ZIPAR
Zambia Institute for Policy Analysis & Research

A Think Tank of International Repute Influencing Public Policy

# FINANCIAL **STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024**

MPH CHARTERD ACCOUNTANTS

# Zambia Institute for Policy Analysis and Research

Financial Statements for the year ended
31 December 2024

MPH Chartered Accountants

# Zambia Institute for Policy Analysis and Research
Financial Statements for the year ended 31 December 2024

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## Report of the Directors

The Directors of the Zambia Institute for Policy Analysis and Research ("The Institute") submit their report together with the audited financial statements of the Institute for the financial year ended 31st December 2024.

### 1. Organisation

The Zambia Institute for Policy Analysis and Research (ZIPAR) was registered in Zambia under the Societies Act Chapter 119 of the Laws of Zambia in 2006 and became operational in 2009. In accordance with Government Gazette Notice No. 1123 of 2021, ZIPAR was reclassified as a Grant-aided institution under the Ministry of Finance and National Planning.

### 2. Objectives and activities

ZIPAR is a Grant-aided body under the Ministry of Finance and National Planning, whose mandate is to conduct research and policy analysis to inform public policy.

### 3. Principal place of business

CSO Annex Building
Cnr John Mbita and Nationalist Roads,
Ridgeway,
Lusaka.

### 4. Directors

The Directors who held office during the year were as follows:

| | | | | **Date Appointed** |
|---|---|---|---|---|
| Ms. Mwaka Mukubesa | - | Interim Chairperson | | 22 February 2023 |
| Dr. Bernard Kamphasa | - | Member | | 09 July 2013 |
| Dr. Osward Mungule | - | Member | | 12 June 2024 |
| Ms. Avet Mulonga | - | Member | | 03 April 2015 |
| Mr. Isaac Mwaipopo | - | Member | | 03 August 2015 |
| Mr. Musokotwane Sichizuwe | - | Member | | 11 April 2023 |
| Mr. Anthony Kabaghe | - | Member | | 10 November 2023 |
| Dr. Jonathan M Chipili | - | Member | | 04 September 2020 |
| Dr. Bona Chitah | - | Member | | 18 January 2017 |
| Mr. Zali Chikuba | - | Ex-Officio | | 01 May 2024 |

**Report of the Directors *(continued)***

## 5. Management

Management is responsible for implementation of the core functions of the Institute. Management is composed of;

| | | |
|---|---|---|
| Zali Chikuba | - | Interim Executive Director |
| Malindi Msoni Chatora | - | Acting Senior Research Fellow |
| Charity B Mwansa | - | Acting Finance & Admin Manager |
| John Mututwa | - | Research Fellow I |
| Mulima Nyambe Mubanga | - | Research Fellow I |
| Sarah Siamuchoka | - | Research Fellow I |
| Mbewe Kalikeka | - | Research Fellow I |
| Nazir Pandor | - | Business Development Manager |
| Nchima Mulota | - | Audit & Risk Manager |

## 6. Employees

ZIPAR had 35 full time employees at 31 December 2024 (31 December 2023 – 33) and total salaries and wages paid were K13,759,132 for the year ended 31 December 2024 (December 2023– K10,625,796). The average number of employees in each month for the year was as follows:

| | |
|---|---|
| January | 35 |
| February | 35 |
| March | 34 |
| April | 33 |
| May | 35 |
| June | 35 |
| July | 38 |
| August | 38 |
| September | 39 |
| October | 38 |
| November | 36 |
| December | 35 |

## 7. Financial results

The Institute's results for the year are as follows:

| | **2024** | 2023 |
|---|---|---|
| | **K** | K |
| Income | **35,057,755** | 28,765,298 |
| Surplus for the Year | **2,271,949** | 4,986,841 |

The Institute received income of K35,057,755 during the twelve months to 31 December 2024 compared to K28,765,298 for the previous 12 months. Research and Operating costs during the period amounted to K32,785,806 (2023 – K23,778,457) resulting into a surplus of K 2,271,949 (2023 surplus – K 4,986,841).

**Report of the Directors *(continued)***

**8. Plant and equipment**

Additions to property, plant and equipment totaling K2,473,421 were made during the year (2023 – K122,492). In the opinion of the Directors, the fair value of plant and equipment is not less than the amount at which they are included in the financial statements.

**9. Health and safety of employees**

The Directors are aware of their responsibilities regarding the health and safety of employees and have put appropriate measures in place to safeguard the health and safety of employees. There were no fatalities during the year.

**10. Donations**

During the year, the Institute did not make any donations (2023 – Nil ).

**11. Related party transactions**

The Institute has a common enterprise relationship with Government of the Republic of Zambia ("GRZ") and its departments. Other related party relationships and material balances that ZIPAR has with its related parties are listed in Note 24 to the financial statements.

**12. Going concern**

The Institute's current assets of K21,014,294 exceed its current liabilities of K5,126,720 as at 31 December 2024. The financial statements have been prepared on a going concern basis, which assumes that the Institute will be able to realize its assets and settle its liabilities in the normal course of business for the foreseeable future.

**13. Other material facts, circumstances, and events**

The Directors are not aware of any material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of the Institute's financial position or the results of its operations.

**14. Sustainability related and climate related disclosures**

The Institute has considered the requirements of IFRS 51 and IFRS 52 in reporting its financial and sustainability related reporting. Based on the Institute's assessment, sustainability related risks and climate related risks as outlined under these standards, are not material to the Institute's financial position or performance for the reporting period.

The Institute remains committed to monitoring sustainability related and climate related developments and will revisit their materiality in subsequent reporting periods should circumstances change.

**Report of the Directors *(continued)***

### 15. Financial statements

The financial statements set out on pages 9 to 38 have been approved by the Directors.

