the outbreak of Covid-19 as evidenced by reduced workshop and examinations income. Most of the member subscriptions which are collected at the beginning of the year were not materially impacted. The Institute implemented several responses to the pandemic some of which involved the revision of the Institute's budget for 2020. Further revenue and cost mitigation plans were implemented and cash flows were managed closely.There were limited face to face events and meetings including the suspension of certain allowances for members of staff. This ensured that the metrics as set out in the strategic plan were met.

Ms. C Zimba	(Elected October 2020)	President
Mr. B Haachitwe	(Elected October 2020)	Vice President
Ms. M E Ngulube	(Elected May 2019)	Member
Ms. C Banda	(Elected October 2020)	Member
Mr. K Musonda	(Nominated October 2019)	Ex-Officio
Ms. C Mulimbika	(Elected October 2020)	Member
Ms. P Banda	(Elected October 2020)	Member
Ms. T k Mumba	(Elected October 2020)	Member
Mr. P M Hamukale	(Elected October 2020)	Member
Mr. J Zgambo	(Elected April 2018)	Member
Mr. M Milambo	(Elected October 2020)	Member
Mr. J Kazilimani Jr	(Retired October 2020)	Former President
Ms. L Z Mubanga	(Retired October 2020)	Former Member
Ms. Y K Kalaluka	(Retired October 2020)	Former Member
Mr. P Banda	(Retired October 2020)	Former Member

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

Council Members interests
None of the Council Members had any material interest in any contracts awarded during the year (2019: none).

Employees and their remuneration
The total remuneration of employees during the year amounted to ZMW 17.358 million (2019:ZMW 16.902 million) and the average number of employees was 39 (2019:40).

Property, plant and equipment

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

	2020 ZMW	2019 ZMW
Office equipment and machinery	114,619	60,193
Computer equipment	93,669	105,278
Total	**208,288**	**165,471**

Health and Safety

The Institute is committed to ensuring the health , safety and welfare at work of its employees and for protecting other persons against risks to health or safety arising out of, or in connection with, those activities at work of the employees.

Auditors

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

Bonna Kashinga

Secretary and Chief Executive Officer

Date: 20th May 2021

RESPONSIBILITY OF THE COUNCIL

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

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

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

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

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

The Council has reviewed the Institute's cash flow forecast for the 12 months to 31 May 2022 and, in light of this review and the current financial position, they are satisfied that the Institute 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 44 to 47.

The financial statements set out on pages 48 to 89 as well as the appendix on page 90, which have been prepared on the going concern basis, were approved by the Council on 20th May 2021 and were signed on its behalf by:

Cecilia Zimba
President

Bbenkele Haachitwe
Chairperson,Finance and Administration Committee

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Fax : +260 211 254623
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Frost Building
The Gallery Office Park
,Lagos Road
Rhodes Park
P.O. Box 35139
Lusaka, Zambia

INDEPENDENT AUDITOR'S REPORT

To the members of Zambia Institute of Chartered Accountants

Opinion

We have audited the accompanying financial statements of Zambia Institute of Chartered Accountants which comprise the statement of financial position at 31 December 2020, 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 10 to 50

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the Accountants Act.

Basis for opinion

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

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

Key Audit Matters

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

Topic	KAM Title	Description of Key Audit Matter and Why a matter of most significance in the audit	Description of Auditor's Response (i.e., (How matter addressed in the audit
Valuation of Investment Property	Valuation of investment property	The valuation of the investment property is important to our audit as it represents a significant judgment area and an important part of the total assets of the Institute. The valuation of the investment property is highly dependent on estimates. We therefore identified the valuation of investment property as a significant risk. The Institute's policy is that property valuations are performed by external experts at least once a year. These valuations are amongst others based on assumptions, such as historical transactions, and market knowledge.	• Amongst others, we considered the objectivity, independence, and expertise of the external appraisers. • We furthermore assessed the accuracy of the property related data used as input for the valuations. • We reviewed the underlying assumptions. We further focused on the adequacy of the disclosures on the valuation of investment property. • Disclosures of this item are included in note 4 of the financial statements.
Impairment of capitalised work in progress	Impairment of capitalised work in progress	Capitalisation of costs of Investment Property are areas of significant judgement by the Council. The main risk that we addressed in our audit is: - the risk that amounts that were capitalised in work in progress in prior year periods are significantly impaired. Management have applied significant judgement on assessing the viability and probability of the projects commencing. Should the projects listed below not materialise, the amounts capitalised would be impaired as the recoverable amounts would be nil. Our work focused on the impairment of the capitalised costs for the; Livingstone-Development project and the proposed Thabo Mbeki Office Park.	• We evaluated the design and tested the operating effectiveness of controls around the capitalised development costs. • We enquired if management performed an impairment assessment of the carrying value of its capitalised project to verify that the entity's assets are not carried at more than their recoverable amounts. • We enquired on the project status since last year. • We researched on the viability of the projects especially the Livingstone and Thabo Mbeki project. • We reviewed project fund mobilisation status since last year. • We reviewed the management write-up on the impairment. We tested the assumptions used. • We reviewed the technical and economic feasibility studies performed. • Disclosures of this item are included in note 4 of the financial statements.
Reconciliations	Integration of the iMIS and Pastel System	The Institute in 2016 implemented a new system which integrated iMIS and Pastel. However, this integration process is not fully implemented. The revenue module is affected by this integration. This module forms a significant part of the financial statements. The reconciliation process is manually driven and involves a matching process between departmental iMIS transactions and the Pastel accounting transactions. This manual intervention process increases the risk of error. There is a risk that cut-off procedures may not be correctly performed due to the lack of integration between the Inventory/ Membership/ Students IMIS system and the accounting PASTEL system. Reconciliations are performed quarterly.	• We reviewed the reconciliation between iMIS and Pastel and evaluated the nature of the reconciling items. • We determined that the effective operation of the controls provided us with audit evidence in respect of the integration process.

Other information

The Council is responsible for the other information. The other information comprises the Council's report as required by the Accountants Act and the responsibility of Council statement.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.

- Conclude on the appropriateness of the Councils' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Institute to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Institute audit. We remain solely responsible for our audit opinion.

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

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

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

Supplementary information

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 51 does not form part of the financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

Report on other legal and regulatory requirements

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

BDO

BDO Zambia Audit Services

T. Jerahuni
Partner
AUD/F008775
Date:

Statement of financial position

	Note	2020 ZMW	2019 ZMW
ASSETS			
Non-current assets			
Property, plant and equipment	3	13,643,200	14,211,090
Investment property under development	4	28,142,184	23,628,184
Intangible assets	6	7,295,261	9,555,115
Right of use assets	15.2	35,897,564	36,667,946
Equity investments at FVOCI	5	672,825	722,212
Staff loans and advances at amortised cost	9	270,833	203,771
		85,921,867	**84,988,318**
Current assets			
Inventories	8	1,989,587	2,054,269
Staff loans and advances at amortised cost	9	507,396	549,708
Other receivables	11	601,615	729,811
Investment securities at amortised cost	7	1,915,273	1,140,078
Cash and cash equivalents	12	3,715,860	2,798,795
		8,729,731	**7,272,661**
Total assets		**94,651,598**	**92,260,979**
MEMBERS' FUND AND LIABILITIES			
Accumulated fund		35,140,338	28,258,660
Revaluation reserve		41,102,499	41,742,573
Other reserves		(208,735)	(194,041)
		76,034,102	**69,807,192**
Non current liabilities			
Employee liabilities	13	1,863,534	1,436,729
Lease liabilities	15.3	2,373,743	2,195,196
Deferred Income	16	6,335,524	8,070,061
		10,572,801	**11,701,986**
Current liabilities			
Other payables	14	4,399,150	5,468,818
Lease liabilities	15.3	681,465	374,068
Contract liabilities	17.1	2,964,080	4,908,915
		8,044,695	**10,751,801**
Total members' fund and liabilities		**94,651,598**	**92,260,979**

The responsibility of the Council with regard to the preparation of the financial statements is set out on page 43. The financial statements on pages 48 to 89 were approved by the Council on 20th May 2021 and were signed on its behalf by:

Cecilia Zimba
President

Bbenkele Haachitwe
Chairperson, Finance and Administration Committee

The notes on pages 52 to 89 are an integral part of these financial statements

Statement of profit or loss and other comprehensive income

	Note	2020 ZMW	2019 ZMW
Income			
Revenue from contracts with customers	17	42,608,413	42,392,658
Other income	18	5,273,293	3,572,136
Finance income	19.1	346,773	442,922
Capital grant amortised	16	1,734,537	1,893,662
Total income		**49,963,016**	**48,301,378**
Expenditure			
Finance cost	19.2	536,488	459,664
Operating expenses		21,062,172	21,877,493
Depreciation and amortisation		4,310,121	4,426,908
Employee benefits expenses	22	17,832,029	17,589,930
Expected credit losses	10	(34,096)	18,954
Total expenditure		**43,706,714**	**44,372,949**
Surplus for the year before tax		**6,256,302**	**3,928,429**
Income tax expense	20	-	-
Surplus for the year		**6,256,302**	**3,928,429**
Items that will not be reclassified subsequently to profit or loss			
(Loss) on equity investments at FVOCI	5	(29,392)	(322,387)
Gain on revaluation of property, plant and equipment	3	-	17,399,847
Other comprehensive (loss / income) for the year		**(29,392)**	**17,077,460**
Total comprehensive income for the year		**6,226,910**	**21,005,889**

