

**FINANCIAL  
STATEMENTS  
FOR THE YEAR  
ENDED**

**31 DECEMBER**

**2022**

# Zambia Institute for Policy Analysis and Research

## Financial Statements for the year ended 31 December 2022

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# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Report of the Directors

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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 31<sup>st</sup> December 2022.

### 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:

			<b>Date Appointed</b>
Mr. Trevor Kaunda	-	Chairperson	22 February 2022
Mr. Bernard Kamphasa	-	Member	09 July 2022
Dr. Lubinda Haabazoka	-	Member	04 December 2018
Mrs. Avet Mulonga Hamuwele	-	Member	03 April 2015
Mr. Isaac Mwaipopo	-	Member	03 August 2015
Dr. Dale Mudenda	-	Member	11 April 2022
Dr. Chabuka J. Kawesha'	-	Member	04 September 2020
Dr. Jonathan Chipili	-	Member	04 September 2020
Dr. Bona Chita	-	Member	18 January 2022
Dr Herrick Mpuku	-	Ex-Officio	31 May 2021

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Report of the Directors (continued)

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### 5. Executive Management

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

Dr. Herrick Mpuku	-	Executive Director
Zali Chikuba	-	Senior Research Fellow
Dr. Sylvia Mwamba	-	Research Fellow I
Humphrey Chisanga Bwalya	-	Acting Finance & Admin Manager
Malindi Msoni	-	Acting Research Fellow I
Mulima Nyambe	-	Acting Research Fellow I
Nazir Pandor	-	Business Development Manager
Hyde Haguta	-	Knowledge Manager

### 6. Employees

ZIPAR had 32 full time employees at 31 December 2022 (31 December 2021 – 26) and total salaries and wages paid were K10,796,855 for the year ended 31 December 2022 (December 2021– K8,960,246). The average number of employees in each month for the year was as follows:

January	29
February	31
March	30
April	29
May	29
June	29
July	30
August	30
September	31
October	30
November	33
December	32

### 7. Financial results

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

	2022	2021
	K	K
Income	27,652,122	18,594,230
Surplus for the year	<u>5,799,678</u>	<u>2,097,795</u>

The Institute received income of K27,652,122 during the twelve months to 31 December 2022 compared to K18,594,230 for the previous 12 months. Research and Operating costs during the period amounted to K21,852,444 (2021 – K16,496,435) resulting into a surplus of K 5,799,678 (2021 surplus – K 2,097,795).

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Report of the Directors *(continued)*

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### **8. Plant and equipment**

Additions to plant and equipment totaling K1,377,130 were made during the year (2021 - K271,602). 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 (2021 - 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 K16,563,510 exceed its current liabilities of K5,511,265 as at 31 December 2022. 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. Financial statements**

The financial statements set out on pages 8 to 35 have been approved by the Directors.

### **15. 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

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## 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 2022, 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 8 to 35 were approved by the Board on 19th Nov 2024 and were signed by:

  
.....  
Chairperson

  
.....  
Executive Director



## Independent Auditor's Report

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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 2022, 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, 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Societies Act, Chapter 119 of the Laws 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 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.

#### **Other matter**

The financial statements of Zambia Institute for Policy Analysis and Research for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements.

#### **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.



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

### ***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.

### ***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.



**MPH Chartered Accountants**  
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P.O. Box 31014  
Lusaka, Zambia

Plot 16 B, Kantanta Street  
Nkana East  
P.O. Box 21505, Kitwe.

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Mobile: +260 954 262 310  
Tel: +260 212 225 166 (Kitwe)  
Mobile: +260 954 933 904  
Website: www.mphzm.co.zm

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

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

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.

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 interest benefits of such communication.

