

**ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS  
(ZICA) PROPERTY FUND**

**REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 December 2023

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## **ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND**

### **CORPORATE INFORMATION**

for the year ended 31 December 2023

<b>Country of registration</b>	Zambia
<b>Nature of the Fund</b>	The primary objective of the Fund is to provide Unit holders with stable cash distributions from investments in a diversified portfolio of income-producing real estate properties and to improve and maximize the unit value through ongoing management of the Fund's assets, acquisitions and the development of additional income-producing real properties.
<b>Fund managers</b>	Equity Capital Resources PLC (ECR PLC)
<b>Trustees</b>	AMG Global Trust Limited Plot No. 6 Lagos Road, Rhodes Park Lusaka
<b>Custodians</b>	Stanbic Bank Zambia Limited
<b>Fund Managers registered office</b>	4 <sup>th</sup> Floor, Godfrey House, West Wing Kabelenga Road Lusaka
<b>Postal address</b>	P.O. Box 37184 Lusaka
<b>Bankers</b>	Stanbic Bank Zambia Limited 2375 Addis Ababa Drive Lusaka
<b>Auditors</b>	HLB Zambia 2 <sup>nd</sup> Floor Saturnia House Plot 6392 Dunduza Chishidza Road Longacres P.O. Box 32232 Lusaka



**ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND**

**REPORT AND FINANCIAL STATEMENTS**  
for the year ended 31 December 2023

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## ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND

### TRUSTEES' REPORT

for the year ended 31 December 2023

The Trustees present their report and the financial statements of Zambia Institute of Chartered Accountants (ZICA) Property Fund for the year ended 31 December 2023.

#### 1. Governance and operation of the Fund

The ZICA Property Fund is a closed ended fund established under the Equity Capital Resources Plc Trust Deed whose objective is to act as a formal vehicle for investors both members and others to have their money pooled together, and have professional fund managers invest in securities (real estate business) on their behalf.

The scheme was established primarily for ZICA and its members to venture into the real estate business and at the same time utilize the prime land on which the Accountant Park is located. Given the limited access to finance for the development of the project, the ZICA Council sought to design a mechanism for which members could also participate in the financing of the project (Ultra-modern office complex) as investors. The basic rationale was to look at alternative revenue streams for ZICA with a reduced burden on members' subscriptions in the long term.

The Fund is regulated by the Securities and Exchange Commission (SEC) of Zambia. The Fund Managers, Custodians and the Trustees of the Property Fund are disclosed in the corporate information page.

The Fund Managers are responsible for the preparation of financial statements in accordance with the provisions of the Securities Act".

The Trustees continue to be committed to high standards of corporate governance, which are fundamental to discharging their leadership responsibilities.

#### 2. Financial results

	2023	2022
The results for the year were:	USD	USD
Income	6,735	11,168
Profit for the year	1,540	6,147

#### 3. Gifts and donations

During the year, the Fund did not make any donations to charitable organisations or events (2022: Nil).

#### 4. Events subsequent to the year end

There has been no events subsequent to the reporting date that may require disclosure or adjustment to the financial statements.

#### 5. Custody of assets

The primary role of the Custodian is to maintain possession of investments owned by the ZICA Property Fund. The Custodian effects collection of dividends and interest. The Custodian facilitates the collection of proceeds from matured securities and the purchase of new securities. The function of the Custodian is to minimise the risk of loss or theft of the Fund's Assets.

As confirmed by the Custodian's report, all the investment assets reported in the financial statements of ZICA Property Fund for the year ended 31 December 2023 were in custody.



ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND

TRUSTEES' REPORT *(continued)*

for the year ended 31 December 2023

6. Auditors

The Funds' Auditors, Messrs. HLB Zambia, indicated their willingness to continue in office. A resolution proposing their reappointment and authorising the Trustees to fix their remuneration will be put forward at the Annual General Meeting.



AMG Global Trust Limited  
Trustee

Date:

28 March 2024

**ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND**

**STATEMENT OF RESPONSIBILITY**

for the year ended 31 December 2023

The Securities Act requires the Fund Managers to prepare financial statements for each year which give a true and fair view of the financial position of ZICA Property Fund, its performance and its cash flows for the year then ended. In preparing such financial statements the Fund Managers are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing financial statements in accordance with applicable financial framework, and on going concern basis unless it is inappropriate to presume the Property Fund will continue in business.