The notes on pages 52 to 89 are an integral part of these financial statements

Statement of cash flows

	Note	2020 ZMW	2019 ZMW
Surplus for the year		6,256,302	3,928,429
Adjustments to reconcile surplus to net cash flows:			
Depreciation of property, plant and equipment	21	776,178	1,384,385
Depreciation of right of use assets	15.2	770,382	427,289
Change in fair value of investment property under development	4	(4,514,000)	(3,043,000)
Amortisation of intangible assets	6	2,763,561	2,615,234
Exchange differences	15.4	639,664	95,346
Capital grant amortised	16	(1,734,537)	(1,893,662)
(Profit) or loss on disposal of property, plant and equipment	18	-	(38,960)
(Profit) or loss on disposal of equity investments	18	5,555	-
Interest received	19.1	(346,773)	(410,263)
Dividend received	19.1	-	(32,659)
Finance cost from obligations under finance leases	19.2	536,488	459,664
		5,152,820	**3,491,802**
Changes in working capital			
Decrease/(increase) in inventories	8	64,682	(630,127)
(Increase) in staff loans and advances at amortised cost	9	(24,750)	(119,039)
Decrease in other receivables	11	128,196	10,333
Increase/(decrease) in employee benefits	13	426,805	(103,781)
(Decrease) in other payables	14	(1,069,668)	(2,300,175)
(Decrease)/Increase in contract liabilities	17.1	(1,944,835)	1,164,458
Net cash flows from operating activities		**2,733,250**	**1,513,471**
Cash flow from investing activities			
Purchase of property, plant and equipment	3	(208,288)	(165,471)
Acquisition of investment property	4	-	(35,129)
Acquisition of intangible assets	6	(503,707)	(1,407,076)
(Investment) /redemption of investment securities at amortised cost	7	(775,195)	1,430,495
Proceeds from disposal of property, plant and equipment	18	-	38,960
Proceeds from disposal of equity investments	5	14,441	-
Dividend received	19.1	-	32,659
Interest received	19.1	346,773	410,263
Net cash flows utilised in investing activities		**(1,125,977)**	**304,700**
Cashflows from financing activities			
Interest paid	19.2	(536,488)	(459,664)
Payment of lease liabilities	15	(153,720)	(559,986)
Net cash used in financing activities		**(690,208)**	**(1,019,650)**
Increase in cash and cash equivalents		**917,065**	**798,521**
Cash and cash equivalents at beginning of the year		2,798,795	2,000,274
Cash and cash equivalents at end of the year	12	**3,715,860**	**2,798,795**

The notes on pages 52 to 89 are an integral part of these financial statements

Statement of changes in members' funds

	Accumulated fund	Revaluation reserve	Equity Investments reserve	Whistle blower protection fund	Total
	ZMW	ZMW	ZMW	ZMW	ZMW
Balance at 1 January 2019	**24,466,343**	**24,982,800**	**(8,167)**	**121,815**	**49,562,791**
Effect of adoption of new accounting standard	(761,488)	-	-	-	(761,488)
Balance at 1 January 2019- Restated	**23,704,855**	**24,982,800**	**(8,167)**	**121,815**	**48,801,303**
Surplus for the year	3,928,429	17,399,847	(322,387)	-	21,005,889
Amortisation	640,074	(640,074)	-		-
Funds transfer	(14,698)	-	-	14,698	-
Balance at 31 December 2019	**28,258,660**	**41,742,573**	**(330,554)**	**136,513**	**69,807,192**
Balance at 1 January 2020	**28,258,660**	**41,742,573**	**(330,554)**	**136,513**	**69,807,192**
	-	-	-	-	-
Surplus for the year	6,256,302	-	(29,392)	-	6,226,910
Amortisation	640,074	(640,074)	-	-	-
Funds transfer	(14,698)	-	-	14,698	-
Balance at 31 December 2020	**35,140,338**	**41,102,499**	**(359,946)**	**151,211**	**76,034,102**

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

(ii) The revaluation reserve is the surplus on buildings arising from revaluations.

(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) Equity investment revaluation reserve represents the cumulative gains and losses on the revaluation of equity investment at FVOCI financial assets that have been recognised in other comprehensive income.

The notes on pages 52 to 89 are an integral part of these financial statements

Significant accounting policies

	2020	2019
	ZMW	ZMW

1 Regulatory framework

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

1.1 Basis of preparation

The financial statements of Zambia Institute of Chartered Accountants have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board(IASB) and Interpretations(collectively IFRSs)' 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, investment property under development and equity financial assets 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. The financial statements provide comparative information in respect of the previous period.

1.2 Functional and presentation currency

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

1.3 Changes in accounting policies

During the current year, the Institute has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. There is no material impact on the financial statements.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting,misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. There is no material impact on the financial statements.

Amendments to IFRS 16 Covid -19 Related Rent Concessions

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases
The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient,a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. There is no material impact on the financial statements.

Significant accounting policies

	2020	2019
	ZMW	ZMW

2. Significant accounting policies

2.1 Property, plant and equipment

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Institute depreciates them separately based on specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Office properties are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income (OCI) and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Leasehold buildings	**2.5%**
Motor vehicles- owned and leased	**25%**
Furniture, fittings, machinery, office equipment and computers	**20%**
Library books are not depreciated.	**Nil**

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.2 Investment property under development

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee. Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. In determining the amount of consideration from the derecognition of investment property the Institute considers the effects of variable consideration, existence of a

Significant accounting policies

	2020	2019
	ZMW	ZMW

2.2 Investment property under development (Continued)

significant financing component, non-cash consideration, and consideration payable to the buyer (if Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Institute accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.3 Intangible assets

An intangible asset is an identifiable, non-monetary asset without physical substance. Intangible assets are identifiable resources controlled by the Institute from which the Institute expects to derive future economic benefits. An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Institute and the cost of the asset can be measured reliably.

Intangible assets that are acquired and have finite useful lives are initially recognised at cost with subsequent measurement at cost less any accumulated amortisation and any impairment losses. The intangible assets are amortised at 20% per annum on a straight line basis. An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains and losses from derecognition of an intangible asset are recognised in profit or loss.

2.4 Inventory

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

2.5 Revenue from contracts with customers

The Institute recognises revenue from the following major sources:

- Annual subscription
- Subscription arrears
- Registrations and entry fees
- Competence examination fees
- Firm registrations fees
- Practicing certificate fees
- Exemption fees
- Examination fees
- Seminars & workshops
- Sales of manuals

Revenue is measured based on the consideration to which the Institute expects to be entitled in a contract with customers and excludes amounts collected on behalf of third parties.

The Institute is in the business of providing regulatory services and the training of accountants. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Institute expects to be entitled in exchange for those goods or services.

All its revenue except that from annual subscriptions is recognised at the point in time when control of the asset is transferred to the customer. Subscriptions received in advance are recognised as services transferred over time that result in a current contract liability.

Significant accounting policies

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2.5 Revenue from contracts with customers (Continued)

The Institute considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., free magazines and life insurance cover).

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Institute performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Other receivables

A receivable represents the Institute's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets - Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Institute has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Institute transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Institute performs under the contract.

Finance income

i) Interest and similar income/expense

Net interest income comprises interest income and interest expense calculated using both the effective interest method and other methods. These are disclosed separately on the face of the income statement for both interest income and interest expense to provide symmetrical and comparable information. In its Interest income/expense calculated using the effective interest method. Other interest income/expense includes interest on and all financial assets/liabilities, using the contractual interest rate.

The Institute calculates interest income on financial assets, other than those considered credit-impaired, by applying the EIR to the gross carrying amount of the financial asset. When a financial asset becomes credit-impaired and is therefore regarded as 'Stage 3', the Institute calculates interest income by applying the EIR to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Institute reverts to calculating interest income on a gross basis.

2.6 Grants and non-monetary donations

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

2.7 Transactions in foreign currencies

Transactions in foreign currencies during the year are converted into Zambian Kwacha at rates ruling at the transaction dates. Assets and liabilities denominated in foreign currencies are translated into Zambian Kwacha at rates ruling at

Significant accounting policies

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2.7 Transactions in foreign currencies (Continued)

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.

The year end rates used during the year are as follows:	2020	2019
1USD to ZMW	21.01	14.01
1GBP to ZMW	30.02	18.49

2.8 Cash and cash equivalents

Cash comprises cash on hand, at bank and demand deposits with banks. Cash equivalents are short term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash, deposits in banks and short term investments, net of outstanding bank overdrafts.