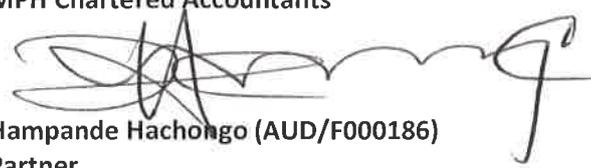
### *Other Information*

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**

In accordance with the Societies Act, Chapter 119 of the Laws of Zambia, 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 Act.

  
MPH Chartered Accountants

  
Hampane Hachongo (AUD/F000186)  
Partner

19/11/2024  
Lusaka, Zambia

**Zambia Institute for Policy Analysis and Research - ZIPAR**  
 Financial Statements for the year ended 31 December 2022

**Statement of Comprehensive Income**

		2022 K	2021 K Restated
<b>INCOME</b>	Notes		
Grant Income	12	<u>20,662,587</u>	<u>13,090,323</u>
		<u>20,662,587</u>	<u>13,090,323</u>
<b>Other Operating Income</b>			
Income from Consultancy		6,530,122	4,538,460
Interest Received		313,591	247,693
Foreign Exchange Gain		1,613	-
Other Income		19,626	245,100
Amortisation of Capital Grant		<u>124,583</u>	<u>472,654</u>
	13	<u>6,989,535</u>	<u>5,503,907</u>
<b>Total Income</b>		<u>27,652,122</u>	<u>18,594,230</u>
<b>EXPENDITURE</b>			
Research & Operating Expenses	Appendix	<u>21,852,444</u>	<u>16,496,435</u>
<b>Surplus for the Year</b>		<u>5,799,678</u>	<u>2,097,795</u>

The accounting policy information and notes on pages 12 to 35 are an integral part of these financial statements.

**Zambia Institute for Policy Analysis and Research - ZIPAR**  
Financial Statements for the year ended 31 December 2022

**Statement of Financial Position**

		2022 K	2021 K	2020 K
			Restated	Restated
<b>ASSETS</b>	Notes			
<b>Non-Current Assets</b>				
Plant & Equipment	16	<u>1,579,919</u>	<u>383,096</u>	<u>879,175</u>
<b>Total Non-Current Assets</b>		<u>1,579,919</u>	<u>383,096</u>	<u>879,175</u>
<b>Current Assets</b>				
Inventory	15	35,999	34,245	21,051
Research and Other Receivables	17	1,458,609	1,736,402	575,320
Short Term Investments		-	1,681,764	2,081,937
Cash and Bank Balances	19	<u>15,068,902</u>	<u>5,942,473</u>	<u>3,874,829</u>
<b>Total Current Assets</b>		<u>16,563,510</u>	<u>9,394,884</u>	<u>6,553,137</u>
<b>TOTAL ASSETS</b>		<u>18,143,429</u>	<u>9,777,980</u>	<u>7,432,312</u>
<b>ACCUMULATED FUNDS AND LIABILITIES</b>				
<b>Accumulated Funds and Reserves</b>				
Accumulated Reserves	21	9,251,359	3,451,681	2,604,579
Revaluation Reserves	21	-	(76,615)	(76,615)
		<u>9,251,359</u>	<u>3,375,066</u>	<u>2,527,964</u>
<b>Non-Current Liabilities</b>				
Capital Grant	20	1,359,948	606,993	1,079,647
Employees Benefits	22b	<u>2,020,857</u>	<u>1,124,116</u>	<u>1,640,696</u>
		<u>3,380,805</u>	<u>1,731,109</u>	<u>2,720,343</u>
<b>Current Liabilities</b>				
Research and other Payables	18	1,508,672	2,028,138	1,350,696
Provisions and Accruals	18	206,930	173,427	-
Contract Liabilities	18	2,223,114	1,679,082	33,204
Employees Benefits	22b	<u>1,572,549</u>	<u>791,158</u>	<u>800,105</u>
<b>Total Current Liabilities</b>		<u>5,511,265</u>	<u>4,671,805</u>	<u>2,184,005</u>
<b>TOTAL ACCUMULATED FUNDS AND LIABILITIES</b>		<u>18,143,429</u>	<u>9,777,980</u>	<u>7,432,312</u>

The financial statements set out on pages 1 to 35 which have been prepared on a going concern basis, were approved by the Board on 19<sup>th</sup> Nov 2024 and were signed by:

  
.....  
Chairperson

  
.....  
Executive Director

The accounting policy information and notes on pages 12 to 35 are an integral part of these financial statements.

## Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

### Statement of Changes in Accumulated Funds

	Revaluation Reserves K	Accumulated Funds K	TOTAL K
1 January 2021	(76,615)	2,604,579	2,527,964
Surplus for the Year	-	2,097,795	2,097,795
Adjustment to Reserves	-	(241,752)	(241,752)
31 December 2021	(76,615)	4,460,622	4,384,007
At 31 December 2021 as Previously Stated	(76,615)	4,460,622	4,384,007
Prior Year Adjustment (Note 25)	-	(1,008,941)	(1,008,941)
At 31 December 2021 As Restated	(76,615)	3,451,681	3,375,066
At 1 January 2022 as restated	(76,615)	3,451,681	3,375,066
Surplus for the Year	-	5,799,678	5,799,678
Adjustment to Reserves	76,615	-	76,615
31 December 2022	-	9,251,359	9,251,359

#### Accumulated Funds

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

#### Revaluation Reserves

Revaluation reserves represent surpluses arising from the revaluation of plant and equipment.

The accounting policy information and notes on pages 12 to 35 are an integral part of these financial statements.

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Statement of Cash Flows

		2022	2021
		K	K
			Restated
<b>Cash flows from Operating Activities</b>	Notes		
Surplus for the Year		5,799,678	2,097,795
<b>Adjustments</b>			
Depreciation		190,503	488,500
Interest Received	13	(313,591)	(176,851)
Amortisation of Capital Grant	20	(124,583)	(472,654)
Adjustment to Reserves		76,615	(1,250,694)
Loss on Disposal/Write off		(1,408)	279,179
<b>Operating Cash flows before Movements in Working Capital</b>		<u>5,627,214</u>	<u>965,275</u>
<b>Movements in Working Capital</b>			
Movement in Receivables & Prepayments	17	277,793	(40,729)
Movement in Payables & Accruals		1,736,202	850,869
Movement in Inventory	15	(1,754)	(13,194)
<b>Cash Raised from Operations</b>		<u>2,012,241</u>	<u>796,946</u>
<b>Net Cash flow from Operating Activities</b>		<u>7,639,455</u>	<u>1,762,221</u>
<b>Cash flows from Investing Activities</b>			
Acquisition of Fixed Assets	16	(1,377,130)	(271,602)
Increase in Capital Grant	20	877,538	-
Purchase of Short Term Investments		-	(1,643,707)
Proceeds from Short Term Investments		1,672,975	2,220,731
Interest Received	13	313,591	-
<b>Net Cash out flows from Investing Activities</b>		<u>1,486,974</u>	<u>305,422</u>
<b>Net Increase in Cash and Cash Equivalents</b>		9,126,429	2,067,643
Balance at 1 January		5,942,473	3,874,829
<b>Cash and Cash Equivalents at end of the Year</b>		<u>15,068,902</u>	<u>5,942,473</u>
<i>Represented by:</i>			
Cash and Bank Balances	19	15,068,902	5,942,473
<b>Cash and Cash Equivalents at end of the Year</b>		<u>15,068,902</u>	<u>5,942,473</u>

The accounting policy information and notes on pages 12 to 35 are an integral part of these financial statements.

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Material Accounting Policy Information

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

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 donor 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.

**Zambia Institute for Policy Analysis and Research - ZIPAR**  
 Financial Statements for the year ended 31 December 2022

**Material Accounting Policy Information (continued)**

**3. Changes in accounting policies and disclosures**

**3.1. New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements**

In the current year, a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) have become effective and are mandatorily effective for an accounting period that begins on or after 1 January 2022.

