Financial Intelligence Centre

# ANNUAL REPORT 2022

A Zambia with a stable financial system resilient to financial crimes

Financial Intelligence Centre

# 2022

**FIC**
**P.O Box 30481**
**LUSAKA**
**Tel: +260 211 220254**
**Web: http://www.fic.gov.zm**

# About the Centre

The Financial Intelligence Centre ('the Centre') is an autonomous body corporate established under the *Financial Intelligence Centre Act No. 46 of 2010* ((*as amended*) ('*the FIC Act*')). The Centre's core function is to receive, request, analyse Suspicious Transaction Reports (STRs) and other disclosures for dissemination of financial intelligence reports to relevant competent authorities for investigations and prosecution where there are reasonable grounds to suspect that crimes have been committed. In addition, the Centre generates strategic financial intelligence which may be used to identify trends and patterns relating to money laundering (ML), terrorism financing (TF) and proliferation financing (PF). The Centre can supervise any reporting entity that is not regulated or supervised by a Supervisory Authority or where the responsible Supervisory Authority fails or neglects to enforce compliance in terms of the FIC Act or any other written law.

In executing its mandate, the Centre works closely with reporting entities (REs), Law Enforcement Agencies (LEAs), Supervisory Authorities and other competent authorities and in so doing seeks to among other things:

i. Protect the integrity and contribute to the stability of the financial system by making it difficult for criminals to hide the illicit proceeds and cutting off resources for the financing of terrorism and proliferation;
ii. Make policy recommendations to the government on Anti-Money Laundering (AML) and Countering Terrorism or Proliferation Financing (CTPF) matters;
iii. Participate in the regional and international efforts to combat ML/TF/PF vices; and
iv. Ensure compliance by reporting entities and accountable institutions with the FIC Act through Risk Based Supervision.

# TABLE OF CONTENTS

## ACRONYMS

| | |
|---|---|
| ACC | Anti-Corruption Commission |
| AML | Anti-Money Laundering |
| ARINSA | Asset Recovery Inter-Agency Network of Southern Africa |
| CAs | Competent Authorities |
| CTPF | Countering Terrorism and Proliferation Financing |
| CTRs | Currency Transaction Reports |
| CBCDR | Cross Border Currency Declaration Reports |
| COMESA | Common Market for Eastern and Southern Africa |
| DNFBPs | Designated Non-Financial Businesses and Professions |
| ESAAMLG | Eastern and Southern Africa Anti Money Laundering Group |
| FATF | Financial Action Task Force |
| FIU | Financial Intelligence Unit |
| JIT | Joint Investigations Team |
| LEAs | Law Enforcement Agencies |
| MER | Mutual Evaluation Report |
| MoU | Memorandum of Understanding |
| MVTS | Money or Value Transfer Services |
| NGO | Non-Governmental Organization |
| PF | Proliferation Financing |
| PIPs | Prominent Influential Persons |
| PPSD | Public Private Sector Dialogue |
| REs | Reporting Entities |
| SI | Statutory Instrument |
| STRs | Suspicious Transaction Reports |
| TF | Terrorist Financing |
| The Centre | The Financial Intelligence Centre |
| The FIC Act | The Financial Intelligence Centre Act No. 46 of 2010 (as amended) |
| UNODC | United Nations Office on Drugs and Crime |
| VAs | Virtual Assets |
| VASPs | Virtual Asset Service Providers |
| ZRA | Zambia Revenue Authority |

# DIRECTOR GENERAL'S STATEMENT

## Director General's Statement

This report highlights key activities undertaken by the Centre during the period 1 January to 31 December, 2022. The year 2022 marked the end of the 2020 - 2022 Strategic Plan whose theme was "*enhanced collaboration and cooperation*". In this regard, many activities were undertaken by the Centre to align with this theme.

The Centre participated in a number of joint investigations with other competent authorities which led to 5 arrests, 27 motor vehicles forfeited to the State and a further 42 motor vehicles submitted for Gazetting in readiness for forfeiture to the State. In addition, joint training programs and awareness activities for various stakeholders were undertaken during the period under review. The Centre further collaborated with various stakeholders in the development of guidelines and publication of a typology report on Trade Based Money Laundering in Zambia.

Zambia took over the Presidency of the Eastern and Southern Africa Anti Money Laundering Group (ESAAMLG) and Chairmanship of the Task Force and the Council of Ministers in September, 2021. As a result in September, 2022, the country successfully hosted the 44th ESAAMLG Task Force and 22nd Council of Ministers and the 5th Public Private Sector Dialogue meetings. The meetings were attended by over 600 delegates from all ESAAMLG member countries, cooperating partners and supporting nations.

Further, the Centre coordinated the hosting of the Financial Action Task Force (FATF) International Cooperation Review Group Africa/Middle East Joint Group Meetings which were held from 6th to 15th September, 2022.

The Centre issued general and threshold regulations in 2022, to guide REs and enable them to comply with the obligations under the FIC Act. Further, in order to enforce compliance and dissuade would be offenders, administrative sanctions were imposed on four (4) reporting entities for non-compliance with the FIC Act.

The Centre saw an increase in the number of Suspicious Transaction Reports (STRs) received and the number of intelligence reports disseminated in the period under review. The Centre observed an emerging trend relating to human trafficking being perpetrated by Zambians and foreign nationals. Given these observations, the Centre will continue to collaborate with LEAs, the private sector and other stakeholders to ensure that it is able to execute its core mandate of fighting money laundering, terrorism financing and other financial crimes.

While compliance levels remained generally higher in the financial sector, the Centre noted an increase in reporting of STRs from the Designated Non-Financial Businesses and Professions (DNFBP) sector. This is an indication that the supervisory activities being undertaken by the Centre are bearing fruit. The Centre will therefore, continue to engage its stakeholders, enhance its operating systems and capacitate its employees to leverage on the achievements thus far.

I wish to thank the Management and staff of the Centre for their hard work and commitment to the mission of the institution. I further wish to thank all our stakeholders and in particular, the Ministry of Finance and National Planning for the continued support to the operations of the Centre. Finally I wish to thank the Cabinet whose approval of the AML/CFTP National Policy was a major milestone and demonstration of its commitment to the fight against economic and financial crimes.

**Liya B. Tembo (Mrs.)**
**Acting Director General**

## 1.0 VISION, MISSION, OBJECTIVES AND VALUES

During the period under review, all Centres' operations were guided by the 2020 - 2022 Strategic Plan. The Plan outlines the Centre's vision, mission and core values over the strategic period, as expressed in its objectives.

# VISION

A Zambia with a stable financial system resilient to financial crimes

# MISSION STATEMENT

A sole statutory agency dedicated to providing timely, high quality, impartial and actionable financial intelligence to law enforcement agencies and competent authorities in order to make the Zambian financial system resilient to financial crimes

# VALUES

**"I THE COURAGEOUS CIA"**

| | |
|---|---|
| I | Integrity |
| T | Transparency |
| H | Honesty |
| E | Excellence |
| C | Courageous |
| C | Confidentiality |
| I | Impartiality |
| A | Accountability |

## STRATEGIC OBJECTIVES

| | |
|---|---|
| 1 | "To enhance collaboration and cooperation with law enforcement agencies and other stakeholders by 2022" |
| 2 | "To enhance regional and international cooperation and support by 2022" |
| 3 | "To enhance effectiveness and efficiency in the Centre's operations by 2022" |
| 4 | "To enhance physical and electronic security by 2022" |
| 5 | "Focus resources on high risk sectors to increase AML/CFT compliance by 2022" |

## 2.0 IMPLEMENTATION OF THE STRATEGY

An evaluation of the Strategic Plan was undertaken in 2022, being the final year of its implementation. The following milestones were achieved under each strategic objective in the period under review:

### *2.1 To enhance collaboration and cooperation with law enforcement agencies and other stakeholders by 2022.*

In its continued effort to enhance its relationships with LEAs and other stakeholders, the Centre undertook joint operations with LEAs, awareness programs, joint supervisory activities and consultative meetings.

Further, the Centre continued to enhance exchange of information with various domestic government departments and institutions, regulators, LEAs and other competent authorities based on existing Memoranda of Understanding (MoUs).

### *2.2 To enhance regional and international cooperation and support by 2022*

The Centre enhanced its cooperation with both regional and international stakeholders by continuing to participate in various regional and international projects/meetings.

Zambia took over the Presidency of the ESAAMLG and Chairmanship of the Task Force and the Council of Ministers in September, 2021. As a result, in September, 2022, the country hosted the 44$^{th}$ ESAAMLG Task Force, 22$^{nd}$ Council of Ministers and the 5$^{th}$ Public Private Sector Dialogue (PPSD) meetings. The Centre as Secretariat of the National Task Force of Senior Officials coordinated the hosting of these meetings.

Further, the Centre participated in the Egmont Group meetings, FATF plenary sessions, UNODC, ARINSA and COMESA during the period under review.

### *2.3 To enhance effectiveness and efficiency in the Centre's operations by 2022*

The Centre continued to enhance its capacity to provide actionable intelligence and strategic analysis products during the period under review. This was done by increasing the staff complement and enhancing its ICT systems.

### *2.4 To enhance physical and electronic security by 2022*

The Centre continued to improve the security and safety of its operational environment and staff through increased awareness activities on personal safety and cyber security matters.

### *2.5 Focus resources on high risk sectors to increase AML/CFT compliance by 2022*

During the period under review, the Centre enhanced its risk based supervision of REs through the implementation of the risk based supervision framework. Supervisory activities on identified high risk sectors such as the DNFBPs were undertaken. The supervisory activities included risk based onsite inspections, monitoring, awareness and other outreach activities.

## 3.0 GOVERNANCE AND ORGANIZATIONAL STRUCTURE

### 3.1 The Board of Directors

The operations of the Centre are overseen by a Board of Directors appointed by the President of the Republic of Zambia in accordance with Section 7 of the FIC Act. The Board of Directors reports to the Minister of Finance and National Planning. In performing its functions as mandated by Section 8 of the FIC Act, the Board is charged with inter alia:

i. Monitoring and reviewing the administrative performance of the Centre in the carrying out of its functions under the FIC Act;
ii. Approving policies for the proper administration and management of the Centre;
iii. Reviewing the implementation of cooperation agreements established between the Centre and domestic or foreign designated authorities; and
iv. Considering and Approving the proposed budget of the Centre.

During the period under review, the Board of the Centre had not been appointed.

### 3.2 Organisational Structure

The Director General is the Chief Executive Officer of the Centre appointed by the Board subject to the approval of the Minister of Finance and National Planning, pursuant to Section 9 of the FIC Act. The Centre comprises the following directorates:

i. Monitoring and Analysis;
ii. Inspections;
iii. Compliance and Prevention;
iv. Legal and Policy;
v. Information Communications Technology; and
vi. Finance.

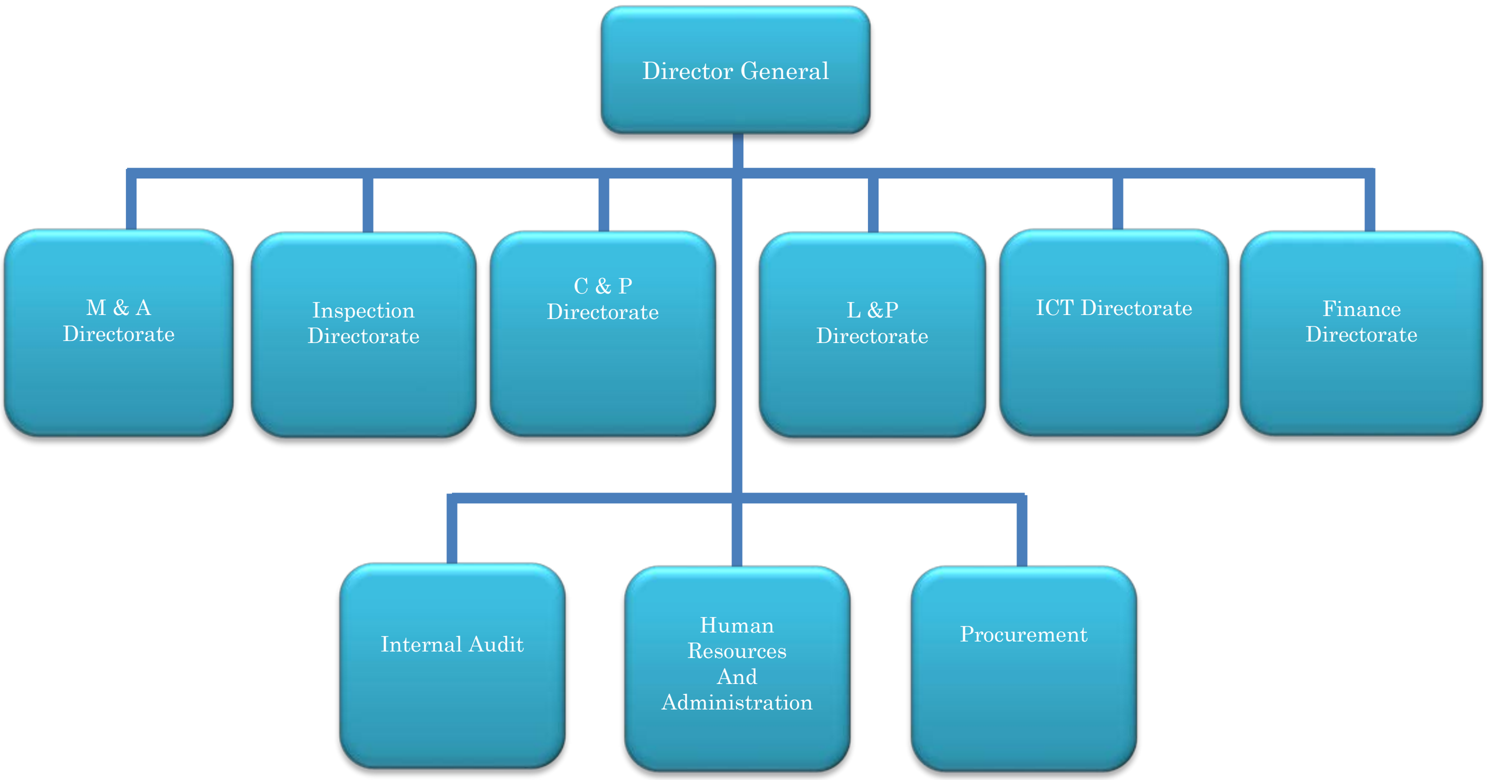


Chart 1: Organisational structure

## Office of the Director General

The office of the Director General is responsible for the overall operations and strategic direction of the Centre and achievement of its strategic objectives. During period the under review, the substantive Director General of the Centre had not been recruited.

