



Workers' Compensation Fund Control Board



ANNUAL REPORT 2018/19

Prevention

Care

Support

Events

1. **April 2018** - Commemoration of World Day of Safety and Health at work
2. **May 2018** - WCFCB staff marching to commemorate Labour Day
3. **June 2018** - Study visit by Workers' Compensation Tanzania management to Workers' Compensation Fund Control Board Head Office
4. **July 2018** - WCFCB staff Netball team at 2018 ZUFIW Sports Festival
5. **August 2018** - WCFCB Scooped the Best Theme Interpretation Award at the 93rd Agricultural and Commercial Show in Lusaka
6. **September 2018** - UNICEF KIDS Mentorship Program visit to WCFCB Head Office
7. **October 2018** - WCFCB staff taking part in ZAAA Inter-Company Relay in Ndola
8. **November 2018** - Future Search Training for WCFCB members of staff
9. **December 2018** - National Launch of Vision Zero Campaign in Livingstone
10. **January 2019** - Dr. Nkumbula, Commissioner and CEO taking part in the 'Keep Zambia Clean' programme
11. **February 2019** - WCFCB staff participating in an aerobics session at the gymnasium at Compensation House in Ndola
12. **March 2019** - Distinguished invited guests taking a photo with the winners at the Miss Compensation pageant



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Vision

To strive towards service excellence in the provision of Social Security Services

Mission

To effectively, efficiently and professionally administer a quality employment injury and occupational disease scheme that embraces service excellence in the provision of compensation to all beneficiaries.

Values

Professionalism, Courtesy, Honest and Intergrity, Fairness and Equity, Accountability and Transparency, Team Spirit, Corporate Social Responsibility





CORPORATE PROFILE

MEMBERS OF THE BOARD OF DIRECTORS



Ms Regina Mukupa Chilupula
Chairperson



Mr Barnaby B. Mulenga
Director



Ms Pumulo Mundale
Director



Mr Gideon Ndalama
Director



Mr Stephen Sikombe
Director



Mr Tyson B. Chisambo
Director



Ms Esther K. Chisenga
Director



Mrs Betty Mtambo
Director



Mr Lyson Mando
Director

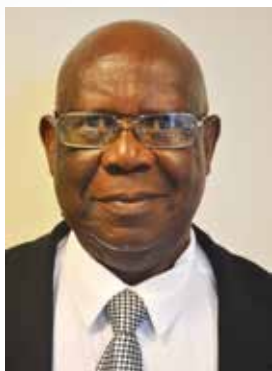


Mr Chishimba Nkole
Director



Ms Sophie K. M. Mutemba
Director

FINANCE & INVESTMENTS COMMITTEE



**Mr. Tyson B.
Chisambo**
Chairperson



**Mr. Barnaby B.
Mulenga**
Member



**Mr. Chisha
Mwanakatwe**
Member co-opted



**Ms. Annique K.
Matipa**
Member co-opted



**Ms. Theresa M.
Munanko**
Member co-opted



**Mr. Alex
Chiwama**
Member co-opted



**Mr Ronald I.
Kasongo**
Member co-opted

AUDIT, RISK & COMPLIANCE COMMITTEE



**Ms. Pumulo
Mundale**
Chairperson



**Mrs. Betty
Mtambo**
Member



**Mr. Stephen
Sikombe**
Member



**Mr. Willie A.
Mubanga SC**
Member co-opted



**Mrs. Carolyn O.
M Sampa**
Member co-opted

STAFF COMMITTEE



**Mr. Lyson
Mando**
Chairperson



**Mrs. Sophie Kangwa
M. Mutemba**
Member



**Mrs. Esther Kapisa
Chisenga**
Member



**Ms. Margaret
Simenza**
Member co-opted



**Mr. Roy
Mwaba**
Member co-opted

COMPENSATION COMMITTEE



**Mr. Gideon
Ndalama**
Chairperson



**Mr. Chishimba
Nkole**
Member



**Mr. Raphael
Kumwenda**
Member co-opted



**Ms. Judy
Jere**
Member co-opted

EXECUTIVE & SENIOR MANAGEMENT

The Executive and Senior Management comprised the following:

**COMMISSIONER & CHIEF
EXECUTIVE OFFICER**



**Dr. Elizabeth Lungu
Nkumbula**

**DIRECTOR FUND
MANAGEMENT**



Mrs. Michelo Silungwe

DIRECTOR FINANCE



Mr. Chalwe Mwale

DIRECTOR BENEFITS



Mr. Kingsley M. Kangwa

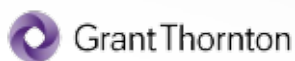
**DIRECTOR LEGAL &
CORPORATE SERVICES /
BOARD SECRETARY**



**Mrs. Priscilla C C
Bwembya**

AUDITORS

Grant Thornton Chartered Accountants
P.O Box 20273
Kitwe,
Zambia



ACTUARIES

Government Actuary's Department
15-17 Finlaison Street
London EC4A 1 AB
United Kingdom
Telephone: +44 (0)131 467 1168