<p>Annual improvements to IFRS Standards 2018-2020- Amendments to IFRS 1, First -Time Adoption of IFRSs, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture</p>	<p>The annual improvements relate to four standards.</p> <p><i>IFRS 1 First-Time Adoption of International Financial Reporting Standards</i>                  The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences.</p>	<p>The amendments are effective for annual periods beginning on or after January 1, 2022.</p>
	<p><i>IFRS 9 Financial Instruments</i>                  The amendment clarifies that in applying the ‘10 per cent ‘ test to assess whether to derecognize a financial liability, an entity includes only fees paid or receivable between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.</p>	<p>The amendments are effective for annual periods beginning on or after January 1, 2022.</p>
	<p><i>IFRS 16 Leases</i>                  The amendment removes the illustration of leasehold improvements.</p>	<p>No effective date applies.</p>
	<p><i>IAS 41 Agriculture</i>                  The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in IFRS 13. To use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post tax cash flows and discount rates for the most appropriate fair value measurement.</p>	<p>The amendments are effective for annual periods beginning on or after January 1, 2022.</p>

# Zambia Institute for Policy Analysis and Research - ZIPAR

## Financial Statements for the year ended 31 December 2022

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

#### 3.2 Significant accounting policies (*continued*)

Amendments to IFRS 3- Business Combinations- reference to the Conceptual Framework	The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework rather than the 1989 Framework. They also add to IFRS 3 a requirement that for obligations within the scope of IAS 37, an acquirer applies IAS 37*to determine whether at the acquisition date a present obligation exists as a result of past events. The amendments also require that an acquirer does not recognize contingent assets acquired in a business combination.	The amendments are effective for annual periods beginning on or after January 1, 2022.
IFRS 17 Insurance Contracts	The amendments address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date on the initial application of IFRS 17.	The amendments are effective for annual periods beginning on or after January 1, 2022.
Amendments to IFRS 10 and IAS 28	The amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method are recognized in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate of a joint venture that is accounted for using the equity method) to fair value are recognized in the former parent's profit or loss only to the extent of the unrelated investors' interest in the new associate or joint venture.	Effective date has not been set yet.

#### 3.3 New standards, interpretations, and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Institute has decided not to adopt early.

At the date of authorisation of these financial statements, the Institute has not applied the following new and revised IFRSs that have been issued but are not yet effective. The Directors do not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Institute in future periods, except where indicated:

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Material Accounting Policy Information *(continued)*

Standard	Requirement	Effective date
Amendment to IFRS 4 - Extension of the temporary exemption from applying IFRS 9	The IASB deferred the effective date of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. As a consequence, the Board extended the expiry date in IFRS 4 for the temporary exemption from IFRS 9 by two years to annual periods beginning on or after 1 January 2023. The extension maintains the alignment between the expiry date of the temporary exemption and the effective date of IFRS 17.	Annual reporting periods beginning on or after 1 January 2023.
Amendment to IAS 1- Classification of Liabilities as Current or Non-current – Deferral of Effective Date	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, specifically 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 counterparty of cash, equity instruments, other assets or services.	Annual periods beginning on or after 1 January 2023. Earlier application is permitted. The amendment may affect ZIPAR's classifications of liabilities as current or non-current.
Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2 - Making Materiality judgements - Disclosure of Accounting Policies	The amendments change the requirements of IAS 1 and are intended to help preparers in deciding which accounting policies to disclose in their financial statements. 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.	Annual periods beginning on or after 1 January 2023. Earlier application is permitted and is applied prospectively. The amendments will have an impact on the financial statements of ZIPAR.

The following amendments are effective for the annual period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures)

These amendments are not likely to impact the Institute significantly.

The following amendment is effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates).