The following Units: Internal Audit, Procurement and Human Resource and Administration are directly supervised by the office of the Director General.

## Monitoring and Analysis Directorate

The Monitoring and Analysis directorate receives, analyses and disseminates intelligence reports to the competent authorities for investigations and prosecutions. The directorate works closely with domestic and foreign competent authorities and provides support for investigations and asset recovery.

## Inspection Directorate

The Inspection directorate is responsible for AML/CFTP supervision which includes risk based inspections and monitoring of REs to ensure compliance with the FIC Act.

### Compliance and Prevention Directorate

The Compliance and Prevention directorate educates the public and REs on their AML/CTPF obligations. The directorate is responsible for co-ordinating regional and international AML/CTPF programmes. Further, the directorate gives guidance to REs to combat money laundering, financing of terrorism or proliferation activities on a risk sensitive basis.

### Legal and Policy Directorate

The Legal and Policy directorate is responsible for domesticating global AML/CTPF standards. In addition, the directorate also develops internal policies to ensure adherence to the Centre's general internal control framework. The directorate facilitates amendments to the FIC Act when necessary. Further, the directorate is responsible for legal representation and acts as parliamentary liaison.

### Information Communications Technology Directorate

The Information Communications and Technology directorate implements and administers ICT infrastructure of the Centre. The directorate provides support to other departments to ensure efficiency in the execution of their mandate.

### Finance Directorate

The finance directorate ensures prudent management of financial resources of the Centre in line with the Public Finance Management Act, Regulations and Standards.

**Summary of the Organisational Structure**

| | Department | Approved | Filled | Variance |
|---|---|---|---|---|
| 1 | Director General | 1 | 0 | 1 |
| | Human and Resource & Administration | 7 | 6 | 1 |
| | Internal Audit | 2 | 1 | 1 |
| | Procurement | 2 | 1 | 1 |
| | Personal Assistant | 1 | 1 | 0 |
| 2. | Monitoring and Analysis | 11 | 11 | 0 |
| 3. | Legal & Policy | 5 | 2 | 3 |
| 4. | Finance | 6 | 3 | 3 |
| 5. | ICT | 4 | 2 | 2 |
| 6. | Compliance & Prevention | 7 | 4 | 3 |
| 7 | Inspections | 16 | 6 | 10 |
| | **Total** | **62** | **37** | **25** |

## 4.0 FUNCTIONS OF THE FINANCIAL INTELLIGENCE CENTRE

The functions of the Centre as provided under Section 5 of the FIC Act are inter alia to:

i. Receive, request, analyse and evaluate suspicious transaction reports and information from any other source authorised under any written law to make a suspicious transaction report including a designated foreign authority to determine whether there are reasonable grounds to transmit reports for investigation by law enforcement agencies or designated foreign authorities;

ii. Disseminate information, spontaneously or on request, to law enforcement agencies and other competent authorities, where there are reasonable grounds to suspect money laundering or financing of terrorism or proliferation;

iii. Provide information relating to suspicious transactions to any designated foreign authority, subject to conditions that the Director-General may determine, in accordance with the FIC Act;

iv. Conduct strategic analysis to identify related trends and patterns relating to money laundering, financing of terrorism or proliferation or any other serious offence related to money laundering, financing of terrorism or proliferation;

v. Provide information, advice and assistance to law enforcement agencies in furtherance of an investigation;

vi. Educate the public and reporting entities of their obligations and inform them of measures to detect, prevent and deter money laundering, financing of terrorism or proliferation or any other serious offence relating to money laundering, financing of terrorism or proliferation;

vii. Provide information to supervisory bodies, law enforcement agencies and any other competent authority to facilitate law enforcement for prevention of money laundering, financing of terrorism or proliferation or any other serious offence related to money laundering, financing of terrorism or proliferation;

viii. Ensure compliance by reporting entities with the FIC Act, Regulations, directives, determinations, notices and circulars issued by the Centre or supervisory authorities;

ix. Give guidance to reporting entities to combat money laundering, financing of terrorism or proliferation activities or any other serious offence related to money laundering, financing of terrorism or proliferation on a risk sensitive basis;

x. Facilitate effective risk based supervision and enforcement of the FIC Act by supervisory authorities; and

xi. Supervise and enforce compliance with the FIC Act by reporting entities that are:

(a) Not regulated or supervised by a supervisory authority in terms of the FIC Act or any other written law: or
(b) Regulated or supervised by a supervisory authority in terms of the FIC Act or any other written law, if that supervisory authority fails or neglects to enforce compliance.

## 5.0 REPORTS RECEIVED, ANALYSED AND DISSEMINATED BY THE CENTRE

The FIC Act under Sections 29 and 30 require REs to submit STRs and Currency Transactions Reports (CTRs) respectively. In addition, Section 38 of the FIC Act as read with Regulation 8 of the FIC (Prescribed Threshold) Regulations, Statutory Instrument (SI) No. 53 of 2022, the Centre receives Cross Border Currency Declaration Reports (CBCDRs) from the Zambia Revenue Authority (ZRA).

The Centre receives, collects and analyses STRs by looking at transactional and non-transactional information, in order to identify proceeds of crime, money laundering, financing of terrorism and proliferation financing and provides intelligence on the same to LEAs for investigations and possible prosecutions. Further, the Centre receives information requests from various competent authorities, LEAs, and foreign Financial Intelligence Units (FIUs) to assist in investigation and prosecutions locally and internationally.

The following are reports that the Centre receives:

i. Suspicious Transaction Reports (STRs) - STRs are submitted on suspected or attempted money laundering, financing of terrorism or proliferation or any other serious offence whether in form of a data message or otherwise;

ii. Currency Transaction Reports (CTRs) - CTRs are reports filed by REs to the Centre in relation to any currency transaction in an amount equal to or above USD10,000 or kwacha equivalent whether conducted as a single transaction or several transactions that appear to be linked; and

iii. Cross Border Currency Declaration Reports (CBCDRs) - CBCDRs are reports declared to the ZRA by an individual entering or leaving Zambia with an amount in cash, bearer negotiable instruments or both, exceeding USD 5,000 or kwacha equivalent, whether denominated in kwacha or any foreign currency.

Each year, the Centre disseminates actionable intelligence reports to its stakeholders for use in investigations, prosecutions, tax collections as well as forfeiture of proceeds of crime.

### 5.1 Suspicious Transaction Reports Received

During the period under review, the Centre received a total of five thousand seven hundred and forty-five (5,745) STRs, representing an increase of 123% from the year 2021 (2,577 reports). The value of the reports received in 2022 was ZMW 5,970 million representing a decrease of 8.6% compared to the year 2021 (ZMW 6,533 million). This is depicted in table 1 below.

*Table 1: Reports received by number and value*

| Year | Years | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| Number of Reports | 5,745 | 2,577 | 2,266 |
| Value (ZMW) | **5,970** | **6,533** | **6,160** |

*Source: Financial Intelligence Centre, Zambia-2022*

The STRs received in 2022, were mostly on suspicion of large or unusual cash deposits, large inward remittances and large or unusual cash withdrawals. The increase in the number of STRs by the Centre was attributed to supervisory activities undertaken by the Centre.

### 5.1.1 Suspicious Transaction Reports received by Sector

The banking sector submitted 5,574 STRs out of the total of 5,743 reports received by the Centre in the period under review representing 97% of reports received.

In the reporting period, the Centre noted an increase in the number of STRs submitted by the DNFBPs sector. Nonetheless, the banking sector reported most of the STRs. Table 2 below shows the number of STRs that were submitted to the Centre by the sectors.

*Table 2: Suspicious Transaction Reports by Sector or Service*

| | Number of reports received by year | | |
|---|---|---|---|
| Sector /Service | 2022 | 2021 | 2020 |
| **Banks** | 5,574 | 2,522 | 2,185 |
| **MVTS Providers** | 144 | 42 | 41 |
| **Microfinance** | 8 | 13 | 31 |
| **Casinos (DNFBPs)** | 15 | 0 | 0 |
| **Accounting Firms (DNFBPs)** | 2 | 0 | 0 |
| **Insurance** | 0 | 0 | 4 |
| **Bureaus** | 0 | 0 | 5 |
| Total | **5,743** | **2,577** | **2,266** |

*Source: Financial Intelligence Centre, Zambia-2022*

### 5.1.2 Suspicious Transaction Reports Analysed

A total of 155 STRs were analysed in 2022 compared to 211 STRs analysed in 2021, representing a 26.5% decrease. Despite a decrease in the number of reports analysed, there was a 28.4% increase in the value of the analysed reports in 2022 compared to 2021. The decrease is attributed to the three main reasons below:

#### i. Staffing levels/JIT

During the year under review, some analysts were attached to the JIT which in the long run impacted on the overall analysis and disseminations conducted by the Centre. However, the participation in the JIT resulted into cases being concluded and assets being recovered. Overall the Centre provided inputs on 200 requests arising from 61 cases which were being investigated by the JIT.

#### ii. Prioritizing

In addition, the decrease in the number of reports analysed can be attributed to the Centre maturing its prioritizing model used in analyzing STRs. During the year under review, the analysis focused on high profile cases. This was evidenced from the high value of STRs analysed.

The predicate offenses related to the reports analysed are depicted in table 3 below:

*Table 3: Analysed Reports by value and number*

| Suspected Offence | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| | No. of reports | ZMW (Millions) | No. of reports | ZMW (Millions) | No. of reports | ZMW (Millions) |
| Money Laundering | 45 | 3031 | 34 | 1,628 | 7 | 466 |
| Corruption | 13 | 1,664 | 22 | 1,286 | 18 | 2232 |
| Tax Crimes | 64 | 1,342 | 89 | 1,067 | 41 | 719 |
| Violations of BFSA SI No. 38 of 2003 Section 39 (c) | 8 | 53 | 0 | 0 | 0 | 0 |
| Fraud | 6 | 21 | 55 | 302 | 12 | 26 |
| Terrorist Financing | 11 | 1.87 | 4 | 0.33 | 1 | 0.16 |
| Other offences | 8 | 0.5 | 7 | 91 | 278 | 53 |
| Illegal mining in precious metals & stones | 0 | 0 | 0 | 0 | 7 | 165 |
| | **155** | **6,113** | **211** | **4,374** | **364** | **3661** |

*Source: Financial Intelligence Centre, Zambia-2022*

### 5.1.3 Intelligence Reports Disseminated

Out of 155 STRs analysed, a total of 129 reports were disseminated to LEAs in 2022 compared to 44 disseminations in 2021, representing a 193% increase. Further, the value of the disseminated reports increased from ZMW3. 6 billion in 2021 to ZMW5. 8 billion in 2022 representing a 38.92% increase. This is depicted in table 4 below:

*Table 4: Disseminated Reports by value and number*

| Suspected Offence | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| | No. of reports | ZMW (Millions) | No. of reports | ZMW (Millions) | No. of reports | ZMW (Millions) |
| Money Laundering | 44 | 2,783 | 16 | 1,543 | 3 | 4 |
| Corruption | 10 | 1,643 | 4 | 1,276 | 14 | 2,228 |
| Tax Evasion | 52 | 1,330 | 17 | 722 | 24 | 717 |
| Violations of BFSA SI No. 38 of 2003 Section 39 (c) | 8 | 53 | 0 | 0 | 0 | 0 |
| Fraud | 4 | 17 | 3 | 20 | 6 | 26 |
| Terrorist Financing* | 11 | 1.87 | 4 | 0.33 | 1 | 0.16 |
| Illegal mining in precious metals & stones | 0 | 0 | 0 | 0 | 7 | 165 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Others | 0 | 0 | 0 | 0 | 6 | 1.84 |
| Total | **129** | **5,828** | **44** | **3,560** | **61** | **3,142** |

*Source: Financial Intelligence Centre, Zambia-2022*

### 5.1.4 Feedback on Disseminated Intelligence Reports

The Centre received feedback from competent authorities on the intelligence reports that were disseminated during the period under review as depicted in table 5 below:

*Table 5: Feedback on disseminated Intelligence Reports*

| Summary of Feedback | Number of Cases |
|---|---|
| **Suspects Arrested** | 10 |
| **Closed** | 6 |
| **Under investigations** | 26 |
| **Investigations concluded** | 3 |
| **Suspect at large** | 3 |
| **Property Seized** | 2 |
| **In court** | 2 |
| **Suspects convicted** | 1 |
| Total | **53** |

*Source: Financial Intelligence Centre, Zambia-2022*

## 5.2 Freezing of Accounts

During the period under review, 3 bank accounts were frozen amounting to ZMW 31.1 million on grounds of suspected theft and ML to allow for further verification and analysis.