ADVOCATES

Messrs J Kabuka & Company
P.O. Box 240440
Ndola, Zambia

Imasiku & Company
No.8 Azikiwe Crescent
Northmead
Lusaka

Messrs ECB Legal Practitioners
P.O. Box 20817
Kitwe, Zambia

BANKERS

Zambia National Commercial Bank Plc
Ndola Business Centre
P.O. Box 71676
Ndola, Zambia



Standard Chartered Bank Zambia Plc
Buteko Avenue Branch
P.O. Box 71665
Ndola, Zambia



African Banking Corporation Zambia Limited (Atlas Mara)
Buteko Avenue Branch
P.O. Box
Ndola, Zambia



HEAD OFFICE

Compensation House Corner Broadway/Moffat Roads
P O Box 71534
Ndola, Zambia.



BRANCHES

/ OPERATING LOCATIONS

Chingola	Livingstone	Mongu
Chipata	Luanshya	Monze
Choma	Lusaka-Cairo	Mpika
Kabwe	Lusaka –The Mount	Mufulira
Kafue	Mansa	Ndola
Kasama	Mazabuka	Solwezi
Kitwe	Mkushi	OSHI Kitwe

REGIONAL OFFICES

Southern region Lusaka Show Grounds, WCFCB Pavillion
Northern region Compensation House, Ndola