The Fund Managers are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Fund and to enable them ensure the safeguarding of the Property Fund's assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The Fund Managers confirm that in their opinion:

- a) the statement of financial position is drawn up so as to give a true and fair view of the state of the affairs of the Property Fund as at 31 December 2023;
- b) the statement of profit or loss is drawn up so as to give a true and fair view of the financial performance of the Fund for the year ended 31 December 2023;
- c) there are reasonable grounds to believe that the Fund will be able to pay their debts as and when they fall due; and
- d) the financial statements have been prepared in accordance with the International Financial Reporting Standards and the requirements of the Securities Act of Zambia.

The financial statements which appear on pages 8 to 23 were approved for issue by the Fund Managers, and signed on their behalf by:

  
Fund Manager

Date: 28/03/2024

  
Fund Manager

Date: 28/03/2024





## REPORT OF THE INDEPENDENT AUDITORS

### TO THE MEMBERS OF ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND

#### Opinion

We have audited the financial statements of Zambia Institute of Chartered Accountants (ZICA) Property Fund ("the Fund"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Property Fund's at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Securities Act of Zambia.

#### 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 Property Fund in accordance with the International Ethics Standards Board for Accountants' code of ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key Audit Matters are those matters that, in our professional 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.

Key Audit Matter	How the matter was addressed
<p><b>Compliance with SEC regulations</b></p> <p>The Property Fund is guided in its operations and conduct by the Securities Act No. 41 of 2016. Compliance to the regulations and rules would be essential to the effective operation of the Property Fund and would create an enabling environment.</p> <p>Given the repercussions that non-compliance can have on the Property Fund, this matter was identified as a Key Audit Matter.</p>	<p><b>Our audit procedures include the following;</b></p> <ul style="list-style-type: none"> <li>• We reviewed compliance to the Securities Act No. 14 of 2016 for any matters any non-compliance.</li> <li>• Verified the accuracy of the accounting records maintained by the Property Fund.</li> </ul>

#### THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

2nd Floor Satumia House, Plot 6392 Dunduza Chisidza Crescent, Longacres, Lusaka, Zambia.

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Key Audit Matter	How the matter was addressed
<p><b>Revenue recognition</b></p> <p>International Auditing standard (IAS) 240 - the Auditors responsibilities relating to fraud in an audit of financial statements, presume that there are risks of fraud in revenue recognition.</p> <p>These risks may arise from the use of inappropriate accounting policies for revenue recognition, failure to apply the accounting policies or from inappropriate use of estimates in calculating revenue.</p> <p>For the Property Fund, the risk can be identified as affecting the completeness, accuracy and occurrence of all the income/revenue items.</p> <p>Given the impact this can have on the Property Fund and its members, this matter was identified as a Key Audit Matter.</p>	<p>Our audit procedures include the following;</p> <ul style="list-style-type: none"> <li>• We reviewed the revenue recognition policy and criteria being used by the Property Fund.</li> <li>• We reviewed compliance to International Financial Reporting Standard (IFRS) 15 - Revenue from customers.</li> <li>• Traced the receipts to the bank statements and agreements.</li> </ul>

#### **Fund Managers' responsibilities for the financial statements**

The Fund Managers are responsible for the preparation of the financial statements in accordance with the International Financial Reporting Standards (IFRSs), and for such internal control as the Fund Managers determine 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, the Fund Managers are responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Managers either intend to cease operations of the Fund, or have no realistic alternative but to do so.

Fund Managers are responsible for overseeing the Property Fund's financial reporting.

#### **Auditors responsibilities for the audit of 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.

#### **THE GLOBAL ADVISORY AND ACCOUNTING NETWORK**

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### Overview of the scope of the audit

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

- Identify and assess the risks of material misstatements, 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 controls.
- Obtain an understanding of internal controls 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 entity's internal accounting controls.
- Evaluate the completeness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Fund Managers.
- Conclude on the appropriateness of the Fund Managers use of the going concern basis of accounting and, based on the audit evidence obtained, determine whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Property Fund'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 auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- 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.