2.9 Employee benefits

A defined contribution plan is a post-employment plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Institute pays fixed contributions into the National Pension Scheme Authority. The Institute has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

The cost of gratuity and annual leave are recognised during the period in which the employee renders the related service. Accruals for employee entitlement to gratuity and annual leave represent the present obligation, which the Institute has to pay as a result of the employee services provided to the reporting date.

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

2.10 Financial instruments – initial recognition

Date of recognition

Financial assets and liabilities are initially recognised on the trade date, i.e., the date that the Institute becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans and advances to customers are recognised when funds are transferred to the customers' accounts. The Institute recognises balances due to customers when funds are transferred to the Institute.

Initial measurement of financial instruments and classification of financial instruments at initial recognition depends on the contractual terms and the business model for managing the instruments. Financial instruments are initially measured at fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Institute accounts for the Day 1 profit or loss, as described below.

Significant accounting policies

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2.10 Financial instruments – initial recognition (Continued)

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Institute recognises the difference between the transaction price and fair value in net trading income. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Measurement categories of financial assets and liabilities

The Institute classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost;
- Fair value through other comprehensive income;
- Fair value through profit and loss.

The Institute may designate financial instruments at FVPL, if so doing eliminates or significantly reduces measurement or recognition inconsistencies. Furthermore, the Institute designates and measurements it's financial assets held for investment purposes at FVOCI.

Financial assets and liabilities

Due from staff loans and advances and bank financial investments at amortised cost (fixed deposits)

Due from staff loans and advances and bank financial investments, included non–derivative financial assets with fixed or determinable payments that were not quoted in an active market, other than those:

- That the Institute intended to sell immediately or in the near term;
- That the Institute , upon initial recognition, designated as at FVPL or as available-for-sale;
- For which the Institute may not recover substantially all of its initial investment, other than because of credit deterioration, which were designated as available-for-sale.

The Institute only measures due from loans and staff loans and advances and other bank financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

The Institute determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The Institute's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- The expected frequency, value and timing of sales are also important aspects of the Institute's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Institute's original expectations, the Institute does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Significant accounting policies

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2.10 Financial instruments – initial recognition (Continued)

The solely payments of principal and interest test
As a second step of its classification process the Institute assesses the contractual terms of financial asset to identify whether they meet the solely payments of principal and interest test .
'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Institute applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimise exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVPL.

Reclassification of financial assets and liabilities
The Institute does not reclassify its financial assets subsequent to initial recognition, apart from the exceptional circumstances in which the Institute acquires, disposes of, or terminates a product line. Financial liabilities are never reclassified.

When assessing whether or not to derecognise a loan to a staff, amongst others, the Institute considers the following factors:

- Change in currency of the loan
- Change in counterparty
- If the modification is such that the instrument would no longer meet the SPPI criterion
- If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition.

Based on the change in cash flows discounted at the original effective rate of interest, the Institute records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

Financial assets designated at fair value through OCI (equity instruments)
Upon initial recognition, the Institute can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Institute benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Institute elected to classify irrevocably its listed equity investments under this category.

Derecognition other than for substantial modification

Financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Institute also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.
The Institute has transferred the financial asset if, and only if, either:

- The Institute has transferred its contractual rights to receive cash flows from the financial asset or
- It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Significant accounting policies

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2.10 Financial instruments – initial recognition (Continued)

Pass-through arrangements are transactions whereby the Institute retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:

- The Institute has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Institute cannot sell or pledge the original asset other than as security to the eventual recipients
- The Institute has to remit any cash flows it collects on behalf of the eventual recipients without material delay.

In addition, the Institute is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:

- The Institute has transferred substantially all the risks and rewards of the asset or
- The Institute has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The Institute considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Institute has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Institute's continuing involvement, in which case, the Institute also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Institute has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Institute could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Institute would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

Impairment of financial assets

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12 months ECL).

The 12 months ECL is the portion of Lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Both Lifetime ECLs and 12months ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments. The Institute's policy for grouping financial assets measured on a collective basis.

Significant accounting policies

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2.10 Financial instruments – initial recognition (Continued)

The Institute has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. Based on the above process, the Institute groups its loans into Stage 1, Stage 2,Stage 3 and POCI, as described below:

- **Stage 1:** When debit instruments are first recognised, the Institute recognises an allowance based on 12 months ECLs. Stage 1 debit instruments also include facilities where the credit risk has improved and the debit instrument has been reclassified from Stage 2.
- **Stage 2:** When a loan has shown a significant increase in credit risk since origination, the Institute records an allowance for the Lifetime ECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3:** Debit instruments considered credit-impaired. The Institute records an allowance for the Lifetime ECLs.
- **POCI:** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit- adjusted effective rate of interest. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

For financial assets for which the Institute has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The Calculation of ECLs

The Institute calculates ECLs based on a four probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the effective rate of interest. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- The Probability of Default (PD) is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- The Exposure at Default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in
- The Loss Given Default (LGD) is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Institute considers four scenarios (a base case, an upside, a mild downside ('downside 1') and a more extreme downside ('downside 2')). Each of these is associated with different PDs, EADs and LGDs. When relevant, the assessment of multiple scenarios also incorporates how defaulted loans are expected to be recovered, including the probability that the loans will cure and the value of collateral or the amount that might be received for selling the asset. The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Institute has the legal right to call it earlier.

Impairment of financial assets continued Impairment losses and releases are accounted for and disclosed separately from modification losses or gains that are accounted for as an adjustment of the financial asset's gross carrying value. Provisions for ECLs for undrawn loan commitments are assessed.

Significant accounting policies

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2.10 Financial instruments – initial recognition (Continued)

Overview of the ECL principles

The mechanics of the ECL method are summarised below:

- Stage 1: The 12 months ECL is calculated as the portion of Lifetime ECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Institute calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12- month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original effective rate of interest.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Institute records an allowance for the Lifetime ECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original effective rate of interest.
- Stage 3: For loans considered credit-impaired, the Institute recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- POCI - POCI assets are financial assets that are credit impaired on initial recognition. The Institute only recognises the cumulative changes in lifetime ECLs since initial recognition, based on a probability-weighting of the four scenarios, discounted by the credit- adjusted effective rate of interest.

The mechanics of the ECL method are summarised below:

Forward looking information

In its ECL models, the Institute relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Inflation-rates
- Default spread, country risk premiums

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material. Detailed information about these inputs and sensitivity analysis are provided in Note 25.10.

Impairment losses on financial assets

The measurement of impairment losses both under IFRS 9 and IAS 39 across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

The Institute's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and effective rate of interest interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Institute's internal credit grading model, which assigns PDs to the individual grades.
- The Institute's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a LTECL basis and the qualitative assessment.
- The segmentation of financial assets when the ECL is assessed on a collective basis.
- Development of ECL models, including the various formulas and the choice of inputs.
- Determination of associations between macroeconomic scenarios and, economic inputs, such as GDP growth rate and collateral values, and the effect on PDs, EADs and LGDs.

Selection of forward-looking macroeconomic scenarios probability weightings, to derive the economic inputs into the ECL models.

Significant accounting policies

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2.11 Fair value measurement

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

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

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

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

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

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

The Institute's 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 measurements. The executive management comprises of the Chief Executive Officer and the Directors.

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 executive management.

Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years for the valuation of property, plant and equipment. The Institute's external valuers provide the valuation techniques and inputs to use for each case.

The executive management, 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 annual basis, the executive management and the Institute's external valuers present the valuation results to the Audit Committee and the Institute's independent auditors. This includes a discussion of the major assumptions used in the valuations.

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

Significant accounting policies

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2.12 Current versus non-current classification

The Institute presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Expected to be realised within twelve months after the reporting period Or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

2.13 Investment securities

a) Fixed deposits
Investments 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 Lusaka Securities 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.

2.14 Member Funds

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If any instrument reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

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 were arising from revaluations.
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) Equity investment revaluation reserve represents the cumulative gains and losses on the revaluation of equity investment at FVOCI financial assets that have been recognised in other comprehensive income.

2.15 Leases

The Institute as a lessee
The Institute assesses whether a contract is or contains a lease, at inception of the contract. The Institute recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Institute recognises the lease payments as an operating expense on a straight- line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Significant accounting policies

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2.15 Leases (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.
The Institute remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right of use will be amortised per class as follows:

Right of use- land	99 years
Right of use- Building	10 years

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Institute incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right- of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Institute expects

Significant accounting policies

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2.15 Leases (continued)

to exercise a purchase option, the related right- of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the right-of-use assets are presented as a separate line in the statement of financial position.