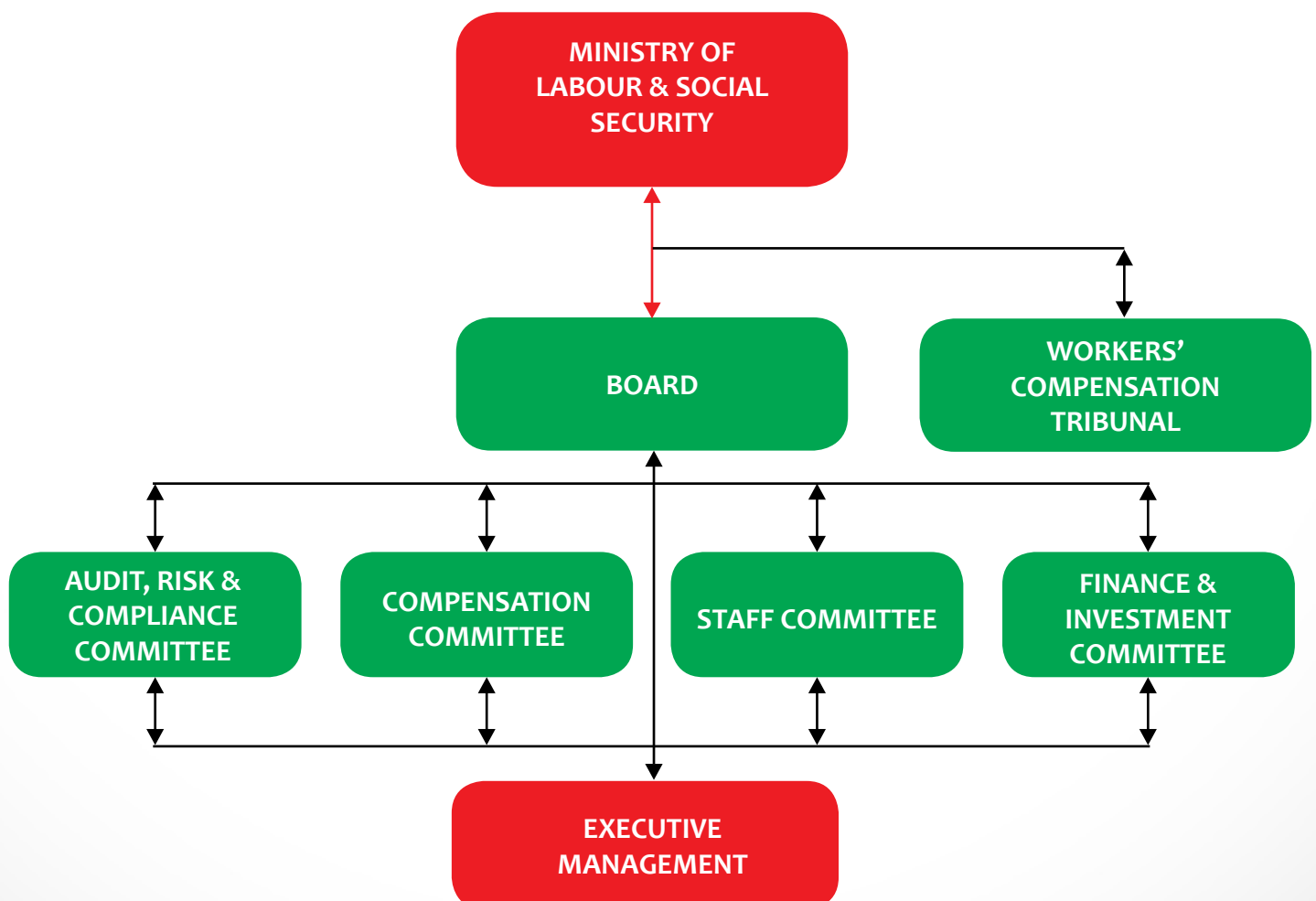
STATEMENT ON CORPORATE GOVERNANCE

STATEMENT ON CORPORATE GOVERNANCE

Workers' Compensation Fund Control Board (WCFCB) attaches great importance to the highest ethical standards and principles of corporate governance. WCFCB is a Statutory Body established under the Workers' Compensation Act No.10 of 1999 of Laws of Zambia to compensate workers or their dependants for occupational related disabilities, diseases and deaths and to administer a Fund from which compensation and operational expenses are defrayed. The Board ensures that there is compliance to the Workers' Compensation Act No.10 of 1999 of Laws of Zambia.

WCFCB has a well-established framework of policies, procedures and Management systems to support its governance efforts.

The overall responsibility for the proper administration of the Board lies with the Minister of Labour and Social Security who appoints the Board Chairperson, Members of the Board of Directors, the Commissioner and Members of the Workers' Compensation Tribunal.



The appointment of the Board of Directors is pursuant to section 10 of the Workers' Compensation Act No.10 of 1999 of the Laws of Zambia that provides for the appointment of eleven (11) members. The structure is tripartite to ensure that no one individual or group dominates the decision making process. The Board consists of the following members:

- a) The Chairperson of the Board;
- b) Three persons from associations representing employers;
- c) Three persons from associations representing workers;
- d) Three representatives from the Government and;
- e) One person from the association of pensioners.

The role of the Board of Directors is to provide, among other matters, leadership for the Fund, formulation of policies and provision of strategic direction to Management.

The Board of Directors makes key decisions to ensure that it retains proper direction and control of the Fund. The Board also delegates certain decisions to the Executive Management.

The Board of Directors therefore reviews the performance of Management and the operating and financial performance of the Fund, and also ensures that adequate resources are available to meet the objectives of the Fund.

Attendance by the Board of Directors for the meetings held during the year under review were as tabulated below:-

No.	Name of Board Member	Board Meetings attended		
		Regular	Special	Total
1	Regina M Chilupula	4	3	7
2	Tyson B Chisambo	4	3	7
3	Stephen Sikombe	4	3	7
4	Esther K Chisenga	4	3	7
5	Lyson Mando	4	1	5
6	Nkole Chishimba	4	1	5
7	Pumulo Mundale	4	3	7
8	Betty Mtambo	4	3	7
9	Sophie K M Mutemba	3	3	6
10	Barnaby B Mulenga	4	3	7
11	Gideon Ndalama	4	2	6

The Board of Directors during the year under review approved/reviewed the following Policies:

- a) The Rent Policy;
- b) The Tablet Computer Policy;
- c) The Asset Disposal Policy;
- d) The Employee and Resourcing Policy.

The members of the Board of Directors were exposed to the following Workshops/Conferences:

- a) National launch of the International Social Security Association Vision Zero Campaign in Ivory Coast;
- b) Board Performance Evaluation;
- c) Sensitisation on the Public Finance Management Act No. 1 of 2018.

The Commissioner is responsible for among other matters, interpretation and implementation of the Board's strategies and policies and the day to day administration of the organization.

During the period under review, the Commissioner was supported by Four (4) Executive Directors, who were responsible for the administration of the following Directorates:

- 1. Benefits;
- 2. Fund Management;
- 3. Finance;
- 4. Legal and Corporate Services/Board Secretary.

The Workers Compensation Tribunal

The Workers' Compensation Tribunal is a quasi-judicial body that provides speedy resolution of disputes that may arise under the Workers Compensation Act No. 10 of 1999. Its functions are provided under section 123 of the Act and include among others the following:-

- a) To hear any appeal made under the Act;
- b) To perform such other functions as are assigned to it under the Act;
- c) To generally deal with all matters necessary or incidental to the performance of its functions under the Act.

The Tribunal is composed of the following:

- a) A legal practitioner of at least ten (10) years standing who is the Chairperson;
- b) A medical practitioner in the service of Government;
- c) A trade union representative; and
- d) Two other persons.