The Institute is currently assessing the impact of these new accounting standards and amendments. ZIPAR does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Institute.

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Material Accounting Policy Information (continued)

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### *New sustainability and climate related standards not yet effective*

The International Sustainability Standards Board has issued the sustainability disclosures standard and the climate related disclosures standard. These standards are unlikely to have a significant impact on the ZIPAR.

#### **IFRS S1: General sustainability related disclosures**

The Standard requires an entity to disclose information about all their significant sustainability related risks and opportunities. The standard is effective for annual periods beginning on or after 1 January 2024. Earlier application is permitted.

#### **IFRS S2: Climate related disclosures**

The Standard requires an entity to provide information about its exposure to climate related risks and opportunities. The standard is effective for annual periods beginning on or after 1 January 2024. Earlier application is permitted.

### **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:

<b>Asset class</b>	<b>Rate</b>
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.

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Material Accounting Policy Information (*continued*)

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### 6. Intangible assets

#### *Recognition and measurement*

Intangible assets acquired separately are initially recognised at cost<sup>†</sup>. 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.

#### *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

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Material Accounting Policy Information (*continued*)

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

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.

#### 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.
- 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.

# Zambia Institute for Policy Analysis and Research - ZIPAR

## Financial Statements for the year ended 31 December 2022

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

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

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 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 income or loss; 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.

#### 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.

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Material Accounting Policy Information (*continued*)

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

When the Institute exchanges with the existing lender one debt instrument into another one with the 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 the 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

#### *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 component 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.

# Zambia Institute for Policy Analysis and Research - ZIPAR

## Financial Statements for the year ended 31 December 2022

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

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

##### *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.

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 income or expenditure 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

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Material Accounting Policy Information *(continued)*

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

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.

#### *iii) Termination benefits*

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. 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

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Material Accounting Policy Information (*continued*)

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### 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.

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.

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Material Accounting Policy Information (*continued*)

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### *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.

### *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.

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Notes to the Financial Statements

	2022 K	2021 K
<b>12. Income</b>		
Appropriations from GRZ	<u>20,662,587</u>	<u>13,090,323</u>
<b>13. Other Income</b>		
Income from Consultancy	6,530,122	4,538,460
Interest Received	313,591	247,693
Exchange Gains	1,613	-
Other Income	19,626	245,100
Amortisation of Capital Grant	<u>124,583</u>	<u>472,654</u>
	<u>6,989,535</u>	<u>5,503,907</u>
<b>14. Employee Costs</b>		
Salaries and Wages	10,796,855	8,960,246
Staff Welfare	1,149,032	886,570
Worker's Compensation Fund	<u>19,688</u>	<u>9,125</u>
	<u>11,965,575</u>	<u>9,855,941</u>
<b>15. Inventory</b>		
Inventory	<u>35,999</u>	<u>34,245</u>

**Zambia Institute for Policy Analysis and Research**  
Financial Statements for the year ended 31 December 2022

Notes to the Financial Statements (*continued*)

16. Plant and Equipment	2022	Plant & Machinery	Motor Vehicles	Computer Equipment	Furniture & Fittings	Office Equipment	Total
		K	K	K	K	K	K
<b>Cost</b>							
1 January 2022		188,315	1,897,855	879,659	553,251	454,797	3,973,877
Additions for the year		-	-	1,202,092	-	175,038	1,377,130
Disposals during the year		-	-	-	(26,445)	-	(26,445)
31 December 2022		<b>188,315</b>	<b>1,897,855</b>	<b>2,081,751</b>	<b>526,806</b>	<b>629,835</b>	<b>5,324,562</b>
<b>Accumulated Depreciation</b>							
1 January 2022		159,494	1,897,855	807,838	463,172	262,422	3,590,781
Charge for the year		12,836	-	136,273	11,604	29,790	190,503
Depreciation on disposal		-	-	-	(36,641)	-	(36,641)
31st December 2022		<b>172,330</b>	<b>1,897,855</b>	<b>944,111</b>	<b>438,135</b>	<b>292,212</b>	<b>3,744,643</b>
<b>Net Book Value</b>							
31 December 2022		<b>15,985</b>	-	<b>1,137,640</b>	<b>88,671</b>	<b>337,623</b>	<b>1,579,919</b>
31 December 2021		<b>28,821</b>	-	<b>71,821</b>	<b>90,079</b>	<b>192,375</b>	<b>383,096</b>

## Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

### Notes to the Financial Statements (continued)

16. Plant and Equipment (continued)	2021							TOTAL K
	Plant & Machinery K	Motor Vehicles K	Computer Equipment K	Furniture & Fittings K	Office Equipment K			
Cost								
1 January 2021	188,315	2,779,474	827,044	497,809	291,252		4,583,894	
Additions for the year	-	-	52,615	55,442	163,545		271,602	
Disposals during the year	-	(881,619)	-	-	-		(881,619)	
31 December 2021	188,315	1,897,855	879,659	553,251	454,797		3,973,877	
Accumulated Depreciation								
1 January 2021	124,514	2,217,868	725,548	407,197	229,592		3,704,719	
Charge for the year	34,980	282,425	82,290	55,975	32,830		488,500	
Depreciation on disposal	-	(602,438)	-	-	-		(602,438)	
31 December 2021	159,494	1,897,855	807,838	463,172	262,422		3,590,781	
Net Book Value								
31 December 2021	28,821	-	71,821	90,079	192,375		383,096	
31 December 2020	63,801	561,606	101,496	90,612	61,660		879,175	

**Zambia Institute for Policy Analysis and Research**  
Financial Statements for the year ended 31 December 2022

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

	2022 K	2021 K
<b>17. Research and Other Receivables</b>		
Trade Receivables	667,975	1,064,211
Other Receivables	720,279	553,820
Prepayments	70,355	118,371
	<u>1,458,609</u>	<u>1,736,402</u>
<b>18. Payables and Accruals</b>		
Research and Other Payables	1,508,672	2,028,138
Provisions and Accruals	206,930	173,427
Contract Liabilities	2,223,114	1,679,082
	<u>3,938,716</u>	<u>3,880,647</u>
<b>19. Cash and Cash Equivalents</b>		
Investrust Mulungushi	30,705	30,705
Zanaco Gratuity B Account	3,470,851	516,807
BDU Indo Zambia Bank	2,150,502	2,679,949
Indo Zambia Bank-GRZ	8,134,835	2,496,193
Investrust Arcades - BDU	1,070,061	66,041
Indo Bank Loan Revolving	211,948	152,778
	<u>15,068,902</u>	<u>5,942,473</u>
<b>20. Capital Grants</b>		
At 1 January	606,993	1,079,647
Addition	877,538	-
Amortisation	(124,583)	(472,654)
At 31 December	<u>1,359,948</u>	<u>606,993</u>
<b>21. Accumulated Funds and Reserves</b>		
Accumulated Fund	3,451,681	1,353,886
Retained Earnings	5,799,678	2,097,795
Revaluation Reserve	-	(76,615)
	<u>9,251,359</u>	<u>3,375,066</u>

## Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

### Notes to the Financial Statements (continued)

	2022 K	2021 K
<b>22(a) Employee Benefits</b>		
Gratuity Payable	2,842,953	1,124,116
Leave Pay	750,453	791,158
At 31 December	<u>3,593,406</u>	<u>1,915,274</u>
<b>22(b) Employee Benefits</b>		
<b>Payable after one year</b>		
Gratuity Payable after one Year	<u>2,020,857</u>	1,124,116
<b>Payable within one year</b>		
Gratuity Payable within one Year	822,096	-
Leave Pay	750,453	791,158
	<u>1,572,549</u>	<u>791,158</u>
At 31 December	<u>3,593,406</u>	<u>1,915,274</u>