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

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

### Report on other legal requirements

Section 45 (1) of the Securities Act of Zambia requires that in carrying out our audit, we consider whether the Property Fund has kept proper records and registers as required by the Act. In our opinion, the Property Fund has maintained proper accounting and other records as required by the Act, so far as it appears from our examination of these records.

In accordance with schedule IV, Rule 18 of the Securities Act Cap 254 of the Laws of Zambia, we report that in our opinion:

### THE GLOBAL ADVISORY AND ACCOUNTING NETWORK

2nd Floor Saturnia House, Plot 6392 Dunduza Chisidza Crescent, Longacres, Lusaka, Zambia.

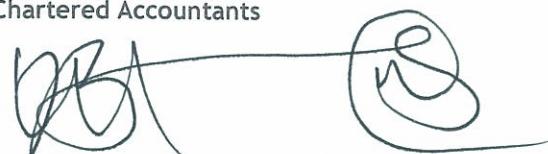
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**Report on other legal requirements (Continued)**

- the annual financial statements for the Property Fund for the year ended 31 December 2023 have been properly prepared in accordance with these rules.
- in the case of the statement of financial position, a true and fair view is given of the state of affairs of the Fund as at the year end.
- in the case of the statement of profit or loss, a true and fair view is given of the profit for the year ended.
- the Fund has, throughout the financial year, kept proper accounting records in accordance with the requirements of the rules.
- the statement of financial position and the statement of profit or loss are in agreement with the Property Fund accounting records.
- we have obtained all information and explanation which to the best of our knowledge and belief are necessary for the purposes of our audit.
- the Fund has maintained throughout the year systems to enable identify documents of title, or documents evidencing title, to the securities held in the interest for the Unit Holders in accordance with rule 29 of the Securities Act of Zambia (conduct of business) rules.
- the Fund has, throughout the year, kept the Unit Holders money properly segregated in accordance with Part IV; and
- the Fund was in compliance with the requirements of rule 29 of Securities (conduct of business) rules as at 31 December 2023.

HLB Zambia  
Chartered Accountants



Masuzyo Mulenga, FCCA, FZICA  
Partner  
AUD/F008662

Date



**THE GLOBAL ADVISORY AND ACCOUNTING NETWORK**

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**ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND**

**STATEMENT OF PROFIT OR LOSS**

for the year ended 31 December 2023

	NOTES	2023 USD	2022 USD
<b>Income</b>			
Income from placements of investments	Sch I	<u>6,735</u>	<u>11,168</u>
<b>Expenditure</b>			
Administrative expenses	Sch I	<u>5,195</u>	<u>5,021</u>
<b>Profit for the year</b>		<u><u>1,540</u></u>	<u><u>6,147</u></u>

**ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND**

**STATEMENT OF CHANGES IN FUND VALUE**

for the year ended 31 December 2023

	Number of units	Units value USD	Retained earnings USD	Total USD
Balance at 1 January 2022	25,979	271,166	12,183	283,349
Issue of units during the year	1,761	11,765	-	11,765
Adjustment to opening reserves	-	-	2,334	2,334
Profit for the year	-	-	6,147	6,147
<b>Balance at 31 December 2022</b>	<b>27,740</b>	<b>282,931</b>	<b>20,664</b>	<b>303,595</b>
Issue of units during the year	-	794	-	794
Profit for the year	-	-	1,540	1,540
<b>Balance at 31 December 2023</b>	<b>27,740</b>	<b>283,725</b>	<b>22,204</b>	<b>305,929</b>




ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND

STATEMENT OF FINANCIAL POSITION

as at 31 December 2023

	NOTES	2023 USD	2022 USD
<b>ASSETS</b>			
Bank and cash balances	5	1,720	16,176
Held to maturity investments	6	308,735	291,301
<b>Total Assets</b>		<u>310,454</u>	<u>307,477</u>
<b>UNIT HOLDERS FUNDS AND LIABILITIES</b>			
<b>Unit holders fund</b>			
Unit holders investment		<u>305,929</u>	<u>303,595</u>
<b>Liabilities</b>			
Sundry payables	7	<u>4,525</u>	<u>3,882</u>
<b>Total unit holders funds and liabilities</b>		<u>310,454</u>	<u>307,477</u>