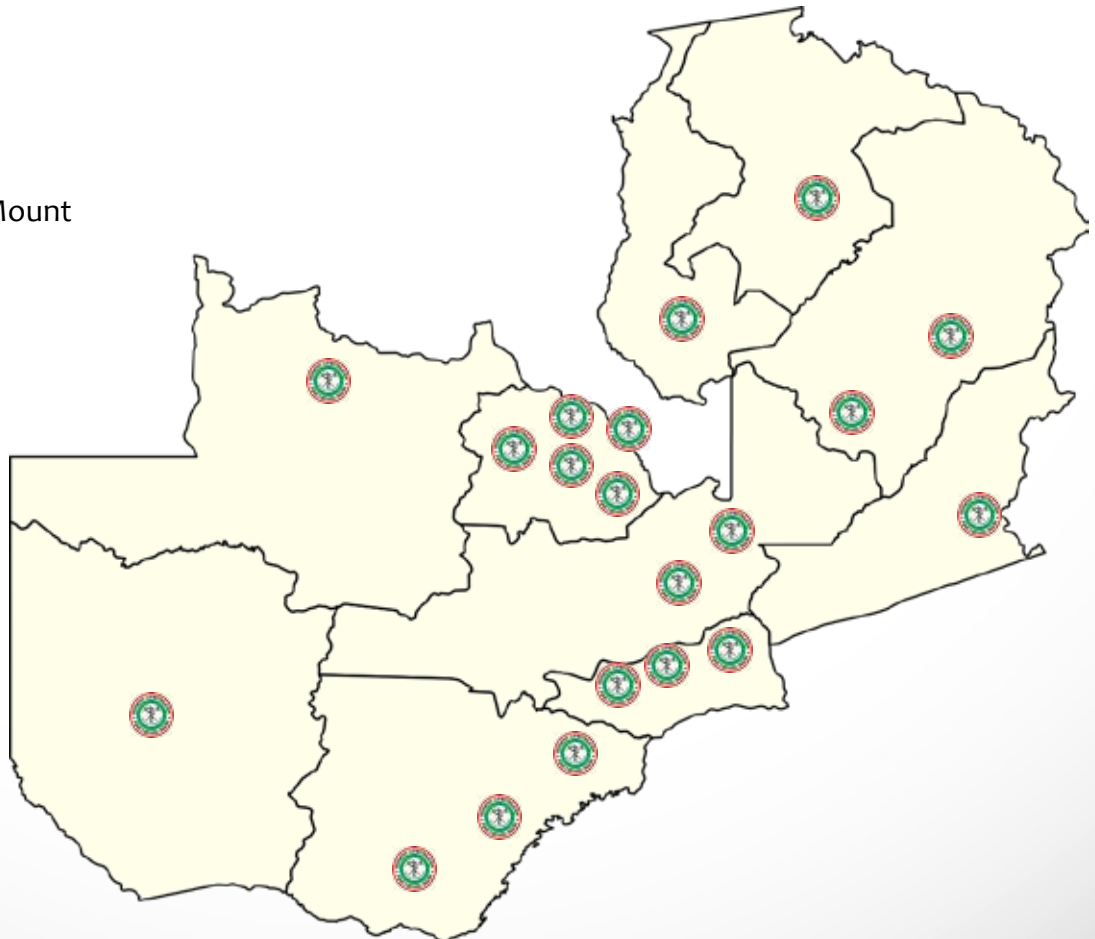
The Tribunal is appointed by the Honourable Minister of Labour and Social Security. The Honourable Minister appointed the Tribunal in August, 2017 and their tenure of office is four (4) years. The Tribunal heard various appeals in line with its mandate.

The Tribunal consisted of the following Members:

1. Mr. James Chibalentondo Kalokoni
A legal practitioner with more than ten (10) years' standing (Chairperson);
2. Dr. Kachinga Agrippa Sichizya (Member)
A medical practitioner from the University Teaching Hospital;
3. Ms. Marjorie Mwelwa Chanda Mutale (Member)
A trade union representative
4. Ms. Ethel N Kopulande (Member)
One other person appointed by the Minister of Labour and Social Security
5. Ms. Elizabeth Musonda Kondowe (Member)
One other person appointed by the Minister of Labour and Social Security

The Workers' Compensation Fund Control Board has a network of Twenty Branches spread out across all the provinces in the country.

Ndola
Kitwe
Lusaka - Cairo
Lusaka - The Mount
Livingstone
Solwezi
Mazabuka
Kasama
Mkushi
Mansa
Mpika
Kafue
Kabwe
Monze
Chipata
Mongu
Chingola
Mufulira
Choma
Luanshya



BOARD MEMBER PROFILES

1. Ms. Regina Mukupa Chilupula

- Small scale Farmer;
- Former Deputy Auditor General (Audits): Supreme Audit Institution of the Republic of Zambia (Office of the Auditor General);
- Former Finance Director; and Director Internal Audit: Bank of Zambia;
- Fellow member - Association of Chartered Certified Accountants (FCCA);
- Certified Internal Auditor (CIA);
- Fellow member of the Zambia Institute of Certified Accountants (ZICA);
- Holds a Masters of Business Administration Degree (MBA);
- Board member - World Vision Zambia;
- Former Chairperson of the Finance & Audit Committee of the Zesco Limited Board of Directors;
- Former Board member - Zamtel Limited.

2. Mr. Nkole Chishimba

- President: Zambia Congress of Trade Unions;
- President: Mineworkers Union of Zambia;
- Former General Secretary: Mineworkers Union of Zambia;
- Technician Metal Fabrication: Chibuluma Mines Plc;
- Former Deputy Mayor: Kalulushi Municipal Council;
- Ward Councillor: Kalulushi;
- Holds a Certificate in Technician Metal Fabrication;
- Studying Bachelor of Human Resource Management at Copperstone University.