The Institute applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.
Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of- use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Institute has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Institute allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.16 Significant accounting judgements, estimates and assumptions

The preparation of the Institute's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Institute's exposure to risks and uncertainties includes:

- Capital management
- Financial instruments risk management and policies
- Sensitivity analyses disclosures

In the process of applying the Institute's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Revenue from contracts with customers

The Institute applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations.
- Determining the timing of satisfaction of the subscriptions and other services.
- Principal versus agent considerations

Subscriptions, Insurance and Magazine services

Under IFRS 15, the Institute assessed that there were three performance obligations in a contract for subscription fees and performed a re-allocation of the transaction price based on their relative stand-alone selling prices, which decreased the amount allocated to subscription fees.
The following significant assumptions have been applied in the determination of the relative standalone prices used in the allocation of the transaction prices for the free magazines and insurance cover to fully paid up members.

Significant accounting policies

	2020	2019
	ZMW	ZMW

2.16 Significant accounting judgements, estimates and assumptions (continued)

	31 December 2020	31 December 2019
	ZMW	ZMW
Magazines	9	43
Insurance	**380**	**360**

The Institute has concluded that the performance obligations in respect to the member benefits as above all mature within the same accounting period.

Revaluation of property, plant and equipment and investment properties

Investment properties and property, plant and equipment valuation methodology are based on active market prices, the nature, location or condition of the specific property which is performed by an accredited independent valuer who has valuation experience for similar properties. The Institute carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss. The changes in fair value of property, plant and equipment is recognised in OCI.

The key assumptions used to determine the fair value of the properties are provided in Notes 3 and 4.

Provision for expected credit losses

The Institute uses a General approach to calculate ECLs for staff loans and advances and investment securities. The probability of default rates is based on days past due for groupings of various instruments segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The impairment model is initially based on the Institute's historical observed default rates. The Institute will calibrate the PD factors to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults and the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Institute's historical credit loss experience and forecast of economic conditions may also not be representative of the staff's actual default in the future. The information about the ECLs on the Institute's financial instruments is disclosed in Note 7, 9,and 25 of the financial statements.

Determining the lease term of contracts with renewal and termination options – Institute as lessee

The Institute determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Institute has several lease contracts that include extension and termination options. The Institute applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Institute reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Significant accounting policies

	2020	2019
	ZMW	ZMW

2.16 Significant accounting judgements, estimates and assumptions (continued)

The Institute included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to five years). The Institute typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., 10 to 15 years) are not included as part of the lease term as these are not reasonably certain to be exercised. In addition, the renewal options for leases of motor vehicles are not included as part of the lease term because the Institute typically leases motor vehicles for not more than five years and, hence, is not exercising any renewal options. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Leases - Estimating the incremental borrowing rate

The Institute cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Institute would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Institute 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Institute estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

2.17 Standards issued but not yet effective

The new and amended 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 new and amended standards and interpretations, if applicable, when they become effective.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period. The amendment specifies that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendment introduces a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are to be applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The amendment is not expected to have a material impact on the Institute.

Amendments to IAS 16: Property, Plant and Equipment-Proceeds before Intended Use

The IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

Significant accounting policies

	2020	2019
	ZMW	ZMW

2.17 Standards issued but not yet effective (continued)

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.
The amendments are not expected to have a material impact on the Institute.

Amendments to IAS 37: Onerous Contracts- Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.The amendments are effective for annual periods beginning on or after 1 January 2022, with early application. The amendments are not expected to have a material impact on the Institute.

Annual Improvements to IFRS Standards 2018-2020

The Annual Improvements include amendments to the following Standards;

IFRS 1 First-time Adoption of International Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). The amendment is effective for annual periods beginning on or after 1 January 2022, with early application.

IFRS 9: Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Notes to the financial statements

	2020	2019
	ZMW	ZMW

3. Property, plant and equipment

2020	buildings	Motor vehicles owned	Motor Vehicles leased	Furniture, fitting Equipment	Office equipment	Computers	Library books	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
Cost								
At 01 January 2020	13,085,000	1,537,057	-	1,725,946	1,150,669	2,622,619	87,722	20,209,013
Additions	-	-	-	-	114,619	93,669	-	208,288
Net revaluation gain	-	-	-	-	-	-	-	-
Transfer to right of use assets	-	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-	-
At 31 December 2020	**13,085,000**	**1,537,057**	**-**	**1,725,946**	**1,265,288**	**2,716,288**	**87,722**	**20,417,301**
Depreciation								
At 01 January 2020	-	1,176,223	-	1,579,548	1,039,511	2,202,641	-	5,997,923
Charge for the period	327,125	204,431	-	54,769	43,928	145,925	-	776,178
Write-back on transfer to right of use	-	-	-	-	-	-	-	-
Write-back on disposal	-	-	-	-	-			-
At 31 December 2020	**327,125.00**	**1,380,654**	**-**	**1,634,317**	**1,083,439**	**2,348,566**	**-**	**6,774,101**
Net book value as at 31 December 2020	**12,757,875**	**156,403**	**-**	**91,629**	**181,849**	**367,722**	**87,722**	**13,643,200**

2019	Leasehold land and buildings	Motor vehicles owned	Motor Vehicles leased	Furniture, fitting Equipment	Office equipment	Computers	Library books	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
Cost								
At 01 January 2019	32,284,000	1,537,057	1,426,164	1,727,776	1,090,476	2,517,341	87,722	40,670,536
Additions	-	-	-	-	60,193	105,278	-	165,471
Net revaluation gain	15,568,000	-	-	-	-	-	-	15,568,000
Transfer to right of use assets	(34,767,000)	-	(1,426,164)	-	-	-	-	(36,193,164)
Disposal	-	-	-	(1,830)	-	-	-	(1,830)
At 31 December 2019	**13,085,000**	**1,537,057**	**-**	**1,725,946**	**1,150,669**	**2,622,619**	**87,722**	**20,209,013**
Depreciation								
At 01 January 2019	921,676	971,792	148,559	1,486,790	1,004,107	2,062,850	-	6,595,774
Charge for the period	910,171	204,431	356,541	94,588	35,404	139,791	-	1,740,926
Write-back on transfer to right of use	(1,831,847)	-	(505,100)	-	-	-	-	(2,336,947)
Write-back on disposal	-	-	-	(1,830)	-			(1,830)
At 31 December 2019	**-**	**1,176,223**	**-**	**1,579,548**	**1,039,511**	**2,202,641**	**-**	**5,997,923**
Net book value as at 31 December 2019	**13,085,000**	**360,834**	**-**	**146,398**	**111,158**	**419,978**	**87,722**	**14,211,090**

Notes to the financial statements

	2020	2019
	ZMW	ZMW

3 Property, plant and equipment (continued)

The leasehold buildings were valued at 31 December 2019 on an open market value basis by qualified, independent valuers from Knight Frank who have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The leasehold buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation surplus was credited to other comprehensive income and is included on the statement of financial position and in the statement of changes in members' funds. Had the revalued properties been measured on a historical cost basis, their net book value would have been ZMW 6,872,160 (2019: ZMW 7,131,264).

Assumption of the valuation

The subject property was assessed using the market comparable method.Under this approach the first step is to consider the prices for transactions of identical or similar assets that have occurred recently in the market. If few recent transactions have occurred, it may also be appropriate to consider the prices of identical or similar assets that are listed or offered for sale provided the relevance of this information is clearly established and critically analysed. It may be necessary to adjust the price information from other transactions to reflect any differences in the terms of the actual transaction and the basis of value and any assumptions to be adopted in the legal, economic or physical characteristics of the assets in other transactions and the asset being valued.

4 Investment property under development

	Livingstone		Thabo Mbeki		Consolidated Total	
	2020	2019	2020	2019	2020	2019
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
Opening balance	17,451,340	14,408,340	6,176,844	6,141,715	23,628,184	20,550,055
WIP additions	-	-	-	35,129	-	35,129
Change in fair value of Investment Property (note 18)	4,514,000	3,043,000	-	-	4,514,000	3,043,000
Closing balance	**21,965,340**	**17,451,340**	**6,176,844**	**6,176,844**	**28,142,184**	**23,628,184**

The revalued Investment property under development consists of the Livingstone Lot No.19912/M & Farm No.9012. Fair value of the property was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, adjusted for differences in the nature, location or condition of the specific property. As at the date of revaluation, the property's fair value is based on valuations performed by Knight Frank Zambia Limited, an accredited independent valuer who has valuation experience for similar properties. There was no change to the valuation technique during the year.

Assumption of the valuation

The subject property was assessed using the market comparable method. The key unobservable input for this method is the price for comparable properties. This is a method whereby comparable sales data of properties within the vicinity of the subject property are collected and analysed to arrive at appropriate rates to apply to the subject property being valued. In so doing, consideration of both the local market within close proximity to the property being valued and on a wider view within the entire city. When applying this method, it may be necessary to adjust the price information from other transactions to reflect any differences in the terms of the actual transaction and the basis of value and any assumptions to be adopted in the legal, economic or physical characteristics of the assets in other transactions and the asset being valued.