## 5.3 Currency Transaction Reports

### 5.3.1 Currency Transaction Reports Received

In the year 2022, a total of 239,717 CTRs were received compared to 145,852 in 2021 representing a 64% increase. Table 6 below shows CTRs received in the last three years.

*Table 6: CTRs by number*

| Year | Number of CTRs |
|---|---|
| **2022** | **239,717** |
| **2021** | **145,852** |
| **2020** | **129,826** |

*Source: Financial Intelligence Centre, Zambia-2022*

### 5.3.2 Currency Transaction Reports Analysed

Analysis of the CTRs revealed that 90,774 were relating to individuals while 148,943 related to corporates. It was noted that individuals had continued to use personal accounts for business transactions which may be a method for evading tax obligations and other crimes. It was also noted that for corporates, most transactions were being done by Agricultural and Construction Companies. Table 7 below shows the CTRs by category:

*Table 7: CTRs by category*

| Category | 2022 | 2021 | 2020 |
|---|---|---|---|
| **Corporates** | 148,943 | 92,604 | 85,095 |
| **Individuals** | 90,774 | 53,248 | 44,731 |
| Total | **239,717** | **145,852** | **129,826** |

*Source: Financial Intelligence Centre, Zambia-2022*

## 5.4 Cross Border Currency Declaration Reports

### 5.4.1 Cross Border Currency Declaration Reports Received

The Centre received 4,025 CBCDRs in 2022 compared to 1,720 in 2021 representing 134% increase. Table 8 below shows CBCDRs by number and value received by the Centre.

*Table 8: Cross Border Currency Declaration Reports by value and number*

| Year | No. of reports | Amount in USD (Millions) |
|---|---|---|
| **2022** | 4,025 | 1,088.00 |
| **2021** | 1,720 | 219.17 |
| **2020** | 672 | 99.95 |

*Source: Financial Intelligence Centre, Zambia-2022*

### 5.4.2 Analysis of Cross Border Currency Declaration Reports

Out of the 4,025 CBCDRs received, 4,019 were from Kasumbalesa Border, 4 were from Victoria Falls Boarder, 1 from Nakonde Border and 1 from Katima Mulilo Border.

## 6.0 EXCHANGE OF INFORMATION

### 6.1 Request for information made by the Centre

In its continued effort to coordinate and collaborate with domestic and international competent authorities, the Centre exchanged information with both local and foreign institutions. In the period under review the Centre made 44 domestic and 25 foreign requests compared to 25 domestic and 10 foreign requests made in 2021. Table 9 below represents requests made by the Centre.

*Table 9: Request for Information made by the Centre*

| Year | To Local Competent Authorities | To Foreign Competent Authorities |
|---|---|---|
| **2022** | 44 | 25 |
| **2021** | 25 | 10 |
| **2020** | 28 | 20 |

*Source: Financial Intelligence Centre, Zambia-2022*

### 6.2 Request for information received by the Centre

In 2022, the Centre received 145 requests for information from domestic competent authorities and 26 from foreign FIUs compared to 33 requests from domestic competent authorities and 5 from foreign FIUs in 2021. This is depicted in table 10 below:

*Table 10: Request for Information received by the Centre*

| Year | From Local Competent Authorities | From Foreign Competent Authorities |
|---|---|---|
| **2022** | 145 | 26 |
| **2021** | 33 | 5 |
| **2020** | 30 | 4 |

*Source: Financial Intelligence Centre, Zambia-2022*

## 7.0 SUSPECTED TERRORISM FINANCING

In 2022, the Centre received 11 STRs relating to terrorist financing which were all analyzed and disseminated. The STRs related to persons who were suspected to be members of an international network of financial facilitators and companies.

The increase in the number of reports relating to TF can be attributed to the timely identification and reporting by REs and increased collaboration among stakeholders. Table 11 below shows the number of TF disseminations:

*Table 11: Disseminated Reports on Suspected Terrorism Financing (TF)*

| **No. of Reports by year** | **Years** | | |
|---|---|---|---|
| | 2022 | 2021 | 2020 |
| | 11 | 4 | 1 |

*Source: Financial Intelligence Centre, Zambia-2022*

## 8.0 CONTINUING TRENDS

The Centre observed that most of the trends noted in 2021 continued in 2022. These included:

i. Prominent Influential Persons (PIPs) involvement in financial crimes such as procurement corruption involving public goods or services;
ii. Usage of Zambians by foreign nationals to open bank accounts that were used to externalize funds;
iii. Usage of personal accounts to conduct business transactions;
iv. Externalisation of funds to tax haven by foreign individuals, PIPs and corporates; and
v. Usage of cash in high value transactions.

## 9.0 EMERGING TRENDS

The following emerging trends were observed in 2022:

i. Zambian nationals opening shell companies in foreign jurisdictions which are later used to apply for Government contracts;
ii. Use of shell companies to register immovable assets;
iii. Human trafficking perpetrated by foreign nationals with the help of Zambians;
iv. Mushrooming of second hand motor vehicle dealers and filling stations; and
v. Cyber-crimes.

## 10.0 SUPERVISION ACTIVITIES

### 10.1 Inspections

In line with the Centre's mandate, during the period under review, supervision activities were undertaken on 280 REs in accordance with section 11A and 11B of the FIC Act. Table 12 below shows supervisory activities conducted in 2022.

*Table 12: Supervisory activities conducted in 2022*

| Sector | Supervisory Tool | Number of Reporting Entities Supervised |
|---|---|---|
| Banking | On-site Inspection | 3 |
| MVTS | Post Monitoring Review | 13 |
| Real Estate Agents | Post monitoring Review | 14 |
| Real Estate Agents | Off-site monitoring | 15 |
| Accounting and Audit Sector | Post Monitoring Review | 63 |
| Casino | Post Monitoring Review | 20 |
| Precious Stones and Metals | Off-site monitoring | 14 |
| Bureau de Change | Off-site monitoring | 63 |
| Legal Practitioners | Off-site monitoring | 75 |

Overall the financial institutions continue to show better levels of compliance relative to the other sectors supervised in 2022. Nonetheless, some banks had strategic weaknesses in their transaction monitoring systems which made them to miss reporting of qualifying transactions. Generally, the AML/CFTP controls in the DNFBP sector continued to be in their early stages of development and implementation.

### 10.2 Outreach Activities

During the period under review, the Centre conducted outreach activities to various stakeholders in the private (REs), public and civil society to increase awareness on the Centre's mandate. A total number of 1,704 participants were trained/educated on AML/CFTP matters. Among the stakeholders engaged include Members of Parliament (MPs) from Zambia and Uganda. Other stakeholders engaged include government ministries, the media and LEAs.

The Centre developed and published sector specific guidelines for the Virtual Asset Service Providers (VAPS) and Non-Governmental Organizations sectors.

Further, in raising public awareness on ML/TF/PF trends, methods and activities in Zambia, the Centre published the 2021 Trends Report which focused on Corruption, Tax Evasion and Associated Money Laundering. The Centre also published a typology report on Trade Based Money Laundering in Zambia (TBML) with the theme: *The Dark-Side of International Trade* which focused on identifying TBML risk indicators and providing a basis for authorities to formulate strategies to combat TBML in Zambia. The report further provided recommendations to enhance Zambia's capacity to combat TBML.

## 10.3 Designation of Compliance Officers

All REs are required under the FIC Act to appoint a Compliance Officer responsible for the implementation of the AML/CFTP Compliance Programmes.

***Table 13***: *Status of Compliance officers of Reporting Entities as at end of 2022 approved by the Centre*

| Name of Sector | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| | No. of REs | No. of COs | No. of REs | No. of COs | No. of REs | No. of COs |
| Pensions and Insurance | 80 | 34 | 80 | 21 | 80 | 19 |
| Commercial Banks | 17 | 17 | 17 | 17 | 19 | 19 |
| Money Value Transfers (MVTS) Providers | 19 | 23 | 19 | 19 | 26 | 8 |
| Non-Bank Financial Institutions (NBFIs) | 44 | 35 | 44 | 37 | 41 | 24 |
| Capital Market Entities | 31 | 11 | 31 | 9 | 31 | 8 |
| Bureaux De Change | 74 | 34 | 74 | 29 | 76 | 20 |
| Casinos | 43 | 13 | 43 | 8 | 30 | 8 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Law firms | 193 | 22 | 193 | 19 | 193 | 18 |
| Dealers in Precious Stones and Metals (DPSM) | 20 | 6 | 20 | 0 | 1793 | 0 |
| Real Estate Agents | 42 | 29 | 42 | 27 | 41 | 13 |
| Accounting/ Audit Firms | 120 | 55 | 120 | 47 | 120 | 34 |
| Totals | 683 | 279 | 683 | 235 | 2450 | 171 |

s

There was a continued rise in the number of REs that appointed compliance officers across various sectors. This was attributed to not only increased awareness but inspection activities as well.

It was noted that accountable institutions also designated compliance officers in particular, the motor vehicle dealers during the year under review.

***Table 14**: Status of Compliance officers of Motor Vehicle Dealers as at end of 2022 approved by the Centre*

| Name of Sector | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| | No. of REs | No. of COs | No. of REs | No. of COs | No. of REs | No. of COs |
| Motor Vehicle Dealers | 2 | 2 | - | - | 31 | 2 |

## 10.4 Administrative Sanctions

During the period under review, the Centre imposed administrative sanctions on 4 REs. The major violations were non reporting of STRs and failure to establish compliance programmes. The sanctions were imposed on REs in the banking and real estate sectors.

## 10.5 National Anti-Money Laundering and Countering Terrorism and Proliferation Financing Policy

The Government of the Republic of Zambia approved the National AML/CPTF Policy on 14th November, 2022 which the Centre coordinated its development.

The Policy is cardinal in the fight against ML/TF/PF is anchored on the overall objective of improving the existing system to effectively fight ML/TF/PF crimes in Zambia. The specific objectives are:

i. To improve effectiveness and efficiency in institutions to prevent and counter ML/TF/PF;
ii. To achieve increased awareness on the vices of ML/TF/PF among the general public;
iii. To augment international cooperation for effective implementation of International Conventions and Standards on AML/CTPF;
iv. To create effective mechanisms for inter-agency cooperation and collaboration; and
v. To harness collaboration between private and public sector in AML/CTPF.

## 10.6 Financial Intelligence Centre Regulations

The Centre reviewed the legal framework which culminated in the repealing of the SI 52 of 2016 and replaced with the FIC (Prescribed Threshold) Regulations, Statutory Instrument No. 53 of 2022. The SI No. 53 seeks to enhance provisions relating to wire transfers and virtual assets.

In addition, the General Regulations "the Financial Intelligence Centre (General) Regulations, 2022" were issued to provide among others, guidance on risk based monitoring and customer due diligence procedures by REs.

# ESAAMLG
# Council of Ministers, Task Force of Senior Officials & PPSD Meetings











## 11.0 INTERNATIONAL MEETINGS HOSTED

### 11.1 Eastern and Southern Africa Anti Money Laundering Group 22nd Council of Ministers, 44th Task Force of Senior Officials and the 5th Public Private Sector Dialogue

During the period under review, the Centre as Secretariat of National Task Force of Senior Officials were tasked to coordinate the hosting of the ESAAMLG 22$^{nd}$ Council of Ministers, 44$^{th}$ Task Force of Senior Officials and the 5$^{th}$ Public Private Sector Dialogue. The Centre took a multi sectoral and stakeholder approach by incorporating officials from LEAs and other cooperating partners. The Council of Ministers meeting was officially opened by the Republican President, His Excellency, Mr. Hakainde Hichilema.

All ESAAMLG member countries, observer countries and other cooperating partners attended the meetings. Over 600 delegates attended the meetings.

The hosting of the meetings enhanced the country's visibility to the AML/CFTP international community and directly contributed to the tourism sector that provided several services such as lodging, transportation and game viewing for the delegates. The country also had the opportunity to showcase its culture by hosting various cultural events.

### 11.2 Financial Action Task Force International Cooperation Review Group Africa/ Middle East Joint Group Meetings

The Centre further coordinated the hosting of FATF International Cooperation Review Group Africa/Middle East Joint Group Meetings. The meeting was focused on country follow up update reports for the countries: Mozambique, Tanzania, DRC, Uganda, Morocco, Senegal, Burkina Faso, Mali, Jordan, UAE and Yemen.

## 12.0 FINANCE AND ADMINISTRATION

The year under review, was characterised by a number of activities to strengthen institutional capacity in line with the Centre's strategic objective to enhance effectiveness and efficiency in its operations. The Centre developed an Online Registration system that was used for delegate management during the ESAAMLG/PPSD meetings in August, 2022. Further, new REs were provisioned on the reporting system for submission of STRs and virtual platforms were used during awareness campaigns to broaden the outreach programme.

In 2022, the Centre recruited additional personnel to bring the staff complement to 37 out of the approved 62.

The government of the Republic of Zambia has continued to fund the operations of the Centre. During the period under review, the Government disbursed a total of ZMW40.2 million which constituted full funding for the year for operations. An additional ZMW5 million for capital expenditure was disbursed.