### 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.

**Zambia Institute for Policy Analysis and Research - ZIPAR**  
 Financial Statements for the year ended 31 December 2022

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

	2022 K	2021 K
<b>23. Financial instruments – Risk management (continued)</b>		
<b>Risk management framework (continued)</b>		
The carrying amount of the Institute’s financial instruments by classification is as follows:		
<b>Categories of financial instruments</b>		
<i>Financial Assets</i>		
Receivables	1,458,609	1,736,402
Short Term Investments	-	1,681,764
Cash and Cash Equivalents	<u>15,068,902</u>	<u>5,942,473</u>
	<u><b>16,527,511</b></u>	<u><b>9,360,639</b></u>
<i>Financial Liabilities</i>		
Payables and Accruals	3,938,716	3,880,647
Capital Grant	1,359,948	606,993
Other Liabilities	<u>3,593,407</u>	<u>1,915,274</u>
	<u><b>8,892,071</b></u>	<u><b>6,402,914</b></u>

**(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.

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Notes to the Financial Statements (continued)

	2022	2021
	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	1,388,254	1,618,031
Prepayments	70,355	118,371
Short Term Investments	-	1,681,764
Cash and Cash Equivalents	15,068,902	5,942,473
	<u>16,527,511</u>	<u>9,360,639</u>

#### (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.

**Zambia Institute for Policy Analysis and Research - ZIPAR**  
Financial Statements for the year ended 31 December 2022

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

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*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.

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Notes to the Financial Statements (continued)

### (iv) Liquidity risk management (continued)

2022	1 - 3 months K	3 months - 1 year K	1 - 5 years K	TOTAL K
<b>Liabilities</b>				
Contract Liabilities	2,223,114	-	-	2,223,114
Research and Other Payables	1,508,672	206,930	4,953,355	6,668,957
	<b>3,731,786</b>	<b>206,930</b>	<b>4,953,355</b>	<b>8,892,071</b>
<b>Assets</b>				
Cash and Cash Equivalents	15,068,902	-	-	15,068,902
Receivables	667,975	-	720,279	1,388,254
Prepayments	70,355	-	-	70,355
	<b>15,807,232</b>	<b>-</b>	<b>720,279</b>	<b>16,527,511</b>
2021	1 - 3 months K	3 months - 1 year K	1 - 5 years K	TOTAL K
<b>Liabilities</b>				
Contract Liabilities	1,679,082	-	-	1,679,082
Research and Other Payables	2,028,138	173,427	2,522,267	4,723,832
	<b>3,707,220</b>	<b>173,427</b>	<b>2,522,267</b>	<b>6,402,914</b>
<b>Assets</b>				
Cash and Cash Equivalents	5,942,473	-	-	5,942,473
Receivables	1,064,211	-	553,820	1,618,031
Prepayments	118,371	-	-	118,371
Short term Investments	-	1,681,764	-	1,681,764
	<b>7,125,055</b>	<b>1,681,764</b>	<b>553,820</b>	<b>9,360,639</b>

### 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.

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Notes to the Financial Statements (continued)

### 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	2022 K	2021 K
Government funding received	<u>20,662,587</u>	<u>13,090,323</u>

#### (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:

	2022 K	2021 K
Directors' remuneration	218,958	191,702
Board expenses	88,187	93,291
Key management compensation	<u>4,766,894</u>	<u>3,785,481</u>

## Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

### Notes to the Financial Statements (continued)

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

(i) Balances due to/from related parties	2022 K	2021 K
(a) Balances due to/from key management:		
• Loans due from Key management personnel	86,776	107,048
• Gratuity due to key management personnel	1,286,665	1,149,164
• Leave pay due to key management personnel	436,158	348,259

#### 25. Prior period adjustment

2021	Accumulated Funds	NAPSA Payable
As previously stated	4,460,622	59,185
Prior period adjustment	(1,008,941)	1,008,941
<b>At 31 December 2021 as restated</b>	<b>3,451,681</b>	<b>1,068,126</b>

The prior period adjustment arises from Napsa penalties charged to the institute for non-remittance of contributions dating as far back as the year 2009.