### 16. Auditors

The Auditors, Messrs. MPH Chartered Accountants have been appointed as Auditors for the period 2022 - 2024 and have expressed their willingness to continue in office.

On behalf of the Institute

### Directors' Responsibilities in respect of the Preparation of Financial Statements

The Societies Act chapter 119 of the Laws of Zambia requires the Directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Zambia Institute for Policy Analysis and Research and of its financial performance and its cash flows for the year then ended. In preparing such financial statements, Directors are responsible for;

- designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgments and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the International Financial Reporting Standards (IFRSs) and on the going concern basis unless it is inappropriate to presume that the Institute will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and enable them to ensure that the financial statements comply with the International Financial Reporting Standards (IFRSs) and the Societies Act Chapter 119 of the Laws of Zambia. They are also responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that in their opinion;

- the financial statements give a true and fair view of the financial position of Zambia Institute for Policy Analysis and Research as of 31 December 2024, and of its financial performance and its cash flows for the year then ended;
- at the date of this statement there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they fall due; and
- the financial statements are drawn up in accordance with International Financial Reporting Standards and the requirements of the Societies Act, Chapter 119 of the Laws of Zambia.

**Approval of the financial statements**

The financial statements of ZIPAR as indicated above and set out on pages 9 to 38 were approved by the Board on 11TH APRIL 2025........ and were signed by:

| | |
|---|---|
| .............................. | .............................. |
| **Chairperson** | **Interim Executive Director** |

## Independent Auditor's Report

**To the Board of Zambia Institute for Policy Analysis and Research**

**Report on the financial statements**

***Opinion***

We have audited the financial statements of Zambia Institute for Policy Analysis and Research ("the Institute"), which comprise the Statement of Financial Position as at 31 December 2024, and the Statement of Comprehensive Income, the Statement of Changes in Accumulated Funds and the Statement of Cash Flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Institute's financial statements give a true and fair view of the financial position of ZIPAR as at December 31, 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

***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)*, and we have fulfilled our other ethical responsibilities in accordance with 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters are 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. We have not identified any key audit matters for disclosure.

***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 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 and those charged with governance are 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 entity or 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.

## Independent Auditor's Report *(continued)*

### *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 judgment and maintain professional skepticism 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 management.
- Conclude on the appropriateness of management's 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 organisation 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

We communicate with those charged with governance 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 those charged with governance 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.

## Independent Auditor's Report *(continued)*

### *Auditor`s responsibilities for the audit of the financial statements (continued)*

From the matters communicated with those charged with governance, 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 benefits interest of such communication.

### *Other Information*

The Directors are responsible for the other information included in the Annual Report. Other information includes all other aspects of the annual report and Supplementary Information to the financial statements. Our opinion on the financial statements does not cover other information and we do not express an audit opinion thereon. Our responsibility is to read the other information and consider whether the information therein is materially consistent with the financial statements. If based on our work, we conclude that there is a material misstatement; we are required to report that fact. We have nothing to report in this regard.

### Report on other legal and regulatory requirements

We report that, in our opinion, the required accounting records, registers and other records relating to the Institute's accounts have been properly kept in accordance with the Societies Act, Chapter 119 of the Laws of Zambia.

**MPH Chartered Accountants**

11/4/25
Lusaka, Zambia

**Hampande Hachongo (AUD/F000186)**
**Partner**

## Statement of Comprehensive Income

| | Notes | 2024 K | 2023 K |
|---|---|---|---|
| **INCOME** | | | |
| Grant Income | 12 | **21,053,747** | 20,931,220 |
| | | **21,053,747** | 20,931,220 |
| **Other Operating Income** | | | |
| Income from Consultancy | | **11,920,555** | 7,268,891 |
| Interest Received | | **325,945** | 259,837 |
| Foreign Exchange Gain | | **157,029** | 15,476 |
| Other Income | | **1,202,997** | - |
| Amortisation of Capital Grant | | **397,482** | 289,874 |
| | 13 | **14,004,008** | 7,834,078 |
| **Total Income** | | **35,057,755** | 28,765,298 |
| **EXPENDITURE** | | | |
| Research & Operating Expenses | Appendix | **32,785,806** | 23,778,457 |
| **Surplus for the Year** | | **2,271,949** | 4,986,841 |
| Other Comprehensive Income | | **-** | - |
| **Total Comprehensive Income for the Year** | | **2,271,949** | 4,986,841 |

The accounting policy information and notes on pages 13 to 38 are an integral part of these financial statements.

### Statement of Financial Position

| | Notes | 2024 K | 2023 K |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Plant & Equipment | 16 | **2,821,404** | 1,177,790 |
| **Total Non-Current Assets** | | **2,821,404** | 1,177,790 |
| **Current Assets** | | | |
| Inventory | 15 | **33,730** | 34,417 |
| Research and Other Receivables | 17 | **5,687,617** | 3,336,380 |
| Cash and Bank Balances | 19 | **15,292,947** | 18,132,905 |
| **Total Current Assets** | | **21,014,294** | 21,503,702 |
| **TOTAL ASSETS** | | **23,835,698** | 22,681,492 |
| **ACCUMULATED FUNDS AND LIABILITIES** | | | |
| **Accumulated Funds and Reserves** | | | |
| Accumulated Reserves | 21 | **16,510,149** | 14,238,200 |
| | | **16,510,149** | 14,238,200 |
| **Non-Current Liabilities** | | | |
| Capital Grant | 20 | **795,084** | 1,192,566 |
| Employees Benefits | 22b | **1,403,745** | 770,237 |
| | | **2,198,829** | 1,962,803 |
| **Current Liabilities** | | | |
| Research and Other Payables | | - | 1,642,701 |
| Provisions and Accruals | 18 | **117,664** | 140,000 |
| Contract Liabilities | 18 | **553,335** | 600,415 |
| Employees Benefits | 22b | **4,451,821** | 4,097,373 |
| Cash and Bank Balances | 19 | **3,900** | - |
| **Total Current Liabilities** | | **5,126,720** | 6,480,489 |
| **TOTAL ACCUMULATED FUNDS AND LIABILITIES** | | **23,835,698** | 22,681,492 |

The financial statements set out on pages 1 to 38 which have been prepared on a going concern basis, were approved by the Board on 11TH APRIL 2025 and were signed by:

**Chairperson**

**Interim Executive Director**

The accounting policy information and notes on pages 13 to 38 are an integral part of these financial statements.