Notes to the financial statements

	2020	2019
	ZMW	ZMW

5 Equity Investments at FVOCI

Company	No. of shares	Share price as at 31 December 2020	Market value as at 31 December 2019	Disposal	Capital /appreciation (depreciation)	Market value as at 31 December 2020
		ZMW	ZMW	ZMW	ZMW	ZMW
Zambia National Commercial Bank Plc	250,000	0.47	125,000	-	(7,500)	117,500
Standard Chartered Zambia Bank Plc	87,949	1.40	143,357	-	(20,228)	123,129
Zambeef Products Plc	50,000	1.10	45,000	-	10,000	55,000
Zambia Sugar Plc	100,000	2.55	250,000	-	5,000	255,000
CEC Africa Plc	111,087	0.18	19,996	(19,996)	-	-
Copperbelt Energy Corporation Plc	111,087	1.10	138,859	-	(16,664)	122,196
			722,212	(19,996)	**(29,392)**	**672,825**

During the year the Institute received a mandatory offer of the CEC Africa at the price of ZMW 0.13 per share. The proceeds received from the sale of the shares amounted to ZMW 14,441 resulting a loss of ZMW 5,555.

Company	No. of shares	Share price as at 31 December 2019	Market value as at 31 December 2018	Addition	Capital /appreciation (depreciation)	Market value as at 31 December 2019
		ZMW	ZMW	ZMW	ZMW	ZMW
Zambia National Commercial Bank Plc	250,000	0.50	210,000	-	(85,000)	125,000
Standard Chartered Bank Plc	87,949	1.63	231,306	-	(87,949)	143,357
Zambeef Products Plc	50,000	0.90	150,000	-	(105,000)	45,000
Zambia Sugar Plc	100,000	2.50	270,000	-	(20,000)	250,000
CEC Africa	111,087	0.18	22,217	-	(2,221)	19,996
Copperbelt Energy Corporation Plc	111,087	1.25	161,076	-	(22,217)	138,859
			1,044,599	-	**(322,387)**	**722,212**

Equity investments consist of funds invested in shares in Lusaka Securities Exchange listed companies. The investments are reflected at market values and are classified as level 1 in the fair value hierarchy. The equity investment has been classified at fair value through other comprehensive income (FVOCI).

6 Intangible assets

31 December 2020	Carrying value at beginning of year	Additions	Amortisation	Impairment	Carrying value at end of year
	ZMW	ZMW	ZMW	ZMW	ZMW
Software costs	973,240	-	(429,430)	-	543,810
Development costs	8,581,875	503,707	(2,334,131)	-	6,751,451
	9,555,115	**503,707**	**(2,763,561)**	-	**7,295,261**

Notes to the financial statements

	2020	2019
	ZMW	ZMW

6 Intangible assets (continued)

31 December 2019	Carrying value at beginning of year	Additions	Amortisation	Impairment	Carrying value at end of year
	ZMW	ZMW	ZMW	ZMW	ZMW
Software costs	1,118,920	227,000	(372,680)	-	973,240
Development costs	9,644,353	1,180,076	(2,242,554)	-	8,581,875
	10,763,273	**1,407,076**	**(2,615,234)**	-	**9,555,115**

Software costs relate to iMIS software which is fully operational. Development costs relate to expenditure on the CA Zambia qualification, the Diploma in Accountancy Qualification, Taxation and the Public Sector Finance Programmes. The development expenditure and software costs are being amortised at 20% per annum on a straight line basis.

7. Investment securities at amortised cost

	2020	2019
Fixed deposits	1,927,906	1,146,747
ECL- IFRS 9 provision	**(12,633)**	**(6,669)**
Closing balance	**1,915,273**	**1,140,078**

The table below shows the credit quality and the maximum exposure to credit risk based on the Institute's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Institutes' internal grading system are explained in Note 25. The policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 25.

As at 31 December 2020

Internal Rating Grade	Stage 1	Stage 2	Stage 3	Total
Performing high Grade	(12,633)	-	-	(12,633)
Standard grade	-	-	-	-
Sub-standard grade	-	-	-	-
Not performing individually impaired	-	-	-	-
Total	**(12,633)**	-	-	**(12,633)**

As at 31 December 2019

Internal Rating Grade	Stage 1	Stage 2	Stage 3	Total
Performing high Grade	(6,669)	-	-	(6,669)
Standard grade	-	-	-	-
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Not performing individually impaired	-	-	-	-
Total	**(6,669)**	-	-	**(6,669)**

The outstanding balance of investment securities at amortised cost increased by ZMW 775,196 (2019 decreased by ZMW 1,430,495). The ECL allowance as at the 31 December 2020 ECL was ZMW 12,633 (2019: 6,669) Movements over the year were mostly driven by the movements in the corresponding gross figures in 2020.

A reconciliation of the ECL as at 31 December 2020 is shown below:

	31 December 2020	31 December 2019
Fixed deposits	6,669	18,054
Expected Credit Loss (ECL)	5,964	(11,385)
Total ECL- IFRS 9 provision adjustment	**12,633**	**6,669**

Notes to the financial statements

	2020 ZMW	2019 ZMW

7. Investment securities at amortised cost (continued)

Average annual rates		
Institution		
First National Bank Zambia Limited fixed deposit	24.0%	17.4%
Stanbic Bank Zambia Limited fixed deposit	-	17.0%

8 Inventories

Study manuals	1,989,587	2,054,269

The cost of inventories recognised as an expense during the year was ZMW 604,961 (2019: ZMW 565,527).

9 Staff loans and advances at amortised cost

Staff advances	196,911	122,511
Staff loans	566,833	656,543
ECL- IFRS 9 provision	14,485	(25,575)
Closing balance	**778,229**	**753,479**

The table below shows the credit quality and the maximum exposure to credit risk based on the institute's internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Institutes' internal grading system are explained in Note 25. The policies about whether ECL allowances are calculated on an individual or collective basis are set out in Note 25.

As at 31 December 2020

Internal Rating Grade	Stage 1	Stage 2	Stage 3	Total
Performing high Grade	14,485	-	-	14,485
Standard grade	-	-	-	-
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Not performing individually impaired	-	-	-	-
Total	**14,485**	-	-	**14,485**

As at 31 December 2019

Internal Rating Grade	Stage 1	Stage 2	Stage 3	Total
Performing high Grade	(25,575)	-	-	(25,575)
Standard grade	-	-	-	-
Sub-standard grade	-	-	-	-
Past due but not impaired	-	-	-	-
Not performing individually impaired	-	-	-	-
Total	**(25,575)**	-	-	**(25,575)**

The ECL allowance as at 31 December 2020 was a debit of ZMW 14,485 (2019 was a credit of ZMW 25,575). Movements over the year were minor mostly driven by the movements in the corresponding gross figures in 2020.

Notes to the financial statements

	2020 ZMW	2019 ZMW

9 Staff loans and advances at amortised cost (continued)

A reconciliation of the ECL as at 31 December 2020 is shown below:

	2020 ZMW	2019 ZMW
Staff loans and advances	25,575	(4,764)
Expected Credit Loss (ECL) credit	(40,060)	30,339
Total ECL- IFRS 9 provision adjustment	**(14,485)**	**25,575**
Current asset		
Staff loans and advances (short term component)	507,396	549,708
	507,396	549,708
Non current asset		
Staff loans and advances (long term component)	270,833	203,771
	778,229	**753,479**
Average annual rates		
Staff loans and advances	15%	15%

10 Expected credit losses

	2020 ZMW	2019 ZMW
Opening expected credit loss 1 January 2019	32,244	13,290
Total expected credit losses (credit)/charge (note 7 & 9)	(34,096)	18,954
Closing expected credit loss	**(1,852)**	**32,244**

The table below shows the ECL charges on financial instruments for the year recorded in the income statement:

As at 31 December 2020	Stage 1		Stage 2 and 3		Total
	Individual	Collective	Individual	Collective	
	ZMW	ZMW	ZMW	ZMW	ZMW
Cash and cash equivalents	-	-	-	-	-
Staff loans and advances	(14,485)	-	-	-	(14,485)
Investment Securities	12,633	-	-	-	12,633
Total Impairment loss	**(1,852)**	-	-	-	**(1,852)**

As at 31 December 2019	Stage 1		Stage 2 and 3		Total
	Individual	Collective	Individual	Collective	
	ZMW	ZMW	ZMW	ZMW	ZMW
Cash and cash equivalents	-	-	-	-	-
Staff loans and advances	25,575	-	-	-	25,575
Equity investments		-	-	-	-
Investment securities	6,669	-	-	-	6,669
Total impairment loss	32,244	-	-	-	32,244

Notes to the financial statements

	2020 ZMW	2019 ZMW

10 Expected credit losses (continued)

The loss allowance on staff loans and advances decreased during the year due to the increase in the Present Value of security.