#### 26. Contingent liabilities

The Institute had no contingent liabilities as at 31<sup>st</sup> December 2022 (2021 – Nil).

#### 27. Capital commitments

The Institute had no capital commitments as at the year-end (2021 – Nil).

#### 28. 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.

#### 29. Comparative figures

Comparative figures have been restated/ reclassified to allow meaningful comparisons with the current year.

# Zambia Institute for Policy Analysis and Research - ZIPAR

Financial Statements for the year ended 31 December 2022

## Appendix 1: Detailed Statement of Comprehensive Income

	2022 K	2021 K
<b>INCOME</b>		
GRZ Grant Received	20,662,587	13,090,323
	<u>20,662,587</u>	<u>13,090,323</u>
<b>OTHER INCOME</b>		
Income from Consultancy	6,530,122	4,538,460
Interest Received	252,557	198,459
Foreign Exchange Gain	1,613	-
Interest Earned from Staff Loans	61,034	49,234
Other Income	19,626	245,100
Amortisation of Capital Grant	124,583	472,654
	<u>6,989,535</u>	<u>5,503,907</u>
<b>TOTAL INCOME</b>	<u>27,652,122</u>	<u>18,594,230</u>
<b>RESEARCH AND OTHER EXPENDITURE</b>		
Accounting Fees	-	360
Bank Charges	13,095	10,867
Cleaning & Sanitation	37,903	51,012
Fuel & Oils	367,385	224,832
Computer Expenses	354,476	145,007
Courier & Postage	10,451	8,686
Depreciation	319,972	503,065
Electricity & Water	76,500	87,903
Policy Dialogue & Dissemination	269,570	391,878
Research Studies and Activities	3,731,808	1,397,379
Conferences & Seminars	248,330	52,157
Miscellaneous	1,575	-
Insurance	119,758	92,750
Legal Fees	-	150
Audit Fees	158,600	120,000
Board Expenses	307,955	93,291
Procurement	8,425	1,600
Recruitment	3,564	26,713
Advertising	28,052	63,248
Professional Fees	46,357	-
Magazines & Journals	26,030	26,584
Motor Vehicle Expenses	55,741	56,224
Printing & Stationery	249,295	248,735
Profit and Loss on Foreign Exchange	42,288	-
R & M - Motor Vehicle	120,793	196,598
R & M - Computer	36,660	-
R & M - Furniture,	25,560	-
R & M - Building	3,495	-
<b>SUB-TOTAL</b>	<u>6,663,638</u>	<u>3,799,039</u>

**Zambia Institute for Policy Analysis and Research - ZIPAR**  
 Financial Statements for the year ended 31 December 2022

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

	2022 K	2021 K
Transport Allowance	14,805	-
Lunch Allowance	10,390	-
Gratuity	2,110,693	1,605,608
Leave Pay	204,880	314,682
Staff Welfare	1,149,032	886,570
Salaries and Wages	10,796,855	8,960,246
NAPSA Contribution -	434,062	293,866
Workers Compensation	19,688	9,125
NHIMA - Employer's Contribution	77,753	62,082
Telephone, Internet & Fax	259,328	248,181
Official Entertainment	34,705	37,857
Revaluation Loss	76,615	-
Loss on sale/Donation of Assets	-	279,179
<b>SUB-TOTAL</b>	<b>15,188,806</b>	<b>12,697,396</b>
<b>TOTAL RESEARCH AND OTHER EXPENDITURE</b>	<b>21,852,444</b>	<b>16,496,435</b>
<b>SURPLUS FOR THE YEAR</b>	<b>5,799,678</b>	<b>2,097,795</b>