3. Mrs. Betty Mtambo

- National Trustee, Zambia Congress of Trade Unions;
- Former Deputy General Secretary, Civil Servants and Allied Workers Union of Zambia;
- National Trustee, Civil Servants and Allied Workers Union of Zambia;
- Has held various portfolio in National Trade Unions;
- Holds a Bachelor of Arts degree in Public Administration;
- Holds a Diploma in Management Studies;
- Holds a Diploma in Social Justice.

4. Mr. Gideon Ndalama

- Director Mines Safety, Ministry of Mines;
- Over 15 years' experience in the Zambia mining industry and mining regulatory sector in Government;
- Holds a Bachelor of Mineral Sciences in Mining Engineering, University of Zambia (UNZA);
- Board Member, Zambia Environmental Management Agency (ZEMA);
- Writer and Publisher of "Where shall the birds roost tonight?" a collection of Poetry.

5. Ms. Sophie K M Mutemba

- Board Member: ZCCM IH. Chairperson of the Remuneration Committee;
- Board Member: Investrust Bank Plc;
- Former Chairperson of the skills training committee tasked to collaborate with various stakeholders in Mining, Industry and Tertiary Institutions;
- Operating a homegrown hospitality business comprising 18 rooms, bar and restaurant;
- Former Vice President Human Resources – Konkola Copper Mines;
- Former Manager Human Resources, Konkola and Nchanga Divisions – ZCCM;
- Former Superintendent Human Resource; Konkola and Nchanga Divisions -ZCCM;
- Former Graduate Trainee, Personnel Officer to Head Industrial/Relations/Community Services;
- Holds a Bachelor of Arts Degree in Public Administration;
- Holds a Certificate in Executive Management;
- Industrial attachment to Springfield Remanufacturing.

6. Mr. Lyson Mando

- National Executive Secretary, Federation of Free Trade Unions of Zambia;
- Seasoned labour leader and educationist with over 28 years' teaching experience in Zambian Secondary School curriculum;
- Former President and founder member of the Secondary School Teachers' Union of Zambia.

7. Ms. Pumulo Mundale

- Director: Gender Rights and Protection: Ministry of Gender;
- Former Chief Policy Analyst – Legal Affairs: State House;
- Former Legal Assistant: Central Chambers. Advocates, Solicitors and Commissioner for Oaths;
- Former Program Intern: American Friends Service Committee;
- Holds a Master of Laws Degree in Commercial Law: University of Derby;
- Holds a Bachelor of Laws Degree (LLB): University of the Witwatersrand;
- Holds a Bachelor of Arts, Law and International Relations: University of the Witwatersrand;

8. Mr. Barnaby B Mulenga

- Permanent Secretary, Ministry of Labour & Social Security;
- Former Permanent Secretary: Ministry of Lands, Natural Resources and Environment Protection;
- Former Commissioner of Lands: Ministry of Lands;
- Former Head – Estates and Valuations: Ministry of Lands;
- Former Registrar of Lands and Deeds: Ministry of Lands;
- Former Lands and Deeds Officer: Ministry of Lands;
- Holds a Masters in Environmental Science and Law (MESL): University of Sydney;
- Holds a Certificate in Legal Education: Zambia Institute of Advanced Legal Education (ZIALE) (Bar Qualification Exams);
- Holds a Bachelor of Laws Degree (LLB) with credit: University of Zambia;
- Holds a Bachelor of Science in Land Economy with Merit: Copperbelt University.

9. Mr. Tyson B Chisambo

- An experienced Banker with a total of 13 years in the sector;
- Owner of Bruno's Jatropha Limited, with over 5 years' experience in Biofuels;
- Member of the Chartered Institute of Bankers and the British Institute of Management;
- Associate member of the Institute of Company Accountants;
- Diploma in Business Administration, UK;
- Past President of the Zambia Federation of Employers;
- Past Vice President of the Zambia National Farmers Union;
- Director-Biofuels Association of Zambia;
- Acting Executive Chairman the Outward Bound Association of Zambia.

10. Mr. Stephen Sikombe

- Country Human Capital Manager, Metal Fabricators of Zambia Plc;
- Vice President, Zambia Federation of Employers-Northern Region;
- Former Board Secretary, Zamefa Plc Board of Directors (2012-2015);
- Former Copperbelt Regional Secretary, Zambia Institute of Personnel Management;
- Council Member and Governor, Trans Africa Christian University (TACU), Kitwe;
- Holds a Bachelor of Arts in Business Administration: The American International University 2015;
- Holds a Post Graduate Diploma in Human Resources Management from Evelyn Hone College 1987.

11. Esther Salome Chipango Kapisa

- Chief Executive Officer, Auxiliary Management Services Limited;
- Board Trustee, Build it International;
- Fellow of the Zambia Institute of Human Resources Management (FZHRM);
- Accredited and Certified Mediator of the High Court and Industrial Relations;
- Member of the Zambia Association of Arbitrators;
- Former Management Consultant, Fidelity Labour Consultants Limited;
- Former Board Trustee, Zambia Federation of Employers (2012-2015);
- Former Committee member, Administration and Legal Committee, National Youth Development Council (NYDC);
- Former Committee member, Advisory Council on Workers' Rights and Empowerment of the Fair Trade and Labelling Organization International Bonn-Germany (2011-2012);
- Holds a Bachelor of Arts in Business Administration: Newport University California-USA;
- Holds a Post Graduate Diploma in Human Resources and Industrial Relations: Institute of Commercial Management;
- Holds a Trainer's Certificate, Essentials of Occupational Health and Safety: International Labour Organization (ILO).