### Statement of Changes in Accumulated Funds

| | Accumulated Fund | Total |
|---|---|---|
| | K | K |
| 1 January 2023 | 9,251,359 | 9,251,359 |
| Surplus for the year | 4,986,841 | 4,986,841 |
| 31 December 2023 | 14,238,200 | 14,238,200 |
| **1 January 2024** | **14,238,200** | **14,238,200** |
| **Surplus for the year** | **2,271,949** | **2,271,949** |
| **31 December 2024** | **16,510,149** | **16,510,149** |

**Accumulated Funds**

The accumulated funds represent retained excess of income over expenditure for the current year and balances brought forward from previous years.

The accounting policy information and notes on pages 13 to 38 are an integral part of these financial statements.

## Statement of Cash Flows

| | Notes | 2024 K | 2023 K |
|---|---|---|---|
| **Cash flows from Operating Activities** | | | |
| Surplus for the Year | | **2,271,949** | 4,986,841 |
| Depreciation | 16 | **829,807** | 524,621 |
| Interest Received | 13 | **(325,945)** | (259,837) |
| Amortisation of Capital Grant | 20 | **(397,482)** | (289,874) |
| **Operating Cash flows before Movements in Working Capital** | | **2,378,329** | 4,961,751 |
| **Movements in Working Capital** | | | |
| Movement in Receivables & Prepayments | 17 | **(2,351,237)** | (1,877,770) |
| Movement in Payables & Accruals | 18 & 22 | **(724,161)** | (281,397) |
| Movement in Inventory | 15 | **687** | 1,582 |
| **Cash Raised from Operations** | | **(3,074,711)** | (2,157,585) |
| **Net Cash Flow From Operating Activities** | | **(696,382)** | 2,804,166 |
| **Cash flows from Investing Activities** | | | |
| Acquisition of Fixed Assets | 16 | **(2,473,421)** | (122,492) |
| Additions to Capital Grant | | - | 122,492 |
| Interest Received | 13 | **325,945** | 259,837 |
| **Net Cash out flows from Investing Activities** | | **(2,147,476)** | 259,837 |
| **Net Increase in Cash and Cash Equivalents** | | **(2,843,858)** | 3,064,003 |
| Balance at 1 January | | **18,132,905** | 15,068,902 |
| **Cash and Cash Equivalents at end of the Year** | | **15,289,047** | 18,132,905 |
| *Represented by:* | | | |
| Cash and Bank Balances | 19 | **15,289,047** | 18,132,905 |
| **Cash and Cash Equivalents at end of the Year** | | **15,289,047** | 18,132,905 |

The accounting policy information and notes on pages 13 to 38 are an integral part of these financial statements.

## Material Accounting Policy Information

### 1.1. Zambia Institute for Policy Analysis and Research

The Zambia Institute for Policy Analysis and Research was registered in Zambia under the Societies Act Chapter 119 of the Laws of Zambia in 2006 and became operational in 2009. In accordance with Government Gazette, Notice No. 1123 of 2021, ZIPAR was reclassified as a Grant-Aided Institution under the Ministry of Finance and National Planning.

The major funder during the year under audit is the Government of the Republic of Zambia.

### 1.2. Going concern

The financial statements have been prepared on a going concern basis, which assumes the Institute will be able to realize its assets and settle its liabilities in the normal course of business for the foreseeable future.

### 2. Basis of preparation and accounting policies

***Statement of compliance***

The Institute's financial statements have been prepared in accordance with and comply with the International Financial Reporting Standards (IFRSs). The financial statements have been prepared on the basis of historical cost, unless stated otherwise. Historical cost is generally based on the fair value of the consideration given in exchange for assets. 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 financial statements which have been prepared on the accruals basis comprise the statement of comprehensive income, the statement of financial position, the statement of changes in funds, the statement of cash flows, and notes to the financial statements. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of comprehensive income.

Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the statement of comprehensive Income as required or permitted by IFRSs. Reclassification adjustments are amounts reclassified to revenue and expenses in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Institute in their capacity as owners are recognised in the statement of changes in accumulated funds.

The accounting policies have been consistently applied to all the years presented.

***Basis of preparation***

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

***Functional and presentation currency***

These financial statements are presented in Zambian Kwacha ("Kwacha"), which is the Institute's functional currency and presentation currency.

**3. New and amended standards and interpretations**

**I. Standards that are effective 1 January 2024**

The following standards are effective for annual periods beginning on or after 1 January 2024. Except for IFRS S1 and IFRS S2 none of these standards impact the Institute.

***Supplier Finance Arrangements (Amendment to IAS 7 and IFRS 7)***

These amendments address the presentation requirements for liabilities and associated cash flows arising from supply chain financing arrangements and related disclosures. They aim to improve transparency and provide users of financial statements with better information about the effects of supplier finance arrangements on an entity's financial position and cash flows.

**Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)**

These amendments clarify the accounting for sale and leaseback transactions, particularly the measurement of lease liabilities. They provide guidance on how to determine the lease liability and the right-of-use asset in a sale and leaseback transaction, ensuring consistency and comparability in financial reporting.