11 Other receivables

	2020 ZMW	2019 ZMW
Sundry debtors	601,615	601,615
Prepayments	-	128,196
	601,615	**729,811**

12 Cash and cash equivalents

	2020 ZMW	2019 ZMW
Cash at bank	3,712,876	2,797,731
Cash on hand	2,984	1,064
	3,715,860	**2,798,795**

13 Employee liabilities

	2020 ZMW	2019 ZMW
Balance at 31 December	2,832,859	2,016,367
Less Short term portion (note 14)	(969,325)	(579,638)
Long term portion	**1,863,534**	**1,436,729**

14 Other payables

	2020 ZMW	2019 ZMW
Accruals	2,020,146	2,494,486
Sundry creditors	1,382,145	2,367,761
Employee liabilities (note 13)	969,325	579,638
Benevolent fund	27,534	26,933
	4,399,150	**5,468,818**

15 Leases

15.1 Institute as a lessee

The Institute has lease contracts for buildings, vehicles and land used in its operations. Leases of buildings and Land generally have lease terms between 3 and 99 years respectively, while motor vehicles generally have lease terms of 5 years. The Institute's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Institute is restricted from assigning and subleasing the leased assets. There are lease contracts that include extension and termination options.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

15.2 Right of use assets	ROU Buildings ZMW	ROU Land ZMW	Finance Lease - Motor Vehicle ZMW	Total ZMW
At 01 January 2019	1,050,630	34,767,000	1,277,605	37,095,235
Depreciation charge for the year	(70,748)	-	(356,541)	(427,289)
At 31 December 2019	979,882	34,767,000	921,064	36,667,946
Transfer	(666,587)	666,587	-	-
Depreciation charge for the year	(62,659)	(351,182)	(356,541)	(770,382)
At 31 December 2020	**250,635**	**35,082,405**	**564,523**	**35,897,564**

Notes to the financial statements

	2020	2019
	ZMW	ZMW

15 Leases (continued)

15.3 Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	ROU Buildings ZMW	ROU Land ZMW	Finance Lease - Motor Vehicle ZMW	Total ZMW
At 1 January 2019	1,109,169	600,846	1,221,787	2,931,802
Payments made during the year	(168,840)	(145,357)	(705,453)	(1,019,650)
Accretion of interest	167,994	138,298	153,372	459,664
Translation difference	197,448	-	-	197,448
At 31 December 2019	**1,305,771**	**593,787**	**669,706**	**2,569,264**
Payments made during the year	(252,000)	(145,357)	(292,850)	(690,207)
Accretion of interest	251,989	136,693	147,806	536,488
Translation difference	639,664	-	-	639,664
At 31 December 2020	**1,945,424**	**585,123**	**524,662**	**3,055,208**

Assumptions used to determine the right of use asset

The Institute applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Institute reassesses the lease term (99 years) if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset). The effective interest rate applied was USD:13 percent and ZMW: 22.5 percent.

	2020	2019
Current	681,465	374,068
Non-current	2,373,743	2,195,196
	3,055,208	**2,569,264**

The maturity analysis of lease liabilities are disclosed below in **15.6**

15.4 The following are the amounts recognised in profit or loss:

	2020	2019
Depreciation expense of right-of-use assets	770,382	427,289
Interest expense on lease liabilities	536,488	459,664
Exchange difference	639,664	95,346
Total amount recognised in profit or loss	**1,946,534**	**982,299**

15.5 The following provides information on the Institute's fixed and variable payments:

	Fixed Payments ZMW	Variable Payments ZMW	Total ZMW
2020			
Fixed rent	**436,071**	-	**436,071**
2019			
Fixed rent	**312,383**	-	**312,383**

Notes to the financial statements

	2020	2019
	ZMW	ZMW

15 Leases (continued)

15.6 The Institute has lease contracts that include extension and termination options. Set out below are undiscounted potential future rental payments relating to period following the exercised date of extension and termination options not included in the lease term:

	Within five years	More than five years	Total
	ZMW	ZMW	ZMW
Extension options expected to be exercised	925,099	7,560,000	8,485,099
	925,099	7,560,000	8,485,099

The Institute recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application.

16 Deferred Income

	2020	2019
Non current	ZMW	ZMW
Grants (i) and (ii)		
Opening balance	8,070,061	9,963,723
Amortisation	(1,734,537)	(1,893,662)
Closing balance	**6,335,524**	**8,070,061**

16.1 Deferred Income

(i) The grant relates to funds received from Government of the Republic of Zambia in relation to the construction of the Institute's Head Office on plot 2374/a Thabo Mbeki Road. The grant is recognised in profit or loss on a systematic basis over the useful life of the asset.

(ii) The Institute received support in the form of a grant from the World Bank for the development of the curriculum for the Chartered Accountant (CA) Zambia programme. The grant is recognised in the profit or loss on a systematic basis over a five year period.

17 Revenue from contracts with customers
Disaggregated revenue information

Set out below is the disaggregation of the Institute's revenue from contracts with customers:

For the year ended 31 December 2020

Segments	Subscriptions	Seminars	Examinations	Certification	Manuals	Total
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
Types of goods and services:						
Annual Subscriptions:						
• Membership fees	13,526,703	-	-	-	-	13,526,703
• Life insurance cover	2,459,164	-	-	-	-	2,459,164
• Magazines fees	60,702	-	-	-	-	60,702
Subscription arrears	451,730	-	-	-	-	451,730
Registration fees	3,530,490	-	-	-	-	3,530,490
Competence exams	-	-	65,895	-	-	65,895

Notes to the financial statements

	2020	2019
	ZMW	ZMW

17 Revenue from contracts with customers (continued)

Firm registrations fees	-	-	-	3,750	-	3,750
Practicing certificate fees	-	-	-	2,484,771	-	2,484,771
Exemption fees	-	-	343,642	-	-	343,642
Examination fees	-	-	9,986,872	-	-	9,986,872
Entry fees	-	-	631,260	-	-	631,260
Seminars & workshops	-	7,946,354	-	-	-	7,946,354
Manuals sales	-	-	-	-	1,117,079	1,117,079
Total revenue from contracts with customers	**20,028,789**	**7,946,354**	**11,027,670**	**2,488,521**	**1,117,079**	**42,608,413**
Timing of revenue recognition						
Transferred at a point in time	3,982,220	7,946,354	11,027,670	-		22,956,244
Services transferred over time	16,046,569	-	-	2,488,521	1,117,079	19,652,169
Total revenue from contracts with customers	**20,028,789**	**7,946,354**	**11,027,670**	**2,488,521**	**1,117,079**	**42,608,413**
Geographical markets						
Zambia	19,970,231	7,946,354	11,027,670	2,488,521	1,117,079	42,549,855
Zimbabwe	58,558	-	-	-	-	58,558
	20,028,789	**7,946,354**	**11,027,670**	**2,488,521**	**1,117,079**	**42,608,413**

For the year ended 31 December 2019

Segments	**Subscriptions**	**Seminars**	**Examinations**	**Certification**	**Manuals**	**Total**
	ZMW	**ZMW**	**ZMW**	**ZMW**	**ZMW**	**ZMW**
Types of goods and services:						
Annual Subscriptions:						
• Membership fees	11,226,196	-	-	-	-	11,226,196
• Life insurance cover	2,413,522	-	-	-	-	2,413,522
• Magazines fees	318,886	-	-	-	-	318,886
Subscription arrears	907,055	-	-	-	-	907,055
Registration fees	2,898,504	-	-	-	-	2,898,504
Competence exams	-	-	111,340	-	-	111,340
Firm registrations fees	-	-	-	95,270	-	95,270
Practicing certificate fees	-	-	-	1,734,617	-	1,734,617
Exemption fees	-	-	284,428	-	-	284,428
Examination fees	-	-	10,499,598	-	-	10,499,598
Entry fees	-	-	756,030	-	-	756,030
Seminars & workshops	-	9,692,973	-	-	-	9,692,973
Manuals sales	-	-	-	-	1,454,239	1,454,239
Total revenue from contracts with customers	**17,764,163**	**9,692,973**	**11,651,396**	**1,829,887**	**1,454,239**	**42,392,658**

Notes to the financial statements

	2020 ZMW	2019 ZMW

17 Revenue from contracts with customers (continued)

Timing of revenue recognition						
Transferred at a point in time	3 ,805,559	9,692,973	11,651,396	-	1,454,239	26,604,167
Services transferred over time	13,958,604	-	-	1,829,887	-	15,788,491
Total revenue from contracts with customers	**17,764,163**	**9,692,973**	**11,651,396**	**1,829,887**	**1,454,239**	**42,392,658**
Geographical markets						
Zambia	**17,674,500**	9,692,973	11,651,396	1,829,887	1,454,239	42,302,995
Zimbabwe	89,663	-	-	-	-	89,663
	17,764,163	**9,692,973**	**11,651,396**	**1,829,887**	1,454,239	**42,392,658**

17.1 Contract liabilities

	2020	2019
Contract liabilities	**2,964,080**	**4,908,915**
	2,964,080	**4,908,915**

Contract assets are initially recognised for revenue earned from services as receipt of consideration is conditional on successful completion of various services. Upon completion of various service and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. There were no contract assets during the period, hence no ECL was recognised as provision for expected credit losses on contract assets (2019: Nil).

Contract liabilities are subscriptions received in advance and are recognised as services transferred over time.