PROFILES FOR TRIBUNAL MEMBERS

MR. JAMES KALOKONI

- Managing Partner Kalokoni and Company, Lusaka, Zambia;
- Immediate past Chairperson of the Lands Tribunal and the current Chairperson of the Workers Compensation Tribunal;
- Current Resource Person in Employment Law for Zambia Institute of Human Resource Management;
- Resource Person for KSM Management Consultants on Employment Law and has jointly conducted seminars with KSM Management Consultants;
- Reader in Employment Law at Demont Fort University, Leceister, UK;
- Holds a Master of Laws (LLM) Degree in Energy Law and Policy with Distinction: Dundee University, UK;
- Holds a Bachelor of Laws Degree (LLB):University of Zambia;
- Holds a post-graduate diploma in international energy law from the Kalliopi Foundation of Greece;
- Certificate of attendance in International Oil and Gas Law organised by the Rocky Mineral Law Foundation of USA, obtained from Milan, Italy;
- Hold a Legal Practitioner's Certificate from Zambia Institute of Advanced Legal Education (ZIALE);
- Former Assistant Advocate, Zambia Electricity Supply Corporation;
- Served as Legal Counsel on the World Bank Power Project namely Power Rehabilitation Project (PRP) Zambia;
- A member of the Law Association of Zambia;
- Member of the Chartered Institute of Arbitrators both of UK and Zambia.

ETHEL M. KOPULANDE

- Senior Family Planning Advisor-Scaling up Family Planning Project phase 2-(Dfid) Abt Associates;
- A Nursing professional with more than 30 years of experience in the provision of technical support and advocacy in primary health in the areas of Maternal Child Health, Adolescent Reproductive Health, Prevention of Parent -to-Child Transmission HIV/AIDS, HIV/AIDS, Counseling and Testing;
- Holds a MSc Public Health Promotion :(Leeds Beckett) 2016 Commonwealth Scholarship Award;
- Holds a Bachelor of Arts in Development Studies (ZAOU) 2009;
- Hold a Diploma in Registered Nursing: Lusaka School of Nursing;

- Holds a Post Graduate Diploma in Teaching Methodology: University of Lusaka 2016;
- Holds a Certificate in Midwifery : Ndola School of Midwifery;
- Holds a Certificate in Family Planning and Reproductive Health: Planned Parenthood Association of Zambia;
- Holds a certificate in Counseling for HIV/AIDS: WHO/UNAIDS, University Teaching Hospital;
- Holds a Certificate in Project Planning and Management: University of Zambia;
- Certified Trainer of Trainers in Neo-Natal Circumcision: CIDRZ/MOH ;
- Certified Trainer in Clinical Mentorship Skills :Jhpiego USAID.

DR KACHINGA AGRIPPA SICHIZYA

- Consultant Neurosurgeon and Head of Neurosurgery, University Teaching Hospital;
- Head Clinical Care for Accidents and Emergencies Unit, University Teaching Hospital:Adult Hospital;
- Senior Instructor, **Zambia Trauma course** under the Surgical Society of Zambia (**SSZ**);
- Senior Registrar, Neurosurgery Unit, University Teaching Hospital (UTH), Lusaka, Zambia;
- Honorary lecturer and Examiner with the University Of Zambia School Of Medicine;
- Honorary Consultant, University Teaching Hospital, Department of Surgery, Lusaka, Zambia;
- Former Consultant and Head of Neurosurgery, BEIT-CURE HOSPITAL, Lusaka, Zambia;
- Former Examiner with the College of Surgeons of East, Central and Southern Africa (COSECSA);
- Former Head of Main Intensive Care Unit (ICU), University Teaching Hospital, Lusaka, Zambia;
- Former Senior Registrar, Department of Neurosurgery, Groote Schuur Hospital, University of Cape Town (UCT), South Africa;
- Former Registrar, Department of neurosurgery, Groote Schuur Hospital, University of Cape Town(UCT), Cape Town, South Africa;
- Former Registrar, Departments of Neurosurgery/ENT/Cardiothoracic, Parirenyatwa and Harare central Hospitals, Harare, Zimbabwe;
- Former Senior Resident Medical Officer (SRMO), Department of Paediatrics: University Teaching Hospital (UTH), Lusaka, Zambia;
- Member of the Health Profession Council of Namibia (HPCN);
- Member of Health Professions of Council of Zambia (HPCZ);
- member of the Health Professions Council of South Africa (HPCSA);
- Former member of the Health Professions Council of Zimbabwe (HPCZ);
- Member of the Surgical Society of Zambia (SSZ);

- Former President, Resident Doctors Association of Zambia (RDAZ);
- Former National treasurer, Resident Doctors Association of Zambia (RDAZ);
- Former President, University of Zambia Medical Students Union (UNZAMEDSU);
- Former Deputy School Captain, David Kaunda Secondary Technical School;
- Fellow of the College of neurosurgeons of the College of Medicine of South Africa: FCNeurosurgery (SA);
- Holds a Bachelor of Medicine and Surgery MB.ChB: University of Zambia, School of Medicine;
- Holds a Bachelor of Science in Human Biology BSc.HB: University of Zambia, School of Medicine.