**Classification of Liabilities as Current or Non-Current and Non-current Liabilities with Covenants (Amendments to IAS 1)**

Description: These amendments provide guidance on the classification of liabilities as current or non-current, including those with covenants. They aim to improve the consistency and clarity of the classification of liabilities, particularly in situations where covenants are present.

**IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information**

IFRS S1 sets out the general requirements for entities to disclose sustainability-related financial information. The objective is to provide users of general-purpose financial reports with information about an entity's sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance, or cost of capital over the short, medium, or long term. IFRS S1 requires entities to disclose information about:

- Governance processes, controls, and procedures used to monitor, manage, and oversee sustainability-related risks and opportunities.
- The entity's strategy for managing sustainability-related risks and opportunities.
- Processes used to identify, assess, prioritize, and monitor sustainability-related risks and opportunities.
- Performance in relation to sustainability-related risks and opportunities, including progress towards any targets set or required by law or regulation.

**3. New and amended standards and interpretations (continued)**

**I. Standards that are effective 1 January 2024 (Continued)**

**IFRS S2: Climate-related Disclosures**

Description: IFRS S2 focuses specifically on climate-related disclosures. It requires entities to disclose information about their exposure to climate-related risks and opportunities, and how these are managed. The objective is to provide users of general-purpose financial reports with information that is useful in assessing the impact of climate-related risks and opportunities on the entity's financial position and performance. IFRS S2 requires entities to disclose information about:

- Governance processes, controls, and procedures used to monitor, manage, and oversee climate-related risks and opportunities.
- The entity's strategy for managing climate-related risks and opportunities.
- Processes used to identify, assess, prioritize, and monitor climate-related risks and opportunities.
- Performance in relation to climate-related risks and opportunities, including progress towards any climate-related targets set or required by law or regulation.

**II. Standards that are effective on or after 1 January 2025**

The following standards and amendments are effective for the annual period beginning 1 January 2025: The Board is yet to assess the impact that the new standards and amendments will have on the Institute.

**Lack of Exchangeability (Amendments to IAS 21)**

These amendments address the accounting for situations where exchangeability between currencies is lacking. They provide guidance on how to determine the exchange rate to use when exchangeability is lacking and how to measure the resulting financial impact.

These changes are effective from 1 January 2025.

**Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)**

These amendments relate to the classification and measurement of financial instruments, including financial assets with ESG-linked features and the settlement of financial liabilities by electronic payments. They aim to improve the relevance and reliability of financial information related to financial instruments.

These amendments are effective 1 January 2026.

**IFRS 18 Presentation and Disclosure in Financial Statements**

This new standard replaces IAS 1 and provides comprehensive guidance on the presentation and disclosure of financial statements. It aims to improve the clarity, comparability, and usefulness of financial statements by providing a consistent framework for presentation and disclosure.
This standard is effective 1 January 2027.

**3. New and amended standards and interpretations (continued)**

**II. Standards that are effective on or after 1 January 2025 (continued)**

**IFRS 19 Subsidiaries without Public Accountability: Disclosures**

This optional standard permits certain entities to reduce the disclosures they are required to provide in financial statements. It aims to simplify the reporting requirements for subsidiaries without public accountability while maintaining the relevance and reliability of financial information.

This standard is effective 1 January 2027.

**4. Revenue recognition**

Revenue is recognized on an accrual basis. Income represents grants received from the Government of the Republic of Zambia and Income from consultancy services.

**5. Plant and equipment**

Plant and equipment revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially to those that may be determined using fair values at the end of each reporting period.

Depreciation is calculated to allocate the cost of plant and equipment on a straight-line basis over the expected useful lives of the assets concerned and is recognised in comprehensive income. The estimated useful lives of plant and equipment for the current and comparative years are as follows:

| **Asset class** | Rate |
|---|---|
| Motor Vehicles | 20% |
| Computer Equipment | 25% & 33.3% |
| Office Equipment | 20% |
| Furniture and Fittings | 20% |
| Plant and Equipment | 16.7% |

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

**6. Intangible assets**

*Recognition and measurement*

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation is based on the estimated useful life of the intangible assets, which can be assessed as either finite or indefinite.

**6. Intangible assets (continued)**

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on any internally generated goodwill and brands, is recognised in Comprehensive Income as incurred.

*Amortisation*

Intangible assets are amortised on a straight-line basis in Comprehensive Income over the estimated useful lives of each component. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

The amortization rate for the current and comparative years is 10%.

**6.1. Financial instruments**

Financial assets and financial liabilities are recognised in the Institute's statement of financial position when the Institute becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Comprehensive Income are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Comprehensive Income are recognized immediately in the statement of comprehensive income.

**Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

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 Comprehensive Income. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to Comprehensive Income.

**6.1. Financial instruments *(continued)***

**Financial liabilities and equity**

*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Equity instruments**

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

**Financial liabilities**

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Institute, are measured in accordance with the specific accounting policies set out below.

**Financial liabilities at FVTPL**

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Institute manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.
- A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
  - such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
  - the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Institute's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
  - it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

**6.1. Financial instruments *(continued)***

**Financial liabilities at FVTPL (continued)**

- Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in comprehensive income to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in income statement incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in comprehensive income.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in comprehensive income. The remaining amount of change in the fair value of a liability is recognised in comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to Comprehensive Income; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Institute that are designated by the Institute as at FVTPL are recognised in Comprehensive Income.

**Financial liabilities measured subsequently at amortized cost**

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. 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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

**Contract liabilities**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

**Material Accounting Policy Information *(continued)***

### 6.1. Financial instruments *(continued)*

#### Contract liabilities (continued)

#### Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in comprehensive income for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in comprehensive income for financial liabilities that are not part of a designated hedging relationship.