The Centre, being the Secretariat of the National Task Force of Senior Officials was tasked with the responsibility of disbursing ZMW9.5 million allocated for the hosting of the ESAAMLG Council of Ministers and Task Force of Senior Officials meetings. The Centre managed the funds prudently and the meetings were held successfully.

The Centre remains grateful to the Government of the Republic of Zambia for the support rendered during the period under review.

## 13.0 CHALLENGES

i. Lack of a Board of Directors and substantive Director General.
ii. Inadequate funding resulting in failure to:

(a) Fill the full staff establishment;
(b) Upgrade the ICT systems; and
(c) Acquire fit for purpose office space.

## 14.0 OUTLOOK FOR 2023

i. Enhanced engagement and collaboration with competent authorities;
ii. Coordination of the Second National Risk Assessment;
iii. Facilitate the launch and roll out of the AML/CFTP National Policy; and
iv. Pursue opportunities for establishment of collaboration mechanisms between the Centre and the private sector.

## WORKING DEFINITIONS

| | |
|---|---|
| **Administrative Sanction** | Is a formal penalty that may be imposed by the Centre or Supervisory Authority where a person or reporting entity is in breach of a provision of the FIC Act which is not a criminal offence. Pursuant to the FIC Act, administrative sanctions may take one or more of the following forms:<br>(a) a caution not to repeat the conduct which led to the non-compliance of any of the provisions of the FIC Act;<br>(b) a reprimand;<br>(c) a directive to take remedial action or to make specific arrangements;<br>(d) the restriction or suspension of certain specified business activities;<br>(e) publication of a public notice of any prohibition or requirement imposed by it under this Part and of any rescission or variation thereof, and any such notice may, if the Centre considers necessary, include a statement of the reasons for the prohibition, requirement, variation or rescission; and<br>(f) a financial penalty not exceeding one million penalty units. |
| **Competent Authority** | Refers to all public authorities with designated responsibilities for combating money laundering and/or terrorist financing. In particular, this includes the FIU; the authorities that have the function of investigating and/or prosecuting money laundering, associated predicate offences and terrorist financing, and seizing/freezing and confiscating criminal assets; authorities receiving reports on cross-border transportation of currency and bearer negotiable instruments; and authorities that have |

| | |
|---|---|
| | AML/CFT supervisory or monitoring responsibilities aimed at ensuring compliance by financial institutions and DNFBPs with AML/CFT requirements. |
| **Corruption** | According to section (2) of the Anti-Corruption Act No.3 of 2012, 'corrupt' means the soliciting, accepting, obtaining, giving, promising or offering of a gratification by way of a bribe or other personal temptation or inducement or the misuse or abuse of public office for advantage or benefit for oneself or another person, and " corruption" shall be construed accordingly. |
| **Designated Non-Financial Businesses and Professions** | According to section (2) of the FIC Act include:<br><br>(a) a casino, gaming or gambling operator;<br>(b) a trust or company service provider which, as a business, provides any of the following services to third parties:<br>i) acting as an agent for the establishment of legal persons;<br>ii) acting as, or arranging for another person to act as a director or secretary of a company, a partner in a partnership or a similar position in relation to other legal persons;<br>iii) providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement;<br>acting as, or arranging for |

| | |
| --- | --- |
| | another person to act as, a trustee of an express trust; or<br>iv) acting as, or arranging for another person to act as, a nominee shareholder for another person.<br><br>(c) a legal practitioner, notary, other independent legal professional and accountant when they prepare for, or carry out, a transaction for a client concerning the following activities:<br><br>i) buying and selling of real estate;<br>ii) managing of client money, securities or other assets;<br>iii) management of bank, savings or securities accounts on behalf of clients;<br>iv) organisation of contributions for the creation, operation or management of companies; or<br>v) creation, operation or management of legal persons or arrangements, and buying and selling of business entities.<br><br>(d) an estate agent dealing in real estate, involved in a transaction for a client concerning the letting, buying and selling of real estate;<br>(e) a dealer in precious metals;<br>(f) a dealer in precious stones; and<br>(g) any other business or profession in which the risk of money laundering and financing of terrorism or proliferation or any other serious |

| | |
|---|---|
| | offence exists as the Minister may, on the recommendation of the Centre, prescribe. |
| **Egmont Group of FIUs** | The Egmont Group is a united body of Financial Intelligence Units (FIUs) which provides FIUs with a platform to securely exchange expertise and financial intelligence to combat money laundering, terrorist financing (ML/TF), and associated predicate offences. |
| **ESAAMLG** | One of the styled regional bodies under the Financial Action Task Force. |
| **FATF** | Is an inter-governmental body which sets standards, develops and promotes policies to combat money laundering and terrorist financing. |
| **Gatekeepers** | Professionals such as lawyers, notaries, accountants, investment advisors, and trust and company service providers who assist in transactions involving the movement of money, and are deemed to have a particular role in identifying, preventing and reporting money laundering. Some countries impose due diligence requirements on gatekeepers that are similar to those of financial institutions. |
| **Joint Investigations Team** | This is a joint team created by the Steering Committee consisting of Heads of some oversight institutions to actualise the Republican President's policy direction to introduce specialised fast-track mechanisms for recovery of stolen assets and courts for corruption and economic crimes. |
| **Money Laundering** | According to section 2 of the Prohibition and Prevention of Money Laundering Act No.14 of 2001 (as amended), ***Money Laundering*** means where a reasonable |

| | |
|---|---|
| | inference may be drawn, having regard to the objective factual circumstances, any activity by a person:-<br><br>a) who knows or has reason to believe that the property is the proceeds of a crime; or<br>b) without reasonable excuse, fails to take reasonable steps to ascertain whether or not the property is proceeds of a crime; where the person:-<br><br>i. engages, directly or indirectly, in a transaction that involves proceeds of a crime;<br>ii. acquires, receives, possesses, disguises, transfers, converts, exchanges, carries, disposes, uses, removes from or brings into Zambia proceeds of a crime; or<br>iii. conceals, disguises or impedes the establishment of the true nature, origin, location, movement, disposition, title of, rights with respect to, or ownership of, proceeds of crime". |
| **Mutual Evaluation** | Mutual Evaluation is an assessment of a country's measures undertaken to combat money laundering and the financing of terrorism and proliferation of weapons of mass destruction. This includes an assessment of a country's actions to address the risks emanating from designated terrorists or terrorist organisations. |
| **MVTS** | Money or Value Transfer Services (MVTS) refers to financial services that involve the acceptance of cash, cheques, |

| | |
|---|---|
| | other monetary instruments or other stores of value and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network to which the MVTS provider belongs. Transactions performed by such services can involve one or more intermediaries and a final payment to a third party, and may include any new payment methods. Sometimes these services have ties to particular geographic regions and are described using a variety of specific terms, including hawala, hundi, and fei-chen. |
| **Proliferation Financing** | Section 2 of the National Anti-Terrorism and Proliferation Act No.6 of 2018 act defines Proliferation Financing as an act by any person who by any means, directly or indirectly, willfully or negligently provides funds or financial services to be used or knowing that they are to be used in whole or in part for proliferation, the manufacture, acquisition, possession, development, export, transshipment, brokering, transport, transfer, stockpiling, supply, sale or use of nuclear, ballistic, chemical, radiological or biological weapons or any other weapon capable of causing mass destruction and their means of delivery and related materials including both technologies and dual-use goods used for non-legitimate purposes, including technology, goods, software, services or expertise, in contravention of this Act or, where applicable, international obligations derived from relevant Security Council Resolutions. |

| | |
|---|---|
| **Financing of Terrorism** | Section 2 of the National Anti-Terrorism and Proliferation Act No.6 of 2018 act defines Financing of Terrorism as an act by any person who, irrespective of whether a terrorist act occurs, by any means, directly or indirectly, willfully provides or collects funds or attempts to do so with the intention that the funds should be used or knowing that the funds are to be used in full or in part:<br><br>(i) to carry out a terrorist act;<br>(ii) by a terrorist;<br>(iii) by a terrorist organisation; or<br>(iv) for the travel of a person to a State other than the person's State of residence or nationality for the purpose of perpetration, planning or preparation of, or participation in, terrorist act or the providing or receiving of terrorist training. |

# Appendix I: Audited Financial Statements

REPUBLIC OF ZAMBIA

FINANCIAL INTELLIGENCE CENTRE

Combating Money Laundering and Terrorist Financing

*(ESTABLISHED UNDER THE FINANCIAL INTELLIGENCE CENTRE ACT NO. 46 OF 2010 (AS AMENDED))*

# ANNUAL FINANCIAL STATEMENTS

# FOR THE YEAR ENDED

# 31ST DECEMBER 2022

*PREPARED IN ACCORDANCE WITH THE ACCRUALS BASIS OF ACCOUNTING METHOD UNDER THE INTERNATIONAL PUBLIC SECTOR ACCOUNTING STANDARDS ("IPSAS")*

**CONTENTS** **PAGE**

## FINANCIAL REPORT FOR THE YEAR

Pursuant to *Part II, Section 9(2)* of the *Financial Intelligence Centre Act No 46 of 2010 (As Amended) ("the Act"),* the Board of Directors is required to submit its report together with the financial statements of the Financial Intelligence Centre ("the Centre") for the year ended 31st December 2022.

### 1. Establishment and Functions

The Financial Intelligence Centre is a body corporate established under the *Financial Intelligence Centre Act No 46 of 2010 (As Amended) ("the FIC Act")*. The Centre is charged with the responsibility of receiving, analysing and disseminating suspicious transaction reports. The Centre became operational in 2013.

### 2. Principal Activity

The principal activity of the Centre is the designated national centre responsible of receiving, requesting, analysing and disseminating of the disclosure of suspicious transaction reports. Its principal location is at number 50L Kudu Road, Kabulonga, Lusaka.

### 3. Activities and Services

Despite the generality of subsection (1) of the FIC Act, the functions of the Centre are to—

(a). receive, request, analyse and evaluate suspicious transaction reports and information from any other source authorised under any written law to make a suspicious transaction report including a designated foreign authority to determine whether there are reasonable grounds to transmit reports for investigation by law enforcement agencies or designated foreign authorities;

(b). disseminate information, spontaneously or on request, to law enforcement agencies and other competent authorities, where there are reasonable grounds to suspect money laundering or financing of terrorism or proliferation;

(c). provide information relating to suspicious transactions to any designated foreign authority, subject to conditions that the Director-General may determine, in accordance with this Act;

(d). conduct strategic analysis to identify related trends and patterns relating to money laundering, financing of terrorism or proliferation or any other serious offence related to money laundering, financing of terrorism or proliferation;

(e). provide information, advice and assistance to law enforcement agencies in furtherance of an investigation;

(f). educate the public and reporting entities of their obligations and inform them of measures to detect, prevent and deter money laundering, financing of terrorism or proliferation or any other serious offence relating to money laundering, financing of terrorism or proliferation;

(g). provide information to supervisory bodies, law enforcement agencies and any other competent authority to facilitate law enforcement for prevention of money laundering, financing of terrorism or proliferation or any other serious offence related to money laundering, financing of terrorism or proliferation;

(h). ensure compliance by reporting entities with this Act, Regulations, directives, determinations, notices and circulars issued by the Centre or supervisory authorities;

(i). give guidance to reporting entities to combat money laundering, financing of terrorism or proliferation activities or any other serious offence related to money laundering, financing of terrorism or proliferation on a risk sensitive basis; and

(j). facilitate effective risk based supervision and enforcement of this Act by supervisory authorities.

## 4. Capital and Resources

*(a). Capital*

The Centre has no subscription capital; its capital resources comprise accumulated funds and unamortised deferred credits relating to capital and deferred revenue grants.

*(b). Resources*

The Centre is a grant aided body, fully funded by the Government of the Republic of Zambia ("GRZ"). In addition to Government funding, the Act permits the Centre to seek funding from donors and other multilateral institutions.

## 5. Financial and Operational Highlights

*(a) Basis of Preparation*

(i). The Centre's financial statements have been prepared in accordance with and comply with *International Public Sector Accounting Standards (IPSASs)*.

(ii). The financial statements are presented in Zambian Kwacha, which is the functional and reporting currency of the Centre and all values are rounded to the nearest Kwacha.

*(iii).* The accounting policies have been consistently applied since adoption in the prior period.

*(b) Operating Results*

The operating surplus for the year amounted to **K5.738million** (2021 (Restated): K3.220million).

*(c) Income*

(i). Total incoming resources for the year amounted to **K49.252million** (2021: K31.686million).

(ii). The main income for the year was revenue grants received from GRZ of **K40.231million** (2021: K31.572million).

*(d) Expenditure*

Expenditure totalled **K43.513million** (2021: K28.465million). The main operating costs were costs of personnel **K24.628million** (2021: K20.813million) and recurrent expenditures **K18.289million** (2021: K7.268million).

*(e) Capital Expenditure*

Capital expenditure amounted to **K3.623million** (2021: K0.221million).

## 6. Risk Factors

### *(a) Operational Risk*

Operational risk is the risk of losses from inadequate or failed internal processes and systems, caused by human error or external events. It has a broad scope and includes *transaction authorisation and processing; completeness of income recording; payments processing and the management of information, data quality and records*. The following are the main risks noted under this classification:

(i). ***Financial Crime Risk*** - Financial crime risk is the risk that the Centre suffers losses as a result of internal and external fraud or intentional damage, loss or harm to people, premises or its moveable assets. The risk in the Centre is directly attributable to its *people risk* and *remote site location risks*.