	2020	2019
Set out below is the amount of revenue recognised from:	-	-
Amounts included in contract liabilities at the beginning of the year	4,908,915	3,744,457
Performance obligations satisfied in previous years	(4,908,915)	(3,744,457)
	-	-

Subscriptions received in advance

The performance obligation is satisfied over-time and payment is generally due upon commencement of the year and acceptance of the customer.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

	2020	2019
Within one year	2,964,080	4,908,915
	2,964,080	**4,908,915**

All the other remaining performance obligations are expected to be recognised within one year.

18 Other income

	2020	2019
Gain on fair value of Investment property under development (note 4)	4,514,000	3,043,000
Sundry income	764,848	466,341
(Loss) Gain on disposal of Equity Investment	(5,555)	-
Gain (Loss) on disposal of PPE	-	38,960
Advertising income	-	23,835
	5,273,293	**3,572,136**

Notes to the financial statements

	2020 ZMW	2019 ZMW
19 Finance Income		
19.1 Finance Income		
Income from financial instruments measured at amortised cost:		
Bank deposits	281,590	335,361
Interest on staff loans and advances	65,183	74,902
	346,773	410,263
Income from financial instruments designated at FVOCI		
Dividends received from equity investments	-	32,659
	346,773	**442,922**
19.2 Finance cost		
Right of use asset	388,682	306,292
Motor vehicle	147,806	153,372
Interest on obligations under leases	**536,488**	**459,664**

20 Taxation

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

21 Surplus for the year has been arrived at after charging/(crediting):

	2020 ZMW	2019 ZMW
Employee benefits expense	17,832,029	17,589,930
Amortisation of intangible assets	2,710,888	2,615,234
Depreciation of Property, plant and equipment	776,178	1,384,385
Cost of inventories recognised as manuals expense	662,101	565,527
Finance cost	536,488	459,664
Exchange gain (loss)	529,844	95,346
Gain (loss) on dispoasal of equity investments	5,555	-
Gain on disposal of property, plant and equipment	-	(38,960)
Expected credit losses	(34,096)	18,054
Finance income	(346,773)	(442,922)
Gain on fair value of Investment property under development	(4,514,000)	(3,043,000)
	18,158,213	**19,203,258**

22 Employee benefit expenses

	2020 ZMW	2019 ZMW
Salaries	11,332,407	13,345,419
Gratuity	3,013,084	2,771,016
NAPSA contributions	826,364	785,621
Other employee benefits	473,454	687,874
	15,645,309	**17,589,930**

Notes to the financial statements

	2020 ZMW	2019 ZMW

23 Related party transactions

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

	2020 ZMW	2019 ZMW
Short term benefits	6,146,116	6,252,448
Post employment benefits	1,536,529	1,563,112
	7,682,645	**7,815,560**
Loans to key management personnel	247,917	280,941
Council and Committees expenses	347,545	142,097

Council and Committee members receive an honorarium of ZMW 400 per sitting as part of cost recovery for the expenses they directly incur in discharging their duties for the Institute.

24 Financial instruments

Financial assets and financial liabilities

The Institute assessed that cash and short-term deposits, trade receivables, trade payables, 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 Institute 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 2020, 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.

The Institute's principal financial instruments from which financial instrument risk arises are cash and cash equivalents, trade receivables, investment in quoted equity securities and trade and other payables.

Categories of financial instruments

31 December 2020

Financial assets	**Amortised Cost ZMW**	**Fair value through OCI ZMW**	**Total ZMW**
Cash and bank balances	3,715,860	-	3,715,860
Staff loans and advances	778,229	-	778,229
Investment securities	1,915,273	-	1,915,273
Equity investments	-	672,825	672,825
	6,409,362	672,825	7,082,187

Notes to the financial statements

	2020 ZMW	2019 ZMW

24 Financial instruments (continued)

Financial liabilities			
Lease Liabilities	3,055,208	-	3,055,208
Accounts payable	4,399,150	-	4,399,150
	7,454,358	-	7,454,358

31 December 2019

Financial assets	**Amortised Cost ZMW**	**Fair value through OCI ZMW**	**Total ZMW**
Cash and bank balances	2,798,795	-	2,798,795
Staff loans and advances	753,479	-	753,479
Investment securities	1,140,078	-	1,140,078
Equity investments	-	722,212	722,212
	4,692,352	722,212	5,414,564
Financial liabilities			
Finance lease obligations	2,569,264	-	2,569,264
Accounts payable	5,468,818	-	5,468,818
	8,038,082	-	8,038,082

25 Risk management

25.1 Impairment assessment

The references below show where the Institute's impairment assessment and measurement approach is set out in this report. It should be read in conjunction with the Summary of significant accounting policies.

25.2 Definition of default and cure

The Institute considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

The Institute considers treasury balances defaulted and takes immediate action when the required intraday payments are not settled by the close of business as outlined in the individual agreements. As a part of a qualitative assessment of whether a customer is in default, the Institute also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the Institute carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include:

- Internal rating of the borrower indicating default or near-default
- The borrower having past due liabilities
- The borrower is deceased
- A material decrease in the underlying collateral value where the recovery of the loan is expected from the sale of the collateral

The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated credit grade, at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition. The Institute's criterion for 'cure' for ECL purposes is less stringent than the 24 months requirement for forbearance.

25.3 The Institute's internal rating and PD estimation process

The Institute independently operates its internal rating models. Information sources are first used to determine the PDs within the Institute's IFRS 9 framework. The internal credit grades are assigned based on these rating agencies. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure.

Notes to the financial statements

	2020 ZMW	2019 ZMW

25 Risk management (continued)

25.4 Interbank relationships

The Institute's treasury, relationships and counterparties comprise financial services institutions. For these relationships, the Institute's analyses publicly available information such as financial information and other external data, e.g., the rating of rating agencies, and assigns the internal rating, as shown in the table below.

25.5 The year end Institute's internal credit rating grades- Cumulative Historic Default Rates (in percentages)

2020

Rating categories	Moody's		Standard and Poor's		Ratings
	Municipal	Corporate	Municipal	Corporate	
Aaa/AAA	0.0	0.52	0.0	0.60	Prime
Aa/AA	0.06	0.52	0.0	1.50	High grade
A/A	0.03	1.29	0.23	2.91	Upper medium grade
Baa/BBB	0.13	4.64	0.32	10.29	Lower medium grade
Ba/BB	2.65	19.12	1.74	29.93	Non-investment grade
B/B	11.86	43.34	8.48	53.72	Highly speculative
Caa-C/CCC-C	10.60	72.18	11.58	72.19	Substantial risks

2019

Rating categories	Moody's		Standard and Poor's		Ratings
	Municipal	Corporate	Municipal	Corporate	
Aaa/AAA	0.0	0.52	0.0	0.60	Prime
Aa/AA	0.06	0.52	0.0	1.50	High grade
A/A	0.03	1.29	0.23	2.91	Upper medium
Baa/BBB	0.13	4.64	0.32	10.29	Lower medium grade
Ba/BB	2.65	19.12	1.74	29.93	Non-Investment grade
B/B	11.86	43.34	8.48	53.72	Highly speculative
Caa-C/CCC-C	16.58	69.18	44.81	69.19	Substantial Risk

25.6 Exposure at default

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 instrument, the Institute assesses the possible default events within 12 months for the calculation of the 12 months ECL. However, if a Stage 1 instrument that is expected to default in the 12 months from the balance sheet date and is also expected to cure and subsequently default again, then all linked default events are taken into account. For Stage 2, Stage 3 and POCI financial assets, the exposure at default is considered for events over the lifetime of the instruments. The Institute determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of Institute's models.

25.7 Loss given default (LGD)

For corporate and investment banking financial instruments, LGD values are assessed at least every three months by the Institute. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held.

Notes to the financial statements

	2020	2019
	ZMW	ZMW

25 Risk management (continued)

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on a minimum of two possible scenarios. Examples of key inputs involve changes in, collateral values, payment status or other factors that are indicative of losses. The Institute estimates regulatory and IFRS 9 LGDs on a different basis. Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2, Stage 3 and POCI IFRS 9 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries.

25.8 Significant increase in credit risk

The Institute continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12 months ECL or LTECL, the Institute assesses whether there has been a significant increase in credit risk since initial recognition. The Institute considers an exposure to have not significantly increased in credit risk when the IFRS 9 lifetime PD has not doubled since initial recognition.

The Institute also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a facility to the watch list, or the account becoming forborne. In certain cases, the Institute may also consider that events are a significant increase in credit risk as opposed to a default. Regardless of the change in credit grades, if contractual payments are more than 30 days past due, the credit risk is deemed to have increased significantly since initial recognition.

When estimating ECLs on a collective basis for a group of similar assets, the Institute applies the same principles for assessing whether there has been a significant increase in credit risk since initial recognition.

25.9 Grouping financial assets measured on a collective basis

The Institute calculates ECLs either on a collective or an individual basis.