The responsibilities of the Fund Managers with regards to the preparation of the financial statements are set out on page 3. The financial statements on pages 8 to 23 were approved for issue by the Board of Trustees and signed on its behalf by:

  
Fund Manager

Date: 28/03/2024

  
Fund Manager

Date: 28/03/2024

ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	NOTES	2023 USD	2022 USD
<b>Cash flows from operating activities</b>			
Profit for the year		1,540	6,147
<i>Items not involving movement of cash;</i>			
Adjustment to opening reserves		-	2,334
Interest receivable from held to maturity investments	7	(6,735)	(11,169)
		(5,195)	(2,687)
<i>Adjustments for changes in working capital:</i>			
Increase/(decrease) in accounts payable	8	643	(1,242)
<b>Net cash outflows from operating activities</b>		<b>(4,552)</b>	<b>(3,929)</b>
<b>Investing activities</b>			
Maturity of HTM investments	6	291,301	-
Purchase of HTM investments	6	(302,000)	-
<b>Net cash outflows investing activities</b>		<b>(10,699)</b>	<b>-</b>
<b>Financing activities</b>			
Issue of units		794	11,765
<b>Net cash inflow from financing activities</b>		<b>794</b>	<b>11,765</b>
Net (decrease)/ increase in cash and cash equivalents		(14,457)	7,835
Cash and cash equivalents at the beginning of the year		16,176	8,342
<b>Cash and cash equivalents at the end of the year</b>		<b>1,720</b>	<b>16,176</b>
<b>Cash and cash equivalents consists of:</b>			
Bank and cash balances	5	1,720	16,176



## ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2023

#### 1. GENERAL INFORMATION

ZICA Property Fund (the "Fund") is a closed ended collective investment scheme established by a Trust Deed, to act as a formal vehicle for investors to have their monies pooled together and have professional fund managers invest in securities on their behalf. The address of the Fund Managers, registered office and principal place of business are disclosed in the corporate information page.

#### 2. SUMMARY OF NEW AND REVISED ACCOUNTING POLICIES RELEVANT TO THE COMPANY

##### 2.1 New and amended standards and interpretations

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Title of IFRS	Brief overview of the changes	Effective date
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies	<p>The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.</p> <p>The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.</p> <p>The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.</p>	1 January 2023
Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	<p>The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.</p> <p>Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.</p>	1 January 2023



ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2023

2. SUMMARY OF NEW AND REVISED ACCOUNTING POLICIES RELEVANT TO THE COMPANY *(continued)*

2.1 *New and amended standards and interpretations (continued)*

Title of IFRS	Brief overview of the changes	Effective date
Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.	

2.2 *New and revised IFRS Accounting Standards in issue but not yet effective*

Paragraph 30 of IAS 8 requires an entity to disclose if there are new accounting standards that are issued but not yet effective, and information relevant to assessing the possible impact that the application of the new accounting standards will have on the entity’s financial statements.

This summary includes all new accounting standards and amendments issued before 31 December 2023 with an effective date for accounting periods beginning on or after 1 January 2024.

- *Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;*
- *Amendments to IAS 1 - Classification of Liabilities as Current or Non-current;*
- *Amendments to IAS 1 - Non-current Liabilities with Covenants;*
- *Amendments to IAS 7 and IFRS 7 - Supplier Finance Arrangements;*
- *Amendments to IFRS 16 - Lease Liability in a Sale and Leaseback.*

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the group in future periods, except if indicated below.

2.2.1 **Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current**

The amendments to IAS 1 published in January 2020 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, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce 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 applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted. The IASB has aligned the effective date with the 2022 amendments to IAS 1. If an entity applies the 2020 amendments for an earlier period, it is also required to apply the 2022 amendments early.



**ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2023

**2.2 New and revised IFRS Accounting Standards in issue but not yet effective (Continued)**

**2.2.1 Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current (Continued)**

The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

**2.2.2 Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants**

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

**2.2.3 Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements**

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- *The terms and conditions of the arrangements.*
- *The carrying amount, and associated line items presented in the entity's statement of financial position, of the*
- *The carrying amount, and associated line items for which the suppliers have already received payment from the*
- *Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement.*
- *Liquidity risk information.*



## ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND

### NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 December 2023

## 2. SUMMARY OF NEW AND REVISED ACCOUNTING POLICIES RELEVANT TO THE COMPANY *(continued)*

### 2.2 *New and revised IFRSs in issue that are not yet effective (continued)*

#### 2.2.3 Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements *(continued)*

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

#### 2.2.4 Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

## 3. SIGNIFICANT ACCOUNTING POLICIES ADOPTED BY THE COMPANY

### 3.1 *Basis of financial statements preparation*

The financial statements of the Property Fund's have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

The financial statements are prepared on the historical cost basis of accounting, modified to include the revaluation of certain financial assets and financial liabilities. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements are presented in United States dollars.



## ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND

### NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

for the year ended 31 December 2023

#### 3. Summary of Significant accounting policies adopted by the Fund

##### 3.2 Foreign currencies

In preparing the financial statements of the Fund, transactions in currencies other than the Fund's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

##### 3.3 Revenue recognition

Revenue is measured at the fair value of the consideration receivable.

##### 3.4.1 Dividend income

Dividend income comprises dividends received from equity investments, dividends are recognised in these financial statements upon receipt and not when declared.

##### 3.4.2 Interest income

Interest income is recognised in the statement of profit or loss and other comprehensive income, using the effective interest method taking into account the expected timing and amount of cash flows.

Interest income includes the amortisation of any discount or premium or any other difference between an interest-bearing instrument's initial carrying amount and its maturity value calculated on an effective interest basis.

Interest income on debt instruments carried at fair value through profit or loss is accrued using the effective interest method and is included in interest income in the statement of comprehensive income.

##### 3.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset to one entity and a financial liability or equity instrument to another entity. The Fund recognises a financial instrument when it becomes a party to the provisions of the instrument.

The Fund classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and held-to-maturity. The Fund Managers determine the classification of its financial assets at initial recognition.

##### a). Financial asset

##### (i). Financial assets at fair value through profit or loss

The Fund designates certain financial assets upon initial recognition at fair value through profit or loss (fair value option), when the entity makes an irrevocable election to recognise the financial assets at fair value or when the acquired principally for trading .

- the application of the fair value option reduces or eliminates an accounting mismatch that would otherwise arise or
- the financial assets are part of a portfolio of financial instruments which is risk managed and reported to senior management on a fair value basis or
- the financial assets consist of debt host and an embedded derivatives that must be separated.

A financial asset may be recognised at fair value through profit or loss when it is held for trading if the following conditions are met:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Fund manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.



**ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND**

**NOTES TO THE FINANCIAL STATEMENTS** *(Continued)*

for the year ended 31 December 2023

**3. Summary of Significant accounting policies adopted by the Fund** *(continued)*

**3.5 Financial instruments** *(continued)*

**a). Financial asset** *(Continued)*

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

**(ii). Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than:

- those that the Fund intends to sell immediately or in the short term, which are classified as held for trading, and those that the Fund upon initial recognition designates as at fair value through profit or loss;
- those that the Fund upon initial recognition designates as available-for-sale; or
- those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are initially recognised at fair value - which is the cash consideration to originate or purchase the loan including any transaction costs and subsequently measured at amortised cost.

**(iii). Held to maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Fund has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held to maturity investments are measured at amortised cost using the effective interest method less any impairment.

**b). Impairment of financial statements**

The Fund assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial re-organisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

**c). Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired.
- The Fund has transferred substantially all the risks and rewards of the asset and/or has transferred control of the asset.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the statement of comprehensive income.

On derecognition of a financial asset that is classified as FVTPL, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is reclassified to retained earnings.



**ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

for the year ended 31 December 2023

**3. Summary of Significant accounting policies adopted by the Fund (continued)**

**3.5 Financial instruments (continued)**

**d). Financial liabilities and equity instruments**

**(i). Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Fund's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, amounts due to related parties and other derivative financial instruments.

▪ **Bank borrowings and overdrafts**

Interest bearing and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the terms of the borrowings in accordance with Fund's accounting policy for borrowing costs.

▪ **Trade payables**

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Zambian Kwacha using the exchange rate at the reporting date. Foreign exchange gains or losses are included in net exchange gains (losses) reported in the Statement of profit or loss account

▪ **Other financial liabilities**

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

**(ii). Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the Fund after deducting all of its liabilities. Equity instruments are recorded at proceeds received, net of direct issue costs.