(ii). ***Technology Risk*** - Technology is a key business enabler in the Centre and requires an appropriate level of control to ensure that the most significant technology risks are effectively managed.

(iii). ***People Risk*** - People risk arises from failures of the Centre to manage its key risks as an employer, including lack of appropriate people resource, failure to manage performance and reward, unauthorised or inappropriate employee activity and failure to comply with employment related requirements.

### *(b) Legal Risk*

The Centre is subject to a comprehensive range of legal obligations, mostly covered by the *Financial Intelligence Centre Act No 46 of 2010 (As Amended) ("the Act")*. As a result, it is exposed to many forms of legal risk, which may arise in a number of ways: its business may not be conducted in accordance with requirements of the *Act*; contractual obligations may either not be enforceable as intended or may be enforced against the Centre in an adverse way; the Centre may face risk where legal proceedings are brought against it, in the course of carrying out its mandate, etc. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered, even if the Centre is successful. However, the likely legal risk for the Centre's activities is the freezing order of accounts.

### *(c) Reporting Risk*

(i). ***Financial Reporting Risk*** - Financial reporting risk arises from a failure or inability to comply fully with regulations or codes in relation to the preparation, presentation or disclosure of financial information. Non-compliance could lead to damage to reputation or, in extreme cases, withdrawal of external funding.

(ii). ***Accounting Risks*** - The Centre's future performance and results could be materially different from expected results depending on the outcome of certain potential risks and uncertainties, details of which are discussed above. The reported results of the Centre are also sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. Details of its critical accounting policies and key sources of accounting judgments are included on pages 17 to 33.

(iii). ***Financial Risks***- The Centre through its normal operations is exposed to a number of risks on its financial instruments, the most significant of which are *credit and liquidity. Market (currency and interest) risks are* generally low. The two main risks on its financial instruments are generally deemed to be within manageable limits. The Centre's financial risk exposures are discussed in Note 10 to the financial statements.

## 7. Risk Management and Control

As explained on Statement 6 above, the Centre through its normal operations is exposed to a number of risks, the most significant of which are *operational, legal* and *financial risks*. The Board is responsible for establishing and ensuring maintenance of adequate internal controls over financial reporting. However, all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

## 8. Compliance

The Centre's management are responsible for establishing and maintaining adequate internal controls over financial reporting. Under the supervision of the Director-General the Centre's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IPSAS. The Board has responsibility for monitoring compliance with the regulatory environment and the various internal control processes and procedures.

## 9. The Board

### *(a) Composition*

(i) The operations of the Centre are governed by a board of directors. The membership of this Board is as provided in *Section 7 of the Act*.

(ii) The Board works through its committees, the Finance & Administration, Operations Committee and the Audit & Risk Committee, which promote the overall effectiveness of corporate governance and provide policy direction and oversight to the core functions of the Centre.

*(b) Members*

The *Financial Intelligence Centre* is administered by the Board of Directors appointed by the Republican President. The Board consists of a Chairperson and four other members. To be appointed as a member of the Board, a person should not have less than 10 years of experience in a field connected with financial analysis, law, accounting, forensic auditing, financial investigation or law enforcement.

The overall function of the Board is to provide an oversight policy direction regarding the operations of the Centre.

During the period 28th October 2021 to 31st December 2022, the President had not yet appointed a Board. Consequently, the Centre has had no Board since expiry of the mandate of the previous Board.

## 10. Executive Management

(a). The day to day operations of the Centre are managed by the Director-General. The role of the Director-General is set out in the regulating Act. The Director-General has executive responsibility for ensuring that the Centre's statutory objectives and functions are exercised efficiently and effectively, for leading partnership arrangements with government, for working with key stakeholders, and – as an executive member of the Board – contributing to and reviewing the strategic direction.

(b). The following executive management, amongst others, is responsible for assisting the Director-General in implementation of the core functions of the Centre:

| | |
|---|---|
| Ms. Liya Tembo | Acting Director – General/Director – Legal & Policy |
| Mr. Shubert Sinkala | Director - Monitoring & Analysis |
| Mr Brian Kauzeni | Director - Information Communication Technology |
| Mr Diphat Tembo | Director - Compliance and Prevention |
| Mr. Victor Zimba | Director - Finance |
| Mr. Katuna Sinyangwe | Director – Inspection |

## 11. Pension Schemes

The Centre contributes to the National Pension Scheme Centre ("NAPSA"), and Saturnia Pension Fund for all staff. These pension funds are defined contribution scheme and defined benefit schemes.

The Centre has no liability other than in meeting monthly contributions into the schemes. The Centre has no legal or constructive obligation 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.

## 12. Related Party Transactions

The Centre has a common enterprise relationship with Government of the Republic of Zambia ("GRZ") and its departments. Other related party relationships and material balances that the Centre has with its related parties are listed in Note 11 to the financial statements.

## 13. Post Balance Sheet Events

The Centre has evaluated subsequent events 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 item, transaction or event of a material and unusual nature likely, in the opinion of the Board, to affect the results of those operations or the state of affairs of the Centre in the subsequent financial periods.

## 14. Auditors

In accordance with the provisions of the Act, the auditors, Messrs EMM Corporate Partners, will retire, and having expressed their willingness to be re-appointed. The process of procuring the audit services will be undertaken in accordance with the Public Procurement Act Number 8 of 2020 and the Public Audit Act Number 29 of 2016.

**Signed By:**

| | |
|---|---|
| ________________________ | ______27.02.23_______ |
| **DIRECTOR-GENERAL** | **DATE** |

## STATEMENT OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the Auditors' report on page 8, is made with a view to distinguishing the respective responsibilities of the Board of Directors ("the Board") and of the auditors in relation to the financial statements for the year to 31st December 2022.

### Statement of Responsibility for Financial Statements

In conformity with the *Financial Intelligence Centre Act No 46 of 2010 (As Amended)* and *International Public Sector Accounting Standards ("IPSASs"),* the Board is required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Centre and of the operating result for that year. *IPSAS* provide, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation. The Board considers that, in preparing the financial statements on pages 13 to 16, and the additional information contained on pages 17 to 43, the Centre has used appropriate accounting policies, supported by reasonable judgements and estimates, and all accounting standards which it considers to be applicable.

The Board has responsibility for ensuring that the Centre keeps accounting records which disclose with reasonable accuracy the financial position of the Centre and which enable it to ensure that the financial statements comply with generally accepted reporting standards and the *Financial Intelligence Centre Act No 46 of 2010 (As Amended)*. The Board has general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Centre and to prevent and detect fraud and other irregularities. The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with *IPSAS and in line with the Financial Intelligence Centre Act No 46 of 2010 (As Amended)*. In preparing such financial statements, the Board is required to: select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether the applicable accounting standards have been followed; and comply with *IPSAS*.

In the opinion of the Board:

1. The statement of comprehensive income is drawn up so as to give a true and fair view of the result of the Centre for the year ended 31st December 2022;

2. Based on current records that it holds:

   (a) The statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Centre as at 31st December 2022; and

   (b) There are reasonable grounds to believe that the Centre will be able to pay its debts as and when they fall due.

Because there was no Board during the year, the financial statements set out on pages 12 to 16 were approved on ____________ and signed by:

**DIRECTOR-GENERAL** **DIRECTOR-FINANCE**

5868 Kasiya Crescent
Kalundu
P.O. Box 31296, Lusaka
Tel : (260) 211 291 550
Cell: (260) 955 433 710
Fax : (260) 211 291 550
E-mail: emmcs@zamnet.zm
Website: emmzambia.com


## REPORT OF THE INDEPENDENT AUDITORS TO THE MINISTER OF FINANCE

### Opinion on Financial Statements

We have audited the financial statements of the Financial Intelligence Centre ('the Centre"), which comprise the statement of financial position as at 31st December 2022, and the statement of performance and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation are *International Public Sector Accounting Standards ("IPSAS")* as issued by the *International Public Sector Accounting Standards Board ("IPSASB").*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Financial Intelligence Centre ('the Centre") as at 31st December 2022, and its financial performance and their cash flows for the year then ended.

### Separate Opinion in relation to IPSAS Issued by the IPSASB

The Centre has prepared Financial Statements that comply with IPSAS as issued by the IPSASB. In our opinion, the Financial Statements comply with IPSAS as issued by the *IPSASB*.

### Scope of Audit of the Financial Statements

We conducted our audit in accordance with International Standards on Auditing. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements. We believe that our audit provides a reasonable basis for our unqualified opinion.

## 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 entity within the meaning of relevant ethical requirements in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code")* and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. Key audit matters are selected from the matters communicated with those charged with governance, but are not intended to represent all matters that were discussed with them. Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole. Our opinion on the financial statements is not modified with respect to any of the key audit matters, and we do not express an opinion on these individual matters.

There were no key audit issues or discussion in this report.

## Going Concern

*1. General Assessment*

The financial statements of the Centre have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless the Centre either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. The Board has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the entity. The Directors have assessed, in the light of current and anticipated economic conditions, the Centre's ability to continue as a going concern.

The Directors confirm they are satisfied that the Centre has adequate resources to continue in business for the foreseeable future. For this reason, they continue to adopt the 'going concern' basis for preparing the financial statements. As part of our audit of the financial statements, we have concluded that the Centre's use of the going concern basis of accounting in the preparation of the entity's financial statements is appropriate. Our assessment considers the assumptions sound and, as such, our opinion is not qualified in this case.

*2. Impact of COVID 19*

*ISA 570 - Going Concern* requires the audit to review and report within the report on the date the accounts are issued, on any significant events occurring prior to the reporting date. These responsibilities are also placed on the audit by regulators including the *International Federation of Accountants* ("IFAC") and the Zambia Institute of Chartered Accountants ("ZICA"), in light of the Coronavirus COVID 19 pandemic facing the global economy and specific circumstances of individual reporting entities. In that regard the audit considered the impact of COVID 19 and resulting government restrictions on business and social operations. The Audit recognises that sustained effect of the virus and the associated implementation of government measures to control the pandemic may create conditions that affect the ability of an entity to continue operations. As at the date of this report, no direct implications have been determined by the audit as a result of the global pandemic.

## Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IPSAS, 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. The Board is responsible for overseeing the entity's financial reporting process. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibilities for the Audit of the Financial Statements

The objectives of our audit 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 scepticism throughout the planning and performance of the audit. We also:

1. 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.

2. 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 entity's internal control.

3. 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.

4. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

5. 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.

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

7. We are required to communicate with the Board 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.

8. We are also required to 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.

## Report on Other Legal and Regulatory Requirements

1. In carrying out our audit we are required to consider whether the Centre has kept the accounting and other records, and has issued all reports in such form and manner as required by the *Financial Intelligence Centre Act No. 46 of 2010 (As Amended)*. We are also required to confirm compliance with the *Public Financial Regulations Act, 2018*.

   We confirm that, in our opinion, the Centre has complied with the record-keeping and reporting requirements, so far as appears from our examination of those records and reports.

2. We draw attention to the fact that the Centre had no Board for 2022. This was not in compliance with *Section 7(1) of the Act* which requires that there is constituted a Board for the Centre appointed by the President. The matter remained unresolved as at the date of issue of this report.

## Other Information

The Board and the Director-General are responsible for the other information. The other information comprises information included in the annual report, other than the parts of the Directors' Report described in this set of financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Opinion on Other Matters

1. The parts of the Financial Report to be audited have been properly prepared in accordance with Minister directions made under the *Financial Intelligence Centre Act No. 46 of 2010 (As Amended)*;

2. In the light of the knowledge and understanding of the Centre and its environment obtained during the audit, we have not identified any material misstatements in the financial statements; and

3. The information given in the reports prepared for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we Report by Exception

Other than the matters raised in the letter of recommendations, and cited in this report where necessary for the attention of those charged with governance, we have nothing to report in respect of the following matters which we report to you if, in our opinion:

1. Adequate accounting records have not been kept or adequate for our audit; or

2. The financial statements and the parts of the annual report to be audited are not in agreement with the accounting records and returns; or

3. We have not received all of the information and explanations we require for our audit; or

4. The Financial Statement does not reflect compliance with guidance.

The engagement partner responsible for the audit resulting in this independent auditor's report is:

**Elasto Mambo**
*PC/MPC: 0001171*

**EMM CORPORATE PARTNERS** 27.02.23
*Chartered Accountants and Management Consultants* Date

## STATEMENT OF FINANCIAL PERFORMANCE

| *Amounts are Stated in Zambian Kwacha* | Note | **2022** | 2021 |
|---|---|---|---|
| | | | *Restated* |
| **Revenue from Non-Exchange Transactions** | | | |
| Grant Income | 1. | **49,240,474** | 31,572,000 |
| **Revenue from Exchange Transactions** | | | |
| Other Income | 2. | **11,858** | 114,024 |
| | | **49,252,332** | 31,686,024 |
| **Expenditure** | | | |
| Depreciation | 3. | **542,668** | 282,042 |
| Amortisation | 4. | **53,271** | 101,847 |
| Employee Costs and Benefits | Schedule I | **24,628,384** | 20,813,202 |
| Recurrent Costs | Schedule II | **18,289,606** | 7,268,000 |
| | | **43,513,929** | 28,465,091 |
| **Operating Result** | - | **5,738,403** | 3,220,933 |
| **Other Comprehensive Income** | | | - |
| | | **5,738,403** | 3,220,933 |
| *Total operating result attributable to:* | | | |
| Controlling Intererests | | **5,738,403** | 3,220,933 |
| Non-controlling Interests | | - | - |
| | | **5,738,403** | 3,220,933 |
| Comprehensive Income attributable to: | | | |
| Owners of the Centre | | **5,738,403** | 3,220,933 |
| Non-controlling interests | | - | - |
| | | **5,738,403** | 3,220,933 |