MARJORIE MWELWA CHANDA MUTALE

- Administrative Assistant and New Business Underwriter, Zambia State Insurance Corporation;
- National Women Vice Secretary and Executive Council Member, Zambia Union of Financial and Allied Workers (ZUFIAWU).;
- 2nd titular substitute for the Southern Africa Women's Committee of Uni Global Africa;
- Served as 1st titular substitute for the Southern Africa women's Committee of Uni Global Africa;
- Member of the Global Labour University;
- Holds a Bachelor of Arts Degree in Gender and Development Studies: Womens University in Africa;
- Holds a Certificate in Labour Studies: University of Witwatersland, South Africa;
- Holds a Certificate in Clerk Typing Luanshya Trades Training Institute;
- Reading for Masters' Degree in Development Studies: Women's University in Africa.

ELIZABETH MUSONDA KONDOWE

- Former Inspector/Public Prosecutor, National Pension Scheme Authority (NAPSA);
- Former Senior Staff Training Officer, National Institute of Public Administration (NIPA);
- Former Lecturer in Human Resource Management: Institute of Local Government Administrators;
- Holds a Bachelor of Laws Degree (LLB): Zambia Open University/University of Zambia;
- Holds a Bachelor of Arts Degree with Library Studies and Public Administration: University of Zambia;
- Holds a Public Prosecutor's Certificate: Zambia Institute of Advanced Legal Education (ZIALE).



Ms Regina Mukupa Chilupula

BOARD CHAIRPERSON'S REPORT

It gives me pleasure to present the Workers' Compensation Fund Control Board audited Financial Statements for the year ended 31st March 2019 together with the Annual Report on the activities of Workers' Compensation Fund Control Board (the Board) pursuant to Section 109 (4) of the Workers' Compensation Act No.10 of 1999 of Laws of Zambia.

During the period under review the Board continued to invest and consolidate its performance platforms to deliver a sustainable future growth.

1.1 Economic Environment

In 2018/19, the economy grew at an estimated 3.5 percent compared to 3.4 percent growth rate registered in 2017. The slight increase in growth reflects strong performance of services in particular, wholesale and retails, pensions and information and communication in the second half of 2018.

Copper production continued to increase by an estimated 4%–4.5% in 2018. Construction also contributed to growth, thanks to public infrastructure projects and investment in commercial buildings and residential housing, towing cement production, which increased at an estimated 10% in 2018.

However, faster recovery was undermined by lower crop harvest, the accumulation of new public expenditure arrears and government domestic borrowing at high yields. In the first half of 2018, K2 billion in arrears were accumulated. As a result of the financial sector vulnerabilities remained elevated. Despite a narrower trade deficit than in 2017, external pressures remained elevated in 2018, reflecting the high cost of debt service.

The Kwacha depreciated against the US Dollar and other major currencies due to the fall in Copper prices as result of the trade war between China and the United States of America. The depreciation did not substantially affect inflation, which largely remained in its medium-term range of 6-8%. As a result, the Bank of Zambia kept a broadly neutral monetary policy stance in 2018, maintaining its policy rate at 9.75% (the lowest level since January 2014) at all its 2018 MPC meeting.

Further, Shares on the Lusaka Stock Exchange (LuSE) generally, did not perform well as the LuSE-All Share Index (LASI) was down by 0.14% to 5,599.94 as at 31st March 2019 from 5,607.74 the previous year.

1.2 Inflation

The annual inflation rate, as measured by the all items Consumer Price Index (CPI), increased to 7.5% as at 31st March 2019 from 7.1% the previous year. The increase in inflation rate was attributed to price movements in both food and non-food items.

1.3 Interest Rates

The weighted average Treasury Bills discount rate 364-Day Treasury bills rose to 20.96% in 2019 compared to 14.94% in 2018 while Government composite bond yield rate on two year bonds increased to 24.00% from 21.94% over the same period. The upward movement in the yields in GRZ Treasury Bills was attributed to increased Government borrowing on the domestic money market.

The Board continued to take advantage of the rising interest rates by negotiating and locking Fixed Income Securities at higher interest rates at the time of placement. As a result, interest income from Government bonds, Treasury bills and Fixed Deposits increased by 11.21% to K203.25 million from K191.04 million the previous year. Increased interest income in turn mitigated unstable and low performances on Equity and Property Asset Classes.