#### Derecognition of financial liabilities

The Institute derecognises financial liabilities when, and only when, the Institute's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in comprehensive income.

When the Institute exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Institute accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in Comprehensive Income as a modification gain or loss within other gains and losses.

#### Derivative financial instruments

ZIPAR does not enter into any derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

**6.2. Impairment *(continued)***

*Financial assets*

The carrying amounts of the ZIPAR's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in Comprehensive Income.

*i) Calculation of recoverable amount*
Impairment losses on investment securities at amortised cost are recognised by transferring the cumulative loss that has been recognised directly in reserves to Comprehensive Income. The cumulative loss that is removed from reserves and recognised in Comprehensive Income is the difference between the acquisition costs, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in Comprehensive Income. Changes in impairment provisions attributable to time value are reflected as a omponent of interest income.

If in a subsequent period, the fair value of an impaired debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in Comprehensive Income, then the impairment loss is reversed with the amount of the reversal recognised in Comprehensive Income

*ii) Reversals of impairment*
An impairment loss in respect of investment securities at amortised cost or receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

*Non-financial assets*

The carrying amounts of the Institute's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

*Non-financial assets (continued)*

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**7. Foreign currencies**

*Transactions and balances*

In preparing the financial statements of the Institute, transactions in currencies other than the Institute's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting 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.
Exchange differences on monetary items are recognised in Compressive Income in the period in which they arise.

**8. Retirement benefit obligations**

The Institute`s staff are entitled to gratuity and other terminal benefits.

i) *Defined contribution plans*

A defined contribution plan is a retirement benefit plan under which the Institute pays fixed contributions into a separate entity. The Institute has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to the defined contribution plan are recognised as an employee benefit expense in Comprehensive Income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Institute and its employees contribute to the National Pension Scheme, which is a defined contribution scheme.

*ii) Short-term and long-term benefits*

The cost of all short-term employee benefits, such as salaries, accumulated leave, bonuses, medical and other contributions is recognised in income statement in the period in which the employee renders the related service.

The Institute's obligation in respect of long-term service benefits, other than pension plans and post-retirement medical benefits is recognised in Comprehensive Income in the period in which the employee renders the related service.

**8. Retirement benefit obligations (continued)**

iii) *Separation pay*

Termination benefits are payable when an employee's employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Institute recognises termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

iv) *Gratuity*

For fixed term contract employees, a gratuity is payable at the end of the contract. Contract period is 3 years, and being renewed to 5 years. Gratuity is expensed to comprehensive income in the period the service is rendered.

**9. Inventory**

Inventories are measured at the lower of cost and net realizable value. The cost of inventory is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the inventories and costs incurred in bringing them to their existing location and condition. Inventories are recognised as an expense when deployed for utilisation or consumption in the ordinary course of operations of the Institute.

**10. Cash flow statement**

For the purposes of the Statement of Cash flows, cash and cash equivalents mainly comprises of cash on hand, demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value.

**11. Critical accounting estimates and judgments**

*Critical judgments in applying accounting policies*

In the application of the Institute's accounting policies, which are described above, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

*Calculation of loss allowance on receivables*

The following are the critical judgments, apart from those involving estimations, that the Directors have made in the process of applying the Institute's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

**Material Accounting Policy Information (*continued*)**

**11. Critical accounting estimates and judgments (continued)**

*Calculation of loss allowance on receivables (continued)*

When measuring credit losses, the Institute uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The preparation of the Institute's financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Areas of judgment that have the most significant effect on the financial statements:

i). Grant accounting and amortization.
ii). Estimation of asset lives and carrying values.
iii). Determination of fair values of non-current assets.
iv). Provisions and contingencies.
*v).* Estimation of employee related provisions and post-retirement benefits.

***Key sources of estimation uncertainty***

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

*Fair values*

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Institute takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
iii) Level 3 inputs are unobservable inputs for the asset or liability.

**Material Accounting Policy Information (*continued*)**

**11. Critical accounting estimates and judgments (continued)**

***Key sources of estimation uncertainty (continued)***

*Estimates of asset lives, residual values and depreciation methods*

The Directors review the estimated useful lives of property, plant and equipment at the end of each annual reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss.

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

i) The condition of the asset based on the assessment of experts employed by the Institute;
ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
iii) The nature of the processes in which the asset is deployed;
iv) Availability of funding to replace the asset;
v) Changes in the market in relation to the asset.

**Notes to the Financial Statements**

| | 2024<br>K | 2023<br>K |
|---|---|---|
| **12. Income** | | |
| Appropriations from GRZ | **21,053,747** | 20,931,220 |
| **13. Other Income** | | |
| Income from Consultancy | **11,920,555** | 7,268,891 |
| Interest Received | **325,945** | 259,837 |
| Exchange Gains | **157,029** | 15,476 |
| Other Income | **1,202,997** | - |
| Amortisation of Capital Grant | **397,482** | 289,874 |
| | **14,004,008** | 7,834,078 |
| **14. Employee Costs** | | |
| Salaries and Wages | **13,759,132** | 10,625,796 |
| Staff Training Costs | **112,751** | 4,800 |
| Staff Welfare | **1,472,172** | 1,914,805 |
| Gratuity | **2,644,475** | 430,804 |
| Leave Pay | **367,439** | 1,914,805 |
| NAPSA Contribution - | **679,809** | 405,597 |
| Workers Compensation | **22,923** | 11,664 |
| NHIMA - Employer's Contribution | **88,095** | 81,668 |
| | **19,146,796** | 15,389,939 |
| **15. Inventory** | | |
| Inventory | **33,730** | 34,417 |