## STATEMENT OF CHANGES IN FUNDS

| *Amounts are Stated in Zambian Kwacha* | **Total Funds** |
|---|---|
| Balance as at 1 January 2021 | 10,698,026 |
| Total Comprehensive income | 3,220,933 |
| At 31 December 2021 | 13,918,960 |
| **Balance as at 1 January 2022** | 13,918,960 |
| **Total Comprehensive income** | 5,738,403 |
| **At 31 December 2022** | **19,657,362** |

## STATEMENT OF CASH FLOWS

| *Amounts are Stated in Zambian Kwacha* | Notes | 2022 | 2021 |
|---|---|---|---|
| **Cash Inflow From Operating Activities** | | | |
| Operating Result | | 5,738,403 | 3,220,933 |
| Amortisation of Grants | 1. | (9,008,578) | - |
| Depreciation | 3. | 542,668 | 282,042 |
| Amortisation of Software | 4. | 53,271 | 101,847 |
| Change in Inventory | | (83,647) | (64,917) |
| Changes in Other Financial Assets | | (588,519) | (377,110) |
| Change in Amounts Owed to Third Parties | | 232,530 | (145,890) |
| Change in Employee-Related Obligations | | 787,320 | (527,815) |
| **Net Cash Inflow From Operating Activities** | | (2,326,553) | 2,489,090 |
| | | | |
| **Investing Activities** | | | |
| Payments to Acquire Tangible Assets | 3. | (3,623,046) | (220,276) |
| Proceeds from Disposal/Write Off of Assets | | 8,172 | - |
| **Net Cash Outflow on Investing Activities** | | (3,614,874) | (220,276) |
| | | | |
| **Financing Activities** | | | |
| Deferred Grants Received | 1. | 9,817,353 | - |
| Capital Grants Received | 1. | 7,999,999 | - |
| **Net Cash Outflow on Financing** | | 17,817,352 | - |
| | | | |
| **Net Increase in Cash and Cash Equivalents** | | 11,875,925 | 2,268,814 |
| | | | |
| **Cash and Cash Equivalents at start of year** | | 9,814,861 | 7,546,047 |
| | | | |
| **Cash and Cash Equivalents at end of year** | | 21,690,786 | 9,814,861 |
| | | | |
| **Represented By:** | | | |
| Cash at Bank | 7. | 21,683,938 | 9,814,785 |
| Cash in Hand | 7. | 6,848 | 75 |
| | | 21,690,786 | 9,814,861 |

## STATEMENT OF FINANCIAL POSITION

| *Amounts are Stated in Zambian Kwacha* | Notes | 2022 | 2021 |
|---|---|---|---|
| | | | *Restated* |
| **ASSETS** | | | |
| **Non-Current Assets** | | | |
| Property, Plant and Equipment | 3. | **8,565,629** | 5,493,423 |
| Intangible Assets | 4. | **142,984** | 196,255 |
| | | **8,708,613** | 5,689,678 |
| **Current Assets** | | | |
| Inventory | 5. | **191,398** | 107,751 |
| Other Financial Assets | 6. | **1,657,445** | 1,068,926 |
| Cash and Cash Equivalents | 7. | **21,690,786** | 9,814,861 |
| Total Current Assets | | **23,539,630** | 10,991,538 |
| **Total Assets** | | **32,248,243** | 16,681,215 |
| **FUNDS AND LIABILITIES** | | | |
| **Funds** | | | |
| Revenue Reserves | | **19,657,362** | 13,918,960 |
| **Total Equity** | | **19,657,362** | 13,918,960 |
| Deferred Grants | 1. | **6,347,259** | 61,693 |
| Capital Grants | 1. | **2,523,208** | - |
| | | **8,870,468** | 61,693 |
| **Current Liabilities** | | | |
| Payables, Accruals and Provisions | 8. | **980,032** | 747,502 |
| Employee-Related Payables | 9. | **2,740,381** | 1,953,061 |
| Total Current Liabilities | | **3,720,413** | 2,700,563 |
| **Total Equity and Liabilities** | | **32,248,243** | 16,681,215 |

The financial statements on pages 13 to 16 were approved by the following on ________________:

**DIRECTOR-GENERAL**

**DIRECTOR - FINANCE**

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basis of preparation and accounting policies used in preparing the financial statements for the year ended 31st December 2022 are set out below:

### 1. General Information

The Financial Intelligence Centre is a corporate body established under the *Financial Intelligence Centre Act No 46 of 2010 (As Amended).* The addresses of its registered office and principal activities are disclosed in the report of the Board.

The Centre's financial statements have been prepared in accordance with and comply with *International Public Sector Accounting Standards (IPSASs).* The financial statements are presented in Zambian Kwacha, which is the functional and reporting currency of the Centre and all values are rounded to the nearest Kwacha. The accounting policies have been consistently applied since adoption in the prior period.

### 2. Basis of Preparation

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 comprise a statement of performance, a statement of comprehensive income, a statement of financial position, a statement of changes in funds, a statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of surplus or deficit. 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 surplus or deficit, as required or permitted by IPSAS. Reclassification adjustments are amounts reclassified to surplus or deficit in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Centre in their capacity as owners are recognised in the statement of changes in equity.

The Centre presents the statement of surplus or deficit using the classification by function of expenses. The Centre believes this method provides more useful information to the users of its financial statements as it better reflects the way operations are run from a business point of view. The statement of financial position format is based on a current/non-current distinction.

### 3. Basis of Measurement

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. When measuring the fair value of an asset or a liability, the entity uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the entity (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

(a). *Level 1 fair value measurements* are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(b). *Level 2 fair value measurements* are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(c). *Level 3 fair value measurements* are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

Transfers between levels of the fair value hierarchy are recognised by the entity at the end of the reporting period during which the change occurred.

## 4. Statement of Compliance

The financial statements have been prepared in accordance with *International Public Sector Accounting Standards ("IPSASs")* applicable for the reporting period to 31st December 2022

## 5. Adoption of New and Revised International Public Sector Accounting Standards ("IPSAs")

### (a). Application of New IPSAS

As explained above, the financial statements have been prepared in accordance with *International Public Sector Accounting Standards* for the first time for the financial year beginning on or after 1st January 2022.

### (b) Statement of Compliance

As explained above, the financial statements have been prepared in accordance with *International Public Sector Accounting Standards* for the reporting period to 31st December 2022.

### (c) Adoption of New Revised and General Improvements to IPSAs

(i). **Advancing Sustainability Reporting**: The IPSASB is taking its next step to advance sustainability reporting. The IPSASB will commence research and scoping of three potential public sector specific sustainability reporting projects pending securing the resources needed to begin guidance development.

(ii). **Conceptual Framework–Limited Scope Update–Measurement**: The Board approved an updated version of the IPSAS Conceptual Framework: Chapter 7, Measurement of Assets and Liabilities in Financial Statements. The IPSASB will use the updated version of Chapter 7 as part of its process of developing standards going forward. The updated version of Chapter 7 will be published with the suite of measurement related guidance, Measurement, IPSAS 17, Property, Plant, and Equipment). The last piece of this suite of guidance is planned for approval in March 2023.

(iii). **ED 78, Property, Plant, and Equipment**: The IPSASB approved ED 78 to ensure replacement of IPSAS 17, Property, Plant, and Equipment. It adds public sector guidance on heritage and infrastructure assets and aligns with the new measurement principles. To align effective dates, the new or updated standard is expected to be issued in the first half of 2023 together with the suite of measurement related guidance under development.

(iv). **Measurement**: The IPSASB reviewed a final draft of IPSAS 29, Measurement. The IPSASB clarified the concept of deemed cost, including its applicability to property, plant, and equipment held for operational capacity. The IPSASB decided to add a second phase to the Measurement project where it will evaluate the application of current operational value, for specific IPSAS not yet explicitly considered in the first phase Measurement project. The second phase will commence after the planned approval in March 2023.

(v). **Other Lease–Type Arrangements**: The IPSASB approved Exposure Draft (ED) 84, Concessionary Leases and Right-of-Use Assets In-kind (Amendments to IPSAS 43 and IPSAS 23). ED 84 will be published in January 2023 for a 4-month comment period, together with a Feedback Statement summarizing the IPSASB's decisions and thinking related to the feedback received to the January 2021 Request for Information, Concessionary Leases and Other Arrangements Similar to Leases.

(vi). **Transfer Expenses and Revenue**: The IPSASB completed a detailed review of the core text, application guidance, bases for conclusions, and implementation guidance sections in the draft Revenue IPSAS and draft Transfer Expenses IPSAS. In addition, the IPSASB agreed on the list of illustrative examples for both draft IPSAS, and confirmed the proposed approach to finalize amendments to other IPSAS in preparation for the expected approval of both draft standards at the March 2023 meeting.

(vii). **Conceptual Framework–Limited Scope Update–Next Stage:** The IPSASB reviewed four specific matters for comment related to assets and liabilities in ED 81, Conceptual Framework Update, Chapter 3, Qualitative Characteristics and Chapter 5, Elements in Financial Statements. The IPSASB decided, as proposed in ED 81, to: adopt the revised definitions of a liability and an asset; include restructured guidance that aligns with the components of the liability definition and new guidance on the transfer of resources; and adopt the rights-based approach to the guidance on resources in the definition of an asset.

(viii). **Presentation of Financial Statements**: The IPSASB discussed research and scoping activities related to the project on Presentation of Financial Statements, added in 2022 as a result of the Mid-Period Work Program Consultation. The research activities included an update on the feedback received from attendees at the 4th International Public Sector Standards Setters Forum held in September 2022. Research and scoping activities will continue as part of the process to develop and approve a detailed project brief, which is expected to be approved in 2023.

(d) **New and Amended Standards and Interpretations in issue effective in the year**

Improvements to IPSAS, 2021 deals with non-substantive changes to IPSAS through a collection of amendments that are unrelated:

(i). **COVID 19**: IPSASB deferred the application date of standards from 1st January 2022 owing to Covid 19. This was done to provide entities with time to effectively apply the standards. The deferral was set for 1st January 2023.

(ii). **Amendments to IPSAS 22, Disclosure of Financial Information About the General Government Sector**: Paragraphs 5, 18, and 28 were amended by Improvements to IPSAS, 2021, issued in January 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2023. Earlier application is permitted.

(iii). **Amendments to IPSAS 39, Employee Benefits**: Paragraphs 3 and 4 were amended by Improvements to IPSAS, 2021, issued in January 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2023. Earlier application is permitted.

(iv). **Amendments to RPG 1, Reporting on the Long-Term Sustainability of an Entity's Finances:** Paragraphs BC7A and BC36 are added. New text is underlined and deleted text is struck through.

(v). **Amendments to IPSAS 29, Financial Instruments: Recognition and Measurement**: IPSAS 29 as Applicable Prior to the Adoption of IPSAS 41, Financial Instruments:

- Paragraphs 113A–113N were added by Improvements to IPSAS, 2021, issued in January 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2022. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. An entity shall apply these amendments retrospectively to those hedging relationships that existed at the beginning of the reporting period in which an entity first applies these amendments or were designated thereafter, and to the gain or loss recognized in net assets/equity that existed at the beginning of the reporting period in which an entity first applies these amendments.

- Paragraphs 113O–113ZC, 125K–125M and AG20A–AG20E were added by Improvements to IPSAS, 2021, issued in January 2022. An entity shall apply these amendments for annual financial statements covering periods beginning on or after January 1, 2022. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. An entity shall apply these amendments retrospectively in accordance with IPSAS 3, except as specified in paragraphs 125K–125M and AG20A–AG20E.

- An entity shall designate a new hedging relationship (for example, as described in paragraph 113ZC) only prospectively (i.e., an entity is prohibited from designating a new hedge accounting relationship in prior periods). However, an entity shall reinstate a discontinued hedging relationship if, and only if, certain conditions are met

### (e) New and Amended Standards and Interpretations in issue effective but not effective in the year

| Standard | Effective date and impact: |
|---|---|
| **IPSAS 41: Financial Instruments** | **Applicable: 1st January 2023:**<br><br>The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows.<br><br>IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by:<br><br>• Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held;<br><br>• Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and |

| Standard | Effective date and impact: |
|---|---|
| | • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. |
| **IPSAS 42: Social Benefits** | **Applicable: 1st January 2023**<br><br>The objective of this Standard is to improve the relevance, faithful representativeness and comparability of the information that a reporting Entity provides in its financial statements about social benefits. The information provided should help users of the financial statements and general-purpose financial reports assess:<br><br>(a) The nature of such social benefits provided by the Entity.<br><br>(b) The key features of the operation of those social benefit schemes; and<br><br>(c) The impact of such social benefits provided on the Entity's financial performance, financial position and cash flows. |
| **Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments** | **Applicable: 1st January 2023:**<br><br>a) Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued.<br><br>b) Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued.<br><br>c) Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued.<br><br>Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued. |
| **Other improvements to IPSAS** | ***Applicable 1st January 2023***<br><br>• *IPSAS 22 Disclosure of Financial Information about the General Government Sector.* |

| Standard | Effective date and impact: |
|---|---|
| | • *IPSAS 39: Employee Benefits:* Now deletes the term composite social security benefits as it is no longer defined in IPSAS.<br><br>• **IPSAS 29: Financial instruments: Recognition and Measurement**<br><br>Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023. |
| IPSAS 43 | ***Applicable 1st January 2025***<br>The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities. |
| IPSAS 44: Non-Current Assets Held for Sale and Discontinued Operations | ***Applicable 1st January 2025***<br>The Standard requires:<br><br>• Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and:<br><br>• Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance. |

## (f) Early Adoption of Standards

The Entity did not early – adopt any new or amended standards in year 2022. The Centre does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Centre in future periods.