Asset classes where the Institute calculates ECL on an individual basis include:

- All Stage 3 assets, regardless of the class of financial assets
- The investments portfolio
- Exposures that have been classified as POCI when the original loan was derecognised and a new loan was recognised as a result of a credit driven debt restructuring

Asset classes where the Institute calculates ECL on a collective basis include:

- Stage 1 and 2 investments
- Purchased POCI exposures managed on a collective basis

The Institute groups these exposure into smaller homogeneous portfolios, based on a combination of internal and external characteristics of the loans.
For Investments these are:

- Product type
- Internal grade
- Exposure value

Notes to the financial statements

	2020	2019
	ZMW	ZMW

25 Risk management (continued)

25.10 IFRS 9 sensitivity analysis

The sensitivity analysis of the significant input in the IFRS 9 model are analysed below as at 31 December 2020:

Sensitivity of key inputs	Changes in key inputs	Impact on profit for the year
Probability of default	+10%	192,790
Recovery rate	-0.05%	-
Loss given default	-50%	5,811
Effective interest rate	+3%	5,972
Tenor	+6 months	(5,036)
	-6 months	5,036

The sensitivity analysis of the significant input in the IFRS 9 model are analysed below as at 31 December 2019:

Sensitivity of key inputs	Changes in key inputs	Impact on profit for the year
Probability of default	+10%	101,028
Recovery rate	-0.05%	410
Loss given default	-50%	(3,458)
Effective interest rate	+3%	52,031
Tenor	+6 months	(996)
	-6 months	996

25.11 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 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 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:

	2020	2019
Investment securities	1,915,273	1,140,078
Staff loans and advances	778,229	753,479
Lease liabilities	3,055,208	2,569,264

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

25.12 Liquidity risk

Liquidity risk arises in the general funding of the Institute's operations. 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.

Notes to the financial statements

	2020	2019
	ZMW	ZMW

25 Risk management (continued)

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

31 December 2020	Carrying Amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Longer than 5 years
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
Financial liabilities						
Finance lease obligations	3,055,208	-	681,465	194,570	688,282	1,490,892
Accounts payables	4,399,150	-	4,399,150	-	-	-
	7,454,358	-	5,080,615	194,570	688,282	1,490,892
Financial assets						
Cash and bank balances	3,715,860	-	3,715,860	-	-	-
Accounts receivable	778,229	-	507,396	270,833	-	-
Investment securities	1,915,273	-	1,915,273	-	-	-
Equity investments	672,825	-	-	-	672,825	-
	7,082,187	-	6,138,529	270,833	672,825	-
Gap	-	-	(1,057,914)	(76,263)	15,457	1,490,892
Cumulative gap	-	-	(1,057,914)	(1,134,177)	(1,118,720)	372,172

31 December 2019	Carrying Amount	Contractual cash flows	Within 1 year	1-2 years	2-5 years	Longer than 5 years
	ZMW	ZMW	ZMW	ZMW	ZMW	ZMW
Financial liabilities						
Finance lease obligations	2,569,264	-	374,067	167,734	1,634,511	394,642
Accounts payables	5,468,818	-	5,468,818	-	-	-
	8,038,082	-	5,842,885	167,734	1,634,511	394,642
Financial assets						
Cash and bank balances	2,798,795	-	2,798,795	-	-	-
Accounts receivable	753,479	-	549,708	203,771	-	-
Investment securities	1,140,078	-	1,140,078	-	-	-
Equity investments	722,212	-	-	-	722,212	-
	5,414,564	-	4,488,581	203,771	722,212	-
Gap	-	-	1,354,304	(36,037)	912,299	394,642
Cumulative gap	-	-	1,354,304	1,318,267	2,230,566	2,625,208

25.13 Foreign currency risk

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

Notes to the financial statements

	2020	2019
	ZMW	ZMW

25 Risk management (continued)

Foreign currency sensitivity

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

Sensitivity analysis 2020	Assets	Liabilities
Total foreign exposure in USD	7,995	42,592
Change in USD rate	+0.2	+0.2
Effect on profit	1,599	(8,518)
Effect on equity	1,599	(8,518)

Sensitivity analysis 2019	Assets	Liabilities
Total foreign exposure in USD	15,430	36,160
Change in USD rate	+0.2	+0.2
Effect on profit	3,086	(7,232)
Effect on equity	3,086	(7,232)

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.

25.14 Price risk

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

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

(i) The surplus for the year ended 31 December 2020 would have been unaffected as the equity investments are classified as fair value through OCI; and

(ii) Other comprehensive income for the year ended 31 December 2020 would decrease by ZMW 29,392 (2019: ZMW (322,387) as a result of changes in fair value of available for sale shares. The Institutes sensitivity to equity prices has not changed significantly from the prior year.

Notes to the financial statements

	2020	2019
	ZMW	ZMW

25 Risk management (continued)

25.15 Fair value measurement hierarchy for assets as at 31 December 2020

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 2020	**Level 1**	**Level 2**	**Level 3**	**Total**
	ZMW	**ZMW**	**ZMW**	**ZMW**
Equity investment	672,825	-	-	672,825
Investment property under development	-	28,142,184	-	28,142,184
Property plant and equipment	-	13,643,200	-	13,643,200
Right of use asset	-	35,897,564	-	35,897,564
	672,825	**77,682,948**	-	**78,355,773**

31 December 2019	**Level 1**	**Level 2**	**Level 3**	**Total**
	ZMW	**ZMW**	**ZMW**	**ZMW**
Equity Investment	722,212	-	-	722,212
Investment property under development	-	23,628,184	-	23,628,184
Property plant and equipment	-	17,052,081	-	17,052,081
Right of use asset	-	43,620,946	-	43,620,946
	722,212	**84,301,211**	-	**85,023,423**

For the properties categorised in level 2 of the fair value hierarchy. Their fair values were derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data. The fair value of the Institute's properties are categorised into the level 2 of the fair value hierarchy.

25.16

Set out below is a comparison, by class, of the carrying amounts and fair values of the Institute financial instruments, other than those with carrying amounts that are reasonable approximations of values:

	2020 Carrying amount	**2020 Fair value**	**2019 Carrying amount**	**2019 Fair value**
	ZMW	**ZMW**	**ZMW**	**ZMW**
Equity investment	672,825	672,825	722,212	722,212
Staff loans and advances	778,229	778,229	753,479	753,479
Other receivables	729,811	729,811	729,811	729,811
Investment and securities	1,915,273	1,915,273	1,140,078	1,140,078
Cash and cash equivalents	3,715,860	3,715,860	2,798,795	2,798,795
Total	**7,811,998**	**7,811,998**	**6,144,375**	**6,144,375**

Notes to the financial statements

	2020	2019
	ZMW	ZMW

26. Capital commitments

The capital commitments approved by the Council as at 31 December 2020 were ZMW 1,100,000 (2019: ZMW 1,400,000). The capital commitments relate to the proposed development of Livingstone Lot No.19912/M & Farm No.9012 and the Office complex along Thabo Mbeki road. The Institute intends to develop a convention centre in Livingstone and a multi -use facility in Lusaka.

27. Contingent liabilities

There were no contingent liabilities as at 31 December 2020 (2019: Nil).

Detailed Expenses

	2020 ZMW	2019 ZMW
Operating expenses		
Advertising and publicity	631,292	1,604,202
AGM expenses	597,425	1,020,106
Internal audit fee	82,500	69,600
External audit fee	510,631	475,554
Bank charges	352,475	440,661
Competence exams	40,790	40,050
Council and committee expenses	347,545	281,061
Exchange loss	529,843	58,397
Donations	-	9,980
Electricity and water	199,570	159,882
Examination expenses	4,936,047	2,601,033
Graduation expenses	169,885	114,835
ICT expenses	520,751	592,625
Insurance	1,094,431	1,066,109
Manuals	662,101	565,527
Motor vehicle expenses	944,416	864,774
Office expenses	327,273	521,981
Postage	124,405	192,274
Printing and stationery	653,830	713,593
Professional fees	563,384	447,547
Publication costs of Accountant Magazine	68,080	384,320
Rates and taxes	54,039	37,029
Repairs and maintenance	226,696	429,183
Security expenses	171,917	171,150
Seminars and workshops	5,062,107	6,285,853
Subscription	933,187	737,933
Telephone	228,777	239,299
Travel - local	708,553	591,731
Travel - foreign	192,322	1,001,655
Travel - foreign - IFAC meetings	-	156,094
CPD Tracking	-	3,455
Covid-19 expenses	127,901	-
	21,062,172	**21,877,493**
Depreciation, amortisation and impairment		
Amortisation of development costs	2,763,561	2,615,234
Depreciation of assets	776,178	1,384,385
Depreciation of right of use assets	770,382	427,289
	4,310,121	**4,426,908**
Employee benefits expense		
Gratuity	3,013,084	2,771,016
Salaries	14,345,491	14,131,040
Staff training and development	-	159,145
Staff welfare	473,454	528,729
	17,832,029	**17,589,930**
Finance cost	536,488	459,664
Expected credit losses	(34,096)	18,954
	43,706,714	**44,372,949**

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

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