**e). Derecognition of financial liabilities and equity instrument**

The Property Fund derecognises financial liabilities when, and only when, the Property Fund's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

**3.6 Taxation**

The Property Fund is not liable to income tax as income earned is taxable at source. Further any redemption of units is taxable at the Unit Holders hands.

**3.7 Surrender of units**

All units issued by the Fund provide investors with the right to redemption for cash at the value proportionate to the investors share in the Funds' net assets at redemption date. In accordance with IAS 32 such instruments give rise to a financial liability for the present value of the redemption amount.

**ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

for the year ended 31 December 2023

**3. Summary of Significant accounting policies adopted by the Fund (*continued*)**

**3.8 Provisions**

Provisions are recognised when the Fund has a present obligation (legal or constructive) as a result of a past event, it is probable that the Fund will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**4. Critical accounting estimates and judgements**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Trustees to exercise its judgement in the process of applying the Fund's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**4.1 Critical judgements in applying accounting policies**

The areas involving a higher degree of judgement or complexity, or areas where the assumptions and estimates are significant to the financial statements are disclosed below:

***Valuation of the fund assets***

The fair values of financial assets and liabilities are classified and accounted for in accordance with the policies set out in section 3.5 above. They are valued on the basis of listed market prices in so far as this is possible. If prices are not readily determinable, fair value is based either on internal valuation models or management estimates of amounts that could be realised under current market conditions. Fair values of certain financial instruments including derivative instruments are determined using pricing models that consider, among other factors, contractual and market prices, correlations, yield curves, credit spreads, and volatility factors.

The Trustees reviewed the fund valuation and determined that there shall be no impairment.



ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2023

	2023 USD	2022 USD
<b>5. Cash and bank</b>		
Stanbic Bank Zambia custody accounts	1,720	16,176
	<u>1,720</u>	<u>16,176</u>
<b>6. Held to maturity investments</b>		
Fixed term deposits	308,735	291,301
Opening balance	291,301	280,132
Additions during the year	302,000	-
Matured during the year	(291,301)	-
Interest accrued during the year	6,735	11,169
Interest received	-	-
	<u>308,735</u>	<u>291,301</u>

The Company invested in fixed deposits during the year with Indo Zambia Bank and Zambia National Commercial Bank (ZANACO) with deposited amounts being \$100,000 and \$202,000 charged at an annual interest rate of 3% and 4% per annum respectively. The fixed deposits are for a period of 365 days starting from 14th April 2023 to 13th April 2024.

<b>7 Sundry payables</b>		
Sundry payables	4,525	3,882
Sundry payables principally comprise of amounts outstanding in respect of Trustee, Management, Audit fees as well as amounts accrued in respect of operating costs.		

**8. Going Concern**

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

On the basis of cash flow information prepared by the Fund Managers and after consultation with the Trustees, the Fund Managers consider that the Fund will continue to operate for the foreseeable future within the available financial resources. Accordingly, the Trustees are of the opinion that the preparation of these financial statements on the going concern basis is appropriate.

**9. Financial instruments management**

**Financial risk management**

The Fund is exposed to a mix of financial risks resulting predominantly from the instruments in which they invest into.

Financial risk is limited firstly by the regulatory environment. The Securities Act of Zambia has strict and specific regulations as to what instruments may and may not be held by the Fund.

The Fund is also governed by a Trust Deed, which commits it to a specific investment objective. The Trust Deed's investment objective is further refined into an investment policy which requires the fund manager to manage the Fund in accordance with the specified policy. As far as possible, compliance limits are built into the daily pricing systems and processes of the fund managers and are checked and reported on at least annually.



# ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2023

### 10. Financial instruments management

The Securities Exchange Commission (SEC) gives initial approval for each Fund and reviews compliance of the Management Company at least annually. Daily checks are performed by the independent trustee/custodian as well as the compliance functions of the Fund Managers (*if any*), *further*, each appointed fund manager ensures compliance with investment policies and limitations specified in the respective Trust Deeds and the regulations determined under the Securities Act.

The nature of a Fund is determined by the Fund's objective and investment policy, both of which dictate the nature of the underlying investments the fund holds and its risk profile.