## (g) New Standards and Interpretations

There are no other *IPSAS* that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 6. Significant Judgments and Sources of Estimation Uncertainty – IPSAS 1

### (a). Judgements

The preparation of the Centre's financial statements in conformity with IPSAS 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 judgement that have the most significant effect on the financial statements:

(i). Grant accounting and amortisation

(ii). Estimation of asset lives and carrying values

(iii). Determination of fair values of non-current assets

(iv). Provisions and contingencies

### (b). Estimates and Assumptions

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, are described below. The Centre based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Centre. Such changes are reflected in the assumptions when they occur. Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are:

(i). Review of asset carrying values and impairment charges and reversals

(ii). Estimation of employee related provisions and post-retirement benefits

### (c). Useful lives and residual values

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 Centre;

(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

### (d). Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material. Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

## 7. Changes in Accounting Policies and Estimates – IPSAS 3

The Centre recognises the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

## 8. Foreign Currency Transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognised as income or expenses in the period in which they arise.

## 9. Revenue

### (a). Revenue from Non-Exchange Transactions – IPSAS 23 :

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

(i). **Grants**: Grant income represents funds received from the Government based on an approved budget. The grant income is recognised on an accruals basis. An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the Centre satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it shall reduce the carrying amount of the liability recognised and recognise an amount of revenue equal to that reduction. Revenue from non-exchange transactions shall be measured at the amount of the increase in net assets recognised. A present obligation arising from a non-exchange transaction that meets the definition of a liability shall be recognised as a liability when, and only when it is probable that an outflow of resources embodying future economic benefits or a service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(ii). **Transfers from Other Government Entities:** Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes Revenues from non-exchange transactions with other government entities are measured at fair value and recognised on obtaining control of the asset if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Centre and can be measured reliably.

### (b). Revenue from Exchange Transactions – IPSAS 9

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange:

(i). **Rendering of services:** The Centre recognises revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are recoverable.

(ii). **Sale of goods:** Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Centre.

(iii). **Interest income:** Interest income is accrued using the effective yield method. The method applies this yield to the principal outstanding to determine interest income each period.

## 10. Administrative Costs

Operating and administrative costs are accrued as incurred.

## 11. Taxation

No allowance is made for income or deferred taxes as the Centre is exempt from taxation.

## 12. Property, Plant and Equipment – IPSAS 17

### *(a) Cost and Valuation*

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the Centre recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. Where an asset is acquired in a non- exchange transaction for nil or nominal consideration the asset is initially measured at its fair value. All other repair and maintenance costs are recognised in surplus or deficit as incurred.

### *(b) Subsequent Expenditure*

The Centre recognises, in the carrying amount of a tangible fixed asset, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Centre and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

### *(c) Depreciation*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, with full year depreciation being charged in the year of acquisition. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

### *(d) De-recognition*

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is de-recognised.

### *(e) Impairment*

At each reporting date, the Centre assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Centre makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. 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, if no impairment loss had been recognised.

## 13. Intangible Assets – IPSAS 31

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. 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.

## 14. Inventories – IPSAS 12

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition. After initial recognition, inventory is measured at the lower of cost and net realizable value. Inventories are recognised as an expense when deployed for utilisation or consumption in the ordinary course of operations of the Centre.

## 15. Financial Instruments

### *(a). Composition*

The Centre's financial instruments consists of cash and equivalents, accounts and sundry receivables, accounts payables, employee benefits provision, accrued liabilities and provisions due to sundry suppliers and government departments and/or authorities to whom statutory deductions are due. Cash and cash equivalents, accounts receivable, payables, and accrued liabilities are reflected in the statement of financial position at cost, which approximates to fair value due to the short-term nature of these instruments.

### *(b).* IPSAS 29: Financial Assets

#### *(i). Classification*

The Centre's principal financial assets are cash and cash equivalents and accounts receivable from revenue arising from rendering of services and sundry receivables from administrative advances, prepayments and deposits:

- Cash and cash equivalents include cash in hand and deposits held at call with banks, including bank overdrafts. Bank overdrafts are shown as net of cash balances within current assets on the statement of financial position.

- Accounts receivables and sundry receivables are stated in the balance sheet at original amount less an allowance for any uncollectible amounts. An estimate for impairment is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

The Centre's financial assets are measured subsequently at either amortised cost or fair value.

### *(ii). Initial recognition and measurement*

Financial assets within the scope of IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held- to maturity investments or available-for-sale financial assets, as appropriate. The Centre determines the classification of its financial assets at initial recognition.

### *(iii). Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. Losses arising from impairment are recognised in the surplus or deficit.

### *(iv). Cash and Cash Equivalents*

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

### *(v). Impairment of Financial Assets*

The Centre assesses at each reporting date whether there is objective evidence that a financial asset or a Centre of financial assets is impaired. A financial asset or a Centre of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the Centre of financial assets that can be reliably estimated.

Evidence of impairment may include the following indicators:

(i). The debtors or a entity of debtors are experiencing significant financial difficulty;

(ii). Default or delinquency in interest or principal payments;

(iii). The probability that debtors will enter bankruptcy or other financial reorganization;

(iv). Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults).

(v). The Centre recognises a loss allowance for expected credit losses on receivables and contract assets.

(vi). The expected credit losses on these financial assets are estimated using a provision matrix based on the Centre's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(vi). ***De-recognition***

The Centre derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

### *(c).* IPSAS 29: Financial Liabilities

#### (i). Classification and Measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into:

- **Payables and accruals** are stated at their nominal value.

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

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

### (ii). Recognition

Initial recognition and measurement financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The Centre determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

### (iii). Provisions – IPSAS 19

Provisions are recognised when the Centre has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Centre expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

### (iv). Employee Benefits – IPSAS 25 Retirement Benefit Plans

- The Centre provides retirement benefits for its employees. Defined contribution plans are post employment benefit plans under which an Centre pays fixed contributions into a separate Centre (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

- ***Pension Schemes*** –Employees of the Centre are members of the government-managed defined contribution scheme, the *National Pension Scheme*. They are also members of *Saturnia Pension Scheme*. The Centre is required to contribute to the scheme 15% of each employee's compensation, the employer contributes 10%, while the employee contributes 5%. The only obligation of the Centre with respect to the retirement benefit plan is to make the specified contributions.

- ***Retirement Benefits Cost*** - Contributions to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

- **Other Employee Benefits** - The estimated monetary liability for employees' accrued gratuity pay entitlement at the balance sheet date is recognised as an expense accrual.

### (v). Contingent Liabilities

The Centre does not recognise a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote. Contingent liabilities are initially measured at fair value

### (vi). De-recognition

The Centre derecognises financial liabilities when, and only when, the Centre's obligations are discharged, cancelled or they expire.

### (vii). Offsetting of Financial Assets and Liabilities

Financial assets and liabilities are offset and net amounts reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

### (viii). Fair Values of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities are, in the opinion of the Board Members, not significantly different from their respective fair values due to generally shorts periods to maturity dates. Liabilities in respect of retirement benefit contributions, which are of a long-term nature are reflected at cost as the benefit plan operated by the Centre is a defined contribution scheme, under which the Centre's liability is limited to shortfalls between total contributions paid and amounts payable as at the reporting date.

### *(ix). Contingent Assets*

The Centre does not recognise a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Centre in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

### (x). Financial Risks

The Centre's activities expose it to a variety of financial risks. The most important types of risk are *credit risk, and liquidity risk*. Policies and exposures on risks and financial instruments are discussed in Note 10 to the financial statements.

## 16. Capital Maintenance

Capital resources comprise accumulated funds and unamortised portions of grant balances. The Centre's objectives for the management of capital are to safeguard its ability to continue as a going concern. The Centre considers its cash and cash equivalents to be the manageable capital from its financial resources. The Centre's policy is to maintain sufficient cash balances to cover operating and administration costs over a reasonable future period. The Centre currently has no externally-imposed capital requirements except to maintain sufficient cash balances. It creates and maintains reserves in terms of specific requirements and only maintains accumulated funds as its reserves.

## 17. Comparative figures

Where necessary, comparatives have been reclassified to fit with presentations in the current period.

## 18. Budget Information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the Centre. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or Centre differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts. *IPSAS 24* applies to entities that require or elect to make publicly available their approved budget. The Centre is not required and does not make its budget publicly available.

## NOTES TO THE FINANCIAL STATEMENTS

| | 2022 | 2021 |
|---|---|---|

### 1. Grants

**(a) Summary of Grant Income**

| | 2022 | 2021 |
|---|---|---|
| Revenue Grants from GRZ | **40,231,896** | 31,572,000 |
| Amortisation of Deferred Income (Note 1 (c)(iii)) | **9,008,578** | - |
| | **49,240,474** | 31,572,000 |

**(b) Revenue Grants**

Revenue grants from GRZ represents Appropriation in Aid received from government, charged to income in the period of receipt.

**(c) Movements in Deferred Revenue and Capital Revenue**

Amortised grant income represents capital asset grants, grant funds received from government and cooperating partners for the acquisition of assets, or for specific non-capital expenditures and charged to income over the period necessary to match them with the costs for which they are intended to compensate, on a systematic basis:

**(i) Movements in Deferred Revenue**

| | 2022 | 2021 |
|---|---|---|
| Balance at Start of Year | **61,693** | 61,693 |
| Received during the year | **9,817,353** | - |
| Transferred from Capital Grants | **5,280,499** | - |
| Transferred to Income | **(8,812,286)** | - |
| Balance at End of Year | **6,347,259** | 61,693 |

**(ii) Movements in Capital Grants**

| | 2022 | 2021 |
|---|---|---|
| Received during the year | **7,999,999** | - |
| Transferred to Deferred Revenue Grants | **(5,280,499)** | - |
| Amortised to Income | **(196,292)** | - |
| Balance at End of Year | **2,523,208** | - |

**(iii) Total Amortisation**

| | 2022 | 2021 |
|---|---|---|
| Deferred Revenue (Note 1(c(i)) | **8,812,286** | - |
| Capital Grant Amortisation (Note 1(c)(ii)) | **196,292** | - |
| | **9,008,578** | - |

### 2. Other Income

| | 2022 | 2021 |
|---|---|---|
| Interest Earned | - | 78,014 |
| Sundry Income | - | 36,010 |
| Profit on Disposal/Write Off | **11,858** | - |
| | **11,858** | 114,024 |

NOTES TO THE FINANCIAL STATEMENTS

## 3. Property, Plant and Equipment

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | **Cost or Valuation** | **Accumulated Depreciation** | **Carrying Value** | Cost or Valuation | Accumulated Depreciation | Carrying Value |
| Land and Buildings | **5,986,259** | **(983,480)** | **5,002,840** | 5,986,259 | (864,534) | 5,121,725 |
| Office Equipment | **4,845,430** | **(3,830,271)** | **1,025,360** | 3,964,139 | (3,613,919) | 350,219 |
| Furniture and Fittings | **223,343** | **(207,855)** | **14,221** | 223,343 | (201,865) | 21,478 |
| Motor Vehicles | **4,251,679** | **(1,728,471)** | **2,523,208** | 1,532,179 | (1,532,179) | - |
| | **15,306,710** | **(6,750,076)** | **8,565,629** | 11,705,919 | (6,212,496) | 5,493,423 |

The carrying amounts of property, plant and equipment can be reconciled as follows:

| | Carrying Value at Start of Year | Additions | Disposals/ Transfers | Depreciation On Disposals | Depreciation Write-Offs | Carrying Value at Year End |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| Land and Buildings | **5,121,725** | **-** | **-** | **-** | **(118,885)** | **5,002,840** |
| Office Equipment | **350,219** | **903,546** | **(22,256)** | **14,083** | **(220,233)** | **1,025,360** |
| Furniture and Fittings | **21,478** | **-** | **-** | **-** | **(7,258)** | **14,221** |
| Motor Vehicles | **-** | **2,719,500** | **-** | **-** | **(196,292)** | **2,523,208** |
| | **5,493,423** | **3,623,046** | **(22,256)** | **14,083** | **(542,668)** | **8,565,629** |
| 2021 | | | | | | |
| Land and Buildings | 5,245,131 | - | | - | (123,406) | 5,121,725 |
| Office Equipment | 300,113 | 194,350 | - | - | (144,244) | 350,219 |
| Furniture and Fittings | 9,944 | 25,926 | - | - | (14,392) | 21,478 |
| Motor Vehicles | - | - | - | - | - | - |
| | 5,555,188 | 220,276 | - | - | (282,042) | 5,493,423 |

| *Amounts are Stated in Zambian Kwacha* | **2022** | 2021 |
|---|---|---|

## 4. Intangible Assets

### (a) Analysis of Balances

| | | |
|---|---|---|
| Cost | **5,835,971** | 5,835,971 |
| | **5,835,971** | 5,835,971 |