**Notes to the Financial Statements *(continued)***

## 16 Plant and Equipment

| 2024 | Plant & Machinery | Motor Vehicles | Computer Equipment | Furniture & Fittings | Office Equipment | Total |
|---|---|---|---|---|---|---|
| | K | K | K | K | K | K |
| **Cost** | | | | | | |
| 1 January 2024 | 188,315 | 1,897,855 | 2,135,198 | 578,756 | 646,930 | **5,447,054** |
| Additions for the Year | - | 1,668,000 | 504,280 | 4,900 | 296,242 | **2,473,421** |
| 31 December 2024 | **188,315** | **3,565,855** | **2,639,478** | **583,656** | **943,172** | **7,920,475** |
| **Accumulated Depreciation** | | | | | | |
| 1 January 2024 | 173,591 | 1,897,855 | 1,336,240 | 468,586 | 392,992 | **4,269,264** |
| Charge for the Year | 1,261 | 278,000 | 428,544 | 13,630 | 108,372 | **829,807** |
| 31 December 2024 | **174,852** | **2,175,855** | **1,764,784** | **482,216** | **501,364** | **5,099,071** |
| **Net Book Value** | | | | | | |
| 31 December 2024 | **13,463** | **1,390,000** | **874,693** | **101,441** | **441,807** | **2,821,404** |
| 31 December 2023 | 14,724 | - | 798,958 | 110,170 | 253,938 | 1,177,790 |

Property, plant and equipment includes assets with a cost of K3,474,325 which were fully depreciated as at 31 December 2024 (2023: K3,127,292).

### 16. Plant and Equipment (continued)

| 2023 | Plant & Machinery | Motor Vehicles | Computer Equipment | Furniture & Fittings | Office Equipment | Total |
|---|---|---|---|---|---|---|
| | K | K | K | K | K | K |
| **Cost** | | | | | | |
| 1 January 2023 | 188,315 | 1,897,855 | 2,081.751 | 526,806 | 629,835 | **5,324,562** |
| Additions for the Year | - | - | 53,447 | 51,950 | 17,095 | **122,492** |
| 31 December 2023 | **188,315** | **1,897,855** | **2,135,198** | **578,756** | **646,930** | **5,447,054** |
| **Accumulated Depreciation** | | | | | | |
| 1 January 2023 | 172,330 | 1,897,855 | 944,111 | 438,135 | 292,212 | **3,744,643** |
| Charge for the Year | 1,261 | - | 392,129 | 30,451 | 100,780 | **524,621** |
| 31 December 2023 | **173,591** | 1,897,855 | **1,336,240** | **468,586** | **392,992** | **4,269,264** |
| **Net Book Value** | | | | | | |
| 31 December 2023 | **14,724** | - | **798,958** | **110,170** | **253,938** | **1,177,790** |
| 31 December 2022 | **15,985** | - | **1,137,640** | **98,671** | **337,623** | **1,579.919** |

**Notes to the Financial Statements *(continued)***

| | 2024 K | 2023 K |
|---|---|---|
| **17. Research and Other Receivables** | | |
| Trade Receivables | **3,998,774** | 2,286,707 |
| Other Receivables | **1,576,400** | 934,660 |
| Prepayments | **112,443** | 115,013 |
| | **5,687,617** | 3,336,380 |
| **18. Payables and Accruals** | | |
| Research and Other Payables | - | 1,642,701 |
| Provisions and Accruals | **117,664** | 140,000 |
| Contract Liabilities | **553,335** | 600,415 |
| | **670,999** | 2,383,116 |
| **19. Cash and Cash Equivalents** | | |
| Investrust Mulungushi - | - | 30,705 |
| Zanaco Gratuity B Account | **1,760,075** | 4,275,156 |
| BDU Indo Zambia Bank | **2,683,566** | 1,370,496 |
| Indo Zambia Bank-GRZ | **10,459,314** | 11,218,290 |
| Investrust Arcades - BDU | **183,570** | 935,589 |
| Indo Bank Loan Revolving | **206,422** | 302,669 |
| | **15,292,947** | 18,132,905 |
| Standard Chartered Bank | **(3,900)** | - |
| | **15,289,047** | 18,132,905 |
| **20. Capital Grants** | | |
| At 1 January | **1,192,566** | 1,359,948 |
| Addition | - | 122,492 |
| Amortisation | **(397,482)** | (289,874) |
| At 31 December | **795,084** | 1,192,566 |
| **21. Accumulated Funds and Reserves** | | |
| Accumulated Fund | **14,238,200** | 9,251,359 |
| Retained Earnings | **2,271,949** | 4,986,841 |
| | **16,510,149** | 14,238,200 |

**Notes to the Financial Statements *(continued)***

| | 2024<br>K | 2023<br>K |
|---|---|---|
| **22.(a) Employee Benefits** | | |
| Gratuity Payable | **4,409,970** | 3,686,353 |
| Leave Pay | **1,445,597** | 1,181,257 |
| At 31 December | **5,855,566** | 4,867,610 |
| **22.(b) Employee Benefits** | | |
| **Payable after one year** | | |
| Gratuity Payable after one year | **1,403,745** | 770,237 |
| **Payable within one year** | | |
| Gratuity Payable within one year | **3,006,224** | 2,916,116 |
| Leave Pay | **1,445,597** | 1,181,257 |
| | **4,451,821** | 4,097,373 |
| At 31 December | **5,855,566** | 4,867,610 |

**23. Financial instruments – Risk management**

The Institute has exposure to the following risks from its use of financial instruments:

- credit risk
- market risk; and
- liquidity risk

**Risk management framework**

The Board has overall responsibility for the establishment and oversight of the Institute's risk management framework. The Board's risk management policies are established to identify and analyse the risks faced by the Institute, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Institute's activities. The Board oversees how management monitors compliance with the Institute's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Institute.