#### Nature of the Fund Portfolios

The nature of the unit portfolios are determined by the trust deed. Unit portfolios are firstly classified in terms of an individual investor risk profile and investment objective as well as the size of their investment.

#### Retail investors

- **ZICA Property Fund:** These funds are invested in a range of real estate property, fixed income and debt securities including bonds and treasury bills, commercial papers, certificates of deposits, fixed deposits etc.

The Fund is exposed to financial risk through their financial assets and financial liabilities. In particular the key financial risk is that the proceeds from financial assets are not sufficient to fund the obligations arising from the redemption of units. The most significant components of financial risk are interest rate risk, liquidity risk, market risk and currency risk.

The Fund holds the following financial instruments:

Financial assets	Notes	Assets at FVTOCI	Assets at FVTPL	Derivatives used for hedging	Financial assets at amortised cost	Total
2023		USD	USD	USD	USD	USD
Held to maturity investments	7	-	-	-	308,735	308,735
Cash and cash equivalents	5	-	1,720	-	-	1,720
		-	1,720	-	308,735	310,454

Financial assets	Notes	Assets at FVTOCI	Assets at FVTPL	Derivatives used for hedging	Financial assets at amortised cost	Total
2022		USD	USD	USD	USD	USD
Held to maturity investments	7	-	-	-	291,301	291,301
Cash and cash equivalents	5	-	16,176	-	-	16,176
		-	16,176	-	291,301	307,477

ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND

NOTES TO THE FINANCIAL STATEMENTS (Continued)

for the year ended 31 December 2023

10. Financial instruments management (Continued)

Financial liabilities	Notes	Derivatives at fair value USD	Derivatives used for hedging USD	Financial liabilities at amortised cost USD	Total USD
<b>2023</b>					
Sundry payables	7	-	-	4,525	4,525
		-	-	4,525	4,525
<b>2022</b>					
Sundry payables	7	-	-	3,882	3,882
		-	-	3,882	3,882

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Fund has classified its financial instruments into the three levels prescribed under the accounting standards, as explained below:

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

**Fair value hierarchy**

		as at 31 December 2023			
Financial assets	Notes	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Held to maturity investments	6	-	-	308,735	308,735
		-	-	308,735	308,735
<b>Financial liabilities</b>					
Sundry payables	7	-	-	4,525	4,525
		-	-	4,525	4,525

**Fair value hierarchy**

		as at 31 December 2022			
Financial assets	Notes	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
Held to maturity investments	6	-	-	291,301	291,301
		-	-	291,301	291,301
<b>Financial liabilities</b>					
Sundry payables	7	-	-	3,882	3,882
		-	-	3,882	3,882



**ZAMBIA INSTITUTE OF CHARTERED ACCOUNTANTS (ZICA) PROPERTY FUND**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

for the year ended 31 December 2023

**12. Financial instruments management (continued)**

**Financial risk management (continued)**

This note explains the Fund's exposure to financial risks and how these risks could affect the Funds' future financial performance. Below are the risks the Fund is exposed to:

Risk	Risk arising from	Measurement	Management
Foreign currency exchange rate risk	Future commercial transactions, recognized financial assets and liabilities denominated in foreign currency.	Cash flow forecasting & sensitivity analysis	Monitoring of the exchange rates and making payments during periods of a favourable exchange rate.
Interest rate risk	Long term borrowings at variable rates	Sensitivity analysis	None at the moment
Liquidity risk	Borrowings and other liabilities	Rolling cashflow forecasts	Availability of committed credit lines and borrowing facilities
Credit risk	Cash and cash equivalents, trade receivables, available-for-sale debt instruments and held-to-maturity investments	Aging analysis Credit ratings	Diversification of bank deposits, credit limits for customers and credit worthiness checks.

The Fund's risk management is carried out by the Fund Managers under policies approved by the Fund. The Fund Manager identifies, evaluates and hedges financial risks in close co-operation with the Fund's operating units. The Fund Manager provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

**13. Contingent liabilities**

There are no other known material contingent liabilities at 31 December 2023 (2022: Nil).

**14. CAPITAL COMMITMENTS**

There were no capital commitments as at 31 December 2023 (2022:Nil).

**15. Events after the reporting date**

There has been no events subsequent to the reporting date that may require disclosure or adjustment to the financial statements.

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