### (b) Amortisation

| | | |
|---|---|---|
| At the beginning of the Period | **5,639,717** | 5,537,869 |
| Charge for the Period | **53,271** | 101,847 |
| At the End of the Period | **5,692,987** | 5,639,717 |
| | | |
| Net Book Value | **142,984** | 196,255 |

## NOTES TO THE FINANCIAL STATEMENTS

| *Amounts are Stated in Zambian Kwacha* | **2022** | 2021 |
|---|---|---|

### 5. Inventory

| | | |
|---|---|---|
| Office Consumables | **191,398** | 107,751 |
| | **191,398** | 107,751 |

### 6. Other Financial Assets

| | | |
|---|---|---|
| Receivables | **311,795** | - |
| Prepayments | **825,528** | 565,355 |
| Staff Receivables | **520,122** | 503,571 |
| | **1,657,445** | 1,068,926 |

### 7. Cash and Cash Equivalents

| | | |
|---|---|---|
| Bank Balances | **21,683,938** | 9,814,785 |
| Cash in Hand | **6,848** | 75 |
| | **21,690,786** | 9,814,861 |

### 8. Payables, Accruals and Provisions

| | | |
|---|---|---|
| Audit Fees | **55,860** | 90,000 |
| PAYE | **516,762** | 543,287 |
| Sundry Payables | **407,410** | 114,215 |
| Balance at Close of Year | **980,032** | 747,502 |

### 9. Employee-Related Payables

| | | |
|---|---|---|
| Gratuity | **1,398,738** | 635,132 |
| Leave Pay | **1,341,642** | 1,317,929 |
| | **2,740,381** | 1,953,061 |

Employee-Benefits related to Staff gratuity and leave pay.

| | | |
|---|---|---|
| Opening Balances | **1,953,061** | 2,480,876 |
| Charge | **3,637,134** | 3,262,037 |
| Paid During the Year | **(2,849,815)** | (3,789,852) |
| | **2,740,381** | 1,953,061 |

NOTES TO THE FINANCIAL STATEMENTS

## 10. Financial Instruments

The Centre faces exposure to the following financial risks:

### *(a). Total Financial Instruments*

| | 31 December 2022 | | | |
|---|---|---|---|---|
| | **Receivables** | **Assets at Fair Value through P & L** | **Assets at Amortised Cost** | **Total** |
| Assets as per statement of financial position | | | | |
| Loans and Receivables: | | | | |
| -Trade and Other receivables | 520,122 | - | - | 520,122 |
| -Cash and Equivalents | 21,683,938 | - | 6,848 | 21,690,786 |
| Total | **22,204,060** | **-** | **6,848** | **22,210,908** |

| | Liabilities at Fair Value through P & L | Other Financial Liabilities at Amortised Cost | Total |
|---|---|---|---|
| Liabilities as per statement of financial position | | | |
| Other Financial Liabilities | - | 2,740,381 | 2,740,381 |
| Trade and Other Payables | - | 980,032 | 980,032 |
| Total | **-** | **3,720,413** | **3,720,413** |

| | 31 December 2021 | | | |
|---|---|---|---|---|
| | Receivables | Assets at Fair Value through P & L | Assets at Amortised Cost | Total |
| Assets as per statement of financial position | | | | |
| Staff Advances and Receivables: | | | | |
| -Trade and Other receivables | 503,571 | - | - | 503,571 |
| -Cash and Equivalents | 9,814,785 | - | 75 | 9,814,861 |
| Total | 10,318,357 | - | 75 | 10,318,432 |

| | Liabilities at Fair Value through P & L | Other Financial Liabilities at Amortised Cost | Total |
|---|---|---|---|
| Liabilities as per statement of financial position | | | |
| Other Financial Liabilities | - | 1,953,061 | 1,953,061 |
| Trade and Other Payables | - | 747,502 | 747,502 |
| Total | - | 2,700,563 | 2,700,563 |

NOTES TO THE FINANCIAL STATEMENTS

### *(b). Credit Risk*

The Centre takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Centre by failing to pay amounts in full when due. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As shown below, exposure to credit risk is represented by cash balances and amounts due on accounts receivables:

| Category | Rating | ECL | Gross Carrying Amount | Loss Allowance | Net Carrying Amount |
|---|---|---|---|---|---|
| | | **2022** | | | |
| Bank and Cash | Performing | 12-Month ECL | **21,690,786** | **-** | **21,690,786** |
| Financial Assets | Performing | Simplified Approach | **1,657,445** | **-** | **1,657,445** |
| | | | **23,348,231** | **-** | **23,348,231** |
| | | 2021 | | | |
| Bank and Cash | Performing | 12-Month ECL | 9,814,861 | - | 9,814,861 |
| Financial Assets | Performing | Simplified Approach | 1,068,926 | - | 1,068,926 |
| | | | 10,883,787 | - | 10,883,787 |

The Centre's primary credit exposure from illiquidity of cash and cash equivalents amounted to **K21.690million** (2021: K9.814million).

For receivables, the Centre has applied the simplified approach to measure the loss allowance at lifetime ECL. The Centre determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

At the balance sheet date, other significant concentrations of credit risks lay in receivables, which at the reporting date amounted to **K1.657million** (2021: K1.068million). The nature of services offered by the Centre means it does not have significant credit risk exposure to a single counterparty.

### *(c). Currency risk*

The Centre is exposed to very foreign currency exchange risks on its bank balances and unspent portion of capital grant balances in deferred revenue.

NOTES TO THE FINANCIAL STATEMENTS

| | 2022 | 2021 |
|---|---|---|
| **Assets** | | |
| Cash and Cash Equivalents | **2,110** | - |
| | | |
| **Liabilities** | | |
| Other liabilities | **5,280,499** | - |
| **Net on-Statement of Financial Position** | **(5,278,389)** | - |
| | | |
| **Net off-Statement of Financial Position** | | |
| **Overall open position** | **(5,278,389)** | - |

### *(d). Liquidity Risk and Interest Rate Risk*

The Centre's activities expose it to a variety of financial risk: market risk (including interest and liquidity risk). This is monitored on a daily basis by management and controlled as far as reasonably possible to minimise the risk of mismatches between current liabilities and current assets. The table below summarises the Centre's interest and liquidity risks:

| | Up to 1 Month | 1-3 Months | 4-12 Months | 1-5 Years | Total |
|---|---|---|---|---|---|
| **At 31 December 2021** | | | | | |
| Non-Interest Bearing | 924,172 | 1,454,598 | 1,341,642 | 6,347,259 | 10,067,672 |
| | **924,172** | **1,454,598** | **1,341,642** | **6,347,259** | **10,067,672** |
| | | | | | |
| At 31 December 2021 | | | | | |
| Non-Interest Bearing | 657,502 | 725,132 | 1,317,929 | 61,693 | 2,762,256 |
| | **657,502** | **725,132** | **1,317,929** | **61,693** | **2,762,256** |

### (e) Fair Value Estimation

The different levels of determining fair value, by valuation method, have been defined as follows: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly prices) or indirectly derived from prices); and Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs). The Centre had no financial instruments carried at fair value, by valuation method.

## 11. Related Parties

### *(a) Identity of Related Parties – IPSAS 20*

The Centre regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Centre, or vice versa. Members of key management are regarded as related parties and comprise the Board of

NOTES TO THE FINANCIAL STATEMENTS

directors, Management and Ministry of Finance. The Centre has a common enterprise relationship with Government of the Republic of Zambia. Other related parties include members of the Board and the Centre's key management team (Page 5).

### *(b) Control and Governance of the Centre*

The Centre was established by Act No. 10 of 2010 (As Amended). As a result it has a common enterprise relationship with Government of the Republic of Zambia ("GRZ") and falls under the auspices of the Ministry of Finance. Internal supervision of its management and control of the affairs of the Agency, however, is vested in the Board Members. In 2021, however, the Centre had no Board in 2022. (Page 5).

### *(c) Key Management of the Centre*

The key executives of the Centre i.e. officers other than Board members with the ability, directly or indirectly, to control or exercise significant influence over the Centre in making financial and operating decisions, are listed on Page 5.

### *(d) Transactions with Related Parties*

None of the Board Members, key executives or parties related to them has undertaken any material transactions with the Centre. However, the GRZ and its departments are regarded as a single related party. The list of related party transactions in these financial statements is summarised below:

| *Amounts are Stated in Zambian Kwacha* | **2022** | 2021 |
|---|---|---|
| (i) Key Management Compensation | | |
| Salaries and Other Short-Term Benefits | **10,578,784** | 9,070,706 |
| Defined Contribution Schemes | **2,115,757** | 1,814,141 |
| Key Management Compensation | **12,694,541** | 10,884,847 |
| (ii) Remuneration to Board Members | **-** | 669,714 |
| (iii) Advances to Senior Management | **520,122** | 503,571 |

## 12. Capital Management

The Centre's objectives when managing capital are to safeguard the Centre's ability to continue as a going concern in order to provide returns to controlling interests and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Centre monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

NOTES TO THE FINANCIAL STATEMENTS

The gearing ratios at 31 December 2022 were as follows:

| *Amounts are Stated in Zambian Kwacha* | **2022** | 2021 |
|---|---|---|
| Debt | **-** | - |
| Cash | **21,690,786** | 9,814,861 |
| Net Debt | **21,690,786** | 9,814,861 |
| | | |
| Equity | **19,657,362** | 13,918,960 |
| | | |
| Net debt to equity ratio | **-110.34%** | -70.51% |

## 13. Capital Commitments

The Centre had no capital commitments as at the year-end.

## 14. Contingent Liabilities

No material or significant contingent liabilities have been identified that are not disclosed in these financial statements.

## 15. Events Subsequent to Reporting Date

*IPSA 14* requires the Centre to disclose the date on which the accounts are authorised for issue by the Board. The annual report and accounts were authorised by the Board for issue on the date of the signature of the directors and the date of the auditor's report.

(a). General: The Centre 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 Centre, the results of those operations or the state of affairs of the Centre in subsequent financial periods.

(b). Impact of Covid-19 Virus: The Centre has considered the impact of Coronavirus Covid 19 and resulting government restrictions on business and social operations. The Centre recognises that sustained effect of the virus and the associated implementation of government measures to control the pandemic may create conditions that affect the ability of the business to continue operations. As at the date of this report, no direct implications have been estimated and quantified by the business as a result of the global pandemic.

## APPENDIX I – EMPLOYEE COSTS AND BENEFITS

| *Amounts are Stated in Zambian Kwacha* | **2022** | 2021 |
|---|---|---|
| Wages and Salaries | | |
| Basic Salary and wages | **10,578,784** | 9,070,706 |
| Acting & Responsibility Allowance | **195,697** | - |
| Educational Allowance | **900,909** | 700,707 |
| Housing Allowance | **2,167,183** | 1,833,132 |
| Risk Allowance | **1,102,658** | 951,831 |
| Security Allowance | **672,000** | 592,800 |
| Transport Allowance | **3,828,685** | 3,251,793 |
| | **19,445,916** | 16,400,969 |
| Benefits | | |
| Gratuity Expense | **1,143,175** | 1,042,525 |
| Leave Pay Expense | **2,493,959** | 2,219,512 |
| NAPSA - Employer Contribution | **520,861** | 357,923 |
| NHIS - Employer Contribution | **103,469** | 88,851 |
| Saturnia - Employer Contribution | **621,179** | 494,773 |
| | **4,882,643** | 4,203,584 |
| Other Employee Costs | | |
| Staff Welfare | **75,345** | 20,750 |
| Talk-Time Expense | **224,480** | 187,898 |
| | **299,825** | 208,648 |
| | **24,628,384** | 20,813,202 |

## APPENDIX II– RECURRENT COSTS

| *Amounts are Stated in Zambian Kwacha* | **2022** | 2021 |
|---|---|---|
| Advertising & Promotions | **82,670** | 77,963 |
| Audit Fees | **121,220** | 109,444 |
| Bank Charges | **30,198** | 24,303 |
| Board Expenses | **-** | 669,714 |
| Computer Expenses | **108,767** | 12,141 |
| Conference Facility | **5,706,975** | 534,753 |
| Consultancy | **-** | 135,000 |
| Electricity and Water | **193,000** | 204,700 |
| Exchange Loss | **342,434** | 145 |
| Funding for Operations | **950,000** | 447,995 |
| Insurance | **848,215** | 621,881 |
| Legal Fees | **13,500** | - |
| Motor Vehicle Expenses | **911,707** | 466,502 |
| Office Administration | **1,853,130** | 131,538 |
| Office Refreshments | **145,303** | 76,835 |
| Postage, Telephone & Internet | **361,984** | 363,596 |
| Print & Stationery | **244,968** | 150,264 |
| Rent and Rates | **153,120** | 169,196 |
| Repairs & Maintenance | **292,417** | 402,557 |
| Security Expenses | **673,551** | 421,402 |
| Software Licenses | **1,738,720** | 1,403,368 |
| Staff Training | **264,338** | 112,656 |
| Subsistence Allowance | **2,438,548** | 601,652 |
| Subscriptions | **72,903** | 79,255 |
| Transport Expenses | **626,605** | 740 |
| Travel – Local | **88,445** | 50,400 |
| Workmen's Compensation Fund | **26,890** | - |
| | **18,289,606** | 7,268,000 |