### 23. Financial instruments – Risk management *(continued)*

**Risk management framework *(continued)***

The carrying amount of the Institute's financial instruments by classification is as follows:

| | 2024<br>K | 2023<br>K |
|---|---|---|
| **Categories of Financial Instruments** | | |
| *Financial Assets* | | |
| Receivables | **5,687,617** | 3,336,380 |
| Cash and Cash Equivalents | **15,289,047** | 18,132,905 |
| | **20,976,664** | 21,469,285 |
| *Financial Liabilities* | | |
| Payables and Accruals | **670,999** | 2,383,116 |
| Capital Grant | **795,084** | 1,192,566 |
| Other Liabilities | **5,855,566** | 4,867,610 |
| | **7,321,649** | 8,443,292 |

**(i) Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Institute. The Institute has adopted a policy of only dealing with creditworthy counterparties and obtaining an advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults. Financial assets which potentially subject the Institute to concentrations of credit risk, consist principally of trade receivables and cash balances.

The Institute's exposure to credit risk is influenced mainly by individual characteristics of each customer or counterparty. The demographics of the Institute's customer base, including the default risk does not have a significant influence on credit risk. Geographically there is no concentration of credit risk.

No collateral is required in respect of financial assets. Management has a policy in place and the exposure to credit risks is monitored on an on-going basis.

The receivables from employees in respect of salary advances and staff loans are recoverable at source through payroll by the Institute over a period of 3 months for salary advances, and staff loans recovery is made by equal monthly payroll deductions for a period specified in the loan application form. The deductions begin from the month following the one in which the loan was granted.

The Institute uses a provision matrix to measure the expected credit loss of receivables. Based on the environment in which the entity operates, management considers that trade receivables are credit impaired if the payments are more than 120 days past due.

| | **2024** | 2023 |
|---|---|---|
| | **K** | K |

## 23. Financial instruments – Risk management *(continued)*

### (i) Credit risk management *(continued)*

*Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

| **Credit Risk Exposure** | | |
|---|---|---|
| Receivables | **5,575,174** | 3,221,367 |
| Prepayments | **112,443** | 115,013 |
| Cash and Cash Equivalents | **15,289,047** | 18,132,905 |
| | **20,976,664** | 21,469,285 |

### (ii) Market risk

The Institute's activities expose it primarily to the financial risk of changes in foreign currency exchange rates (see below). The Institute does not trade in any derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk.

There has been no change to the Institute's exposure to market risks or the manner in which it manages and measures the risk.

*Foreign currency risk management*

The Institute undertakes certain transactions dominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board.

### (iii) Interest rate risk

The Institute is not exposed to interest rate risk on its bank accounts and does not hold any interest bearing financial instruments.

**Notes to the Financial Statements *(continued)***

**(i) Credit risk management *(continued)***

*Interest rate risk management*

The exposure to interest rate risk is reviewed regularly by management to align with interest rate reviews and defined risk appetite, by either positioning the statement of financial position or protecting interest expense through different interest rate cycles.

The Institute's exposure to interest rate is low as they do not have interest bearing borrowings and invest in fixed interest bearing investments.

(iv) **Liquidity risk management**

Liquidity risk is the risk that the Institute will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Institute`s approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute`s reputation.

The Institute aims to maintain a sufficient level of liquidity to meet its contractual repayments.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Institute's short, medium and long-term funding and liquidity management requirements. The Board manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

The following table details the Institute's remaining period for contractual maturity of its non-derivative financial assets and liabilities. The table below has been drawn up based on the contractual maturities of the financial assets and liabilities.

**Notes to the Financial Statements *(continued)***

**(iv) Liquidity risk management (continued)**

| **2024** | **1 - 3 months** | **3 months - 1 year** | **1 - 5 years** | **Total** |
|---|---|---|---|---|
| | **K** | **K** | **K** | **K** |
| **Liabilities** | | | | |
| Contract Liabilities | 553,335 | - | - | **553,335** |
| Research and Other Payables | - | 117,664 | 6,654,550 | **6,772,214** |
| | **553,335** | **117,664** | **6,654,550** | **7,325,549** |
| **Assets** | | | | |
| Cash and Cash Equivalents | 15,289,047 | - | - | **15,289,047** |
| Receivables | 3,998,774 | 88,361 | 1,488,039 | **5,575,174** |
| Prepayments | 112,443 | - | - | **112,443** |
| | **19,134,619** | **88,361** | **1,488,039** | **20,976,664** |

| 2023 | 1 - 3 months | 3 months - 1 year | 1 - 5 years | Total |
|---|---|---|---|---|
| | K | K | K | K |
| Liabilities | | | | |
| Contract Liabilities | 600,415 | - | - | 600,415 |
| Research and Other Payables | 1,642,701 | 140,000 | 6,060,177 | 7,842,878 |
| | 2,243,116 | 140,000 | 6,060,177 | 8,443,293 |
| Assets | | | | |
| Cash and Cash Equivalents | 18,132,905 | - | - | 18,132,905 |
| Receivables | 2,286,707 | 226,899 | 707,761 | 3,221,367 |
| Prepayments | 115,013 | - | - | 115,013 |
| | 20,534,625 | 226,899 | 707,761 | 21,469,285 |

**Fair value measurements**

The information set out below provides information about how the Institute determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Lusaka Stock Exchange).
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 — Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

## 23. Financial instruments- Risk management *(continued)*

**Fair value measurements *(continued)***

This hierarchy requires the use of observable market data when available. The Institute considers relevant and observable market prices in its valuations where possible.

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period. The Institute considers that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

## 24. Related party transactions

The Institute undertakes to disclose the nature of related party relationships, and types of transactions necessary for the understanding of the annual financial statements.

In the context of the Institute, related party transactions include any transactions carried out with any of the following:

- Government ministries and parastatals;
- The Board; and
- Key management personnel.

The transactions to be reported are those that affect the Institute in making financial and operating decisions.

### i) Transactions during the year

| *a) Revenue grants received from related parties* | **2024** | 2023 |
|---|---|---|
| | **K** | K |
| Government funding received | **21,053,747** | 20,931,220 |

*b) **Compensation of Directors and key management personnel***

The remuneration of Directors and key management is determined by the Institute having regard to funding and market trends.
The remuneration of the Board and key management during the year was as follow

| | **2024** | 2023 |
|---|---|---|
| | **K** | K |
| Directors' remuneration | - | 68,935 |
| Board expenses | **648,499** | 72,902 |
| Key management compensation | **3,790,520** | 4,691,370 |

**Notes to the Financial Statements *(continued)***

**24. Related party transactions *(continued)***

| **(i) Balances due to/from related parties** | **2024** | 2023 |
|---|---|---|
| | **K** | K |
| (a) Balances due to/from key management: | | |
| • Loans due from key management personnel | **428,776** | 228,557 |
| • Gratuity due to key management personnel | **3,349,055** | 2,955,905 |
| • Leave pay due to key management personnel | **342,202** | 322,080 |

**25. Contingent liabilities**

The Institute had no contingent liabilities as at 31st December 2024 (2023 – Nil).

**26. Capital commitments**

The Institute had no capital commitments as at the year-end (2023 – Nil).

**27. Events after the reporting date**

The Institute has evaluated subsequent events through to the date the financial statements were available for issuance, and has determined that there has not arisen since the end of the period any transaction or event of a material and unusual nature likely, in the opinion of management, to affect substantially the operations of the Institute, the results of those operations or the state of affairs of the Institute in subsequent financial periods.

**28. Comparative figures**

Comparative figures, where necessary have been reclassified to allow meaningful comparisons with the current year.

## Appendix 1: Detailed Statement of Comprehensive Income

| | Note | 2024 K | 2023 K |
|---|---|---|---|
| **INCOME** | | | |
| GRZ Grant Received | | **21,053,747** | 20,931,220 |
| | 12 | **21,053,747** | 20,931,220 |
| **OTHER INCOME** | | | |
| Income from Consultancy | | **11,920,555** | 7,268,891 |
| Interest Received | | **325,945** | 191,967 |
| Exchange Gains | | **157,029** | 15,476 |
| Interest Earned from Staff Loans | | **105,478** | 67,870 |
| Other Income | | **1,202,997** | - |
| Amortisation of Capital Grant | | **397,482** | 289,874 |
| | 13 | **14,004,008** | 7,834,078 |
| **TOTAL INCOME** | | **35,057,755** | 28,765,298 |
| **RESEARCH AND OTHER EXPENDITURE** | | | |
| Bank Charges | | **30,046** | 14,286 |
| Cleaning & Sanitation | | **41,077** | 37,357 |
| Fuel & Oils | | **306,673** | 352,251 |
| Computer Expenses | | **325,984** | 152,009 |
| Courier & Postage | | **16,883** | 26,171 |
| Depreciation | | **829,807** | 524,621 |
| Electricity & Water | | **129,500** | 86,500 |
| Policy Dialogue & Dissemination | | **564,534** | 980,952 |
| Staff Training | | **112,751** | 4,800 |
| Research Studies and Activities | | **7,073,578** | 3,454,494 |
| Conferences & Seminars | | **1,066,378** | 993,931 |
| FAO Data Collection | | **412,305** | - |
| Insurance | | **289,253** | 49,074 |
| Audit Fees | | **21,600** | - |
| Board Expenses | | **648,499** | 72,902 |
| Procurement | | **11,000** | 33,381 |
| Recruitment | | **153,602** | 46,537 |
| Professional Fees | | **221,219** | 38,190 |
| Magazines & Journals | | **30,220** | 27,947 |
| Motor Vehicle Expenses | | **32,743** | 12,487 |
| Printing & Stationery | | **380,779** | 228,249 |
| R & M - Motor Vehicle | | **278,133** | 286,433 |
| R & M - Computer | | **21,540** | 23,549 |
| R & M - Furniture, | | **50,198** | 166,695 |
| R & M - Building | | **129,829** | 24,132 |
| R & M – Property, Plant and Equipment | | **6,210** | - |
| Transport Allowance | | **33,034** | 12,868 |
| Tender Fee | | **2,100** | |
| **SUB-TOTAL** | | **13,219,474** | 7,649,816 |

**Appendix 1: Detailed Statement of Comprehensive Income *(continued)***

| | 2024 | 2023 |
|---|---|---|
| | K | K |
| Lunch Allowance | **28,132** | 1,185 |
| Gratuity | **2,644,475** | 2,183,580 |
| Leave Pay | **367,439** | 430,804 |
| Staff Welfare | **1,472,172** | 1,914,805 |
| Salaries and Wages | **13,759,132** | 10,625,796 |
| NAPSA Contribution - | **679,809** | 405,597 |
| Workers Compensation | **22,923** | 11,664 |
| NHIMA - Employer's Contribution | **88,095** | 81,668 |
| Telephone, Internet & Fax | **447,544** | 302,012 |
| Official Entertainment | **56,610** | 171,530 |
| **SUB-TOTAL** | **19,566,332** | 16,128,641 |
| **TOTAL EXPENDITURE** | **32,785,806** | 23,778,457 |
| **SURPLUS FOR THE YEAR** | **2,271,949** | 4,986,841 |