1.4 Exchange rates

The Kwacha, as at 31st March 2019, had depreciated by 28.08% against the United States Dollar as compared to the previous year. Further, the local unit depreciated by 19.33% and 16.80% against the Pound Sterling and the Euro respectively. Stated below are exchange rates for the Kwacha against the United States Dollar, Pound Sterling and Euro based on the Bank of Zambia exchange rates.

	March 2019	March 2018
United States Dollar	12.1675	9.4996
Pound Sterling	15.9467	13.3640
Euro	13.6774	11.7101

1.5 Mining

Copper mining remained the country's mainstay, contributing approximately 12.0% of the GDP and 70.0% of total export value. As such there was a continued foreign and regional investment drive towards the Sector due to political stability, favourable economic environment and vast untapped natural resources.

During the period under review, lower demand from China associated with escalating trade tensions dampened the copper price, which fell by more than 10% to close at US\$6,488.00 per ton as at 31st March 2019 from a previous close of US\$7,267.50 as at 31st March 2018. To raise tax revenue, the government changed the mining tax regime, raising royalties by 1.5 percentage points and removed mineral royalty tax deductions from corporate taxes.

There was however, an increase in Copper production volume from 799,329 metric tonnes in 2017 to 861,946 metric tonnes in 2018 boosted by the increase in production at First Quantum Mining's Sentinel Mine in Kalumbila District, improved plant availability and utilization at the Tailings Leach Plant at Konkola Copper Mines coupled with higher grades and commissioning of the Synclinorium Shaft at Mopani Copper Mines in Kitwe that increased volume of ore being hoisted.

The general improvement in performance of the Mining Sector contributed significantly to the Board's assessment income which increased from K240.37 million the previous year to K264.15 million in 2019.



Copper Cathodes for export

1.6 Agriculture

During 2018/2019 agricultural production season, the Southern African region experienced wide spread rainfall anomalies. In Zambia, prolonged dry spells were experienced in January, particularly in the southern half of the country. As a result of the above weather situation, it was projected that 2018/19 overall crop production would decline. Army worm infestations were largely anticipated and were therefore, contained due to preparedness by the farmers and the government. The Crop Forecast Survey (CFS) estimated maize production to have dropped to 2,004,389 metric tonnes from 2,394,907 metric tonnes produced last season representing a decline in production of 16 percent. The production of other key crops also declined. Due to decline in the production for most crops, the marketing season was characterised by elevated market prices for most commodities. However, the country had enough maize stock to meet human and industrial requirements till the next harvest in 2020.

Despite the challenges experienced in the agricultural sector, Assessments raised in the sector rose from K22.88 million in 2018 to K26.36 million as at 31st March 2019 representing a growth rate of 15%



A field of Maize

1.7 Manufacturing

Manufacturing Sector though still in its infancy in Zambia is of vital importance in relation to the country's macroeconomic strategy for encouraging broad based economic growth. In this regard, the Government continued to put in place measures to support manufacturing activities, such as the establishment of Multi-Facility Economic Zones (MFEZs) and Industrial Parks (for both export and domestic orientated industries, with the necessary support infrastructure installed), and provision of sector-specific investment incentives.

Government promoted small and medium enterprises in rural and urban areas so as to enhance labour intensive light manufacturing activities in these areas. The Government had also allocated a total of US\$36.01 million to manufacturing related infrastructure such as the Cashew nut infrastructure and the Zambia Aquaculture Entrepreneurship Projects. With improved funding, the Sector had potential to make up for the significant imports and support a diversified and export oriented economy.

Assessments raised in the Manufacturing, Retail and Trade sectors increased from K56.74 million in 2018 to K61.87 million as at 31st March 2019 representing a growth rate of 9%.

1.8 Proposed Amendments to the Act

During the period under review, the Board held meetings with the Ministry of Labour & Social Security and Ministry of Justice to discuss the Workers' Compensation (Amendment Bill) 2019. The Bill was expected to be submitted to Parliament in the February, 2019 Parliamentary session.

1.9 Staff Relations and Welfare

The industrial relations atmosphere in the Board was generally calm. There were no disturbances recorded during the financial year under review.

The bargaining unit convened to negotiate for improved conditions of service for Unionised members of staff.

The Board continued providing subsidised health services to all employees and their families and sponsoring an in-house Pension Scheme as a supplement to the statutory national pension scheme.

1.10 Performance of WCFCB

During the year under review, the Board of Directors and Management continued to demonstrate a greater common commitment and focused on the Board's Vision and Mission Statement ***"to strive towards service excellence in providing social security services"***.

Grant Thornton Chartered Accountants were appointed to audit the Financial Statements for the three year period from 1st April 2016 to 31st March 2019.

The highlights of the financial performance include the Board's financial performance and financial position. The Board recorded a surplus of K204.17 million for the year ended 31st March, 2019 compared to K396.18 million surplus in 2018, reflecting a reduction of 48.47%. Total assets were K2,064.98 million for the year ended 31st March 2019 compared to K1,876.45 million in 2018, reflecting an increase of 10.05%.

Total liabilities were K60.43 million as at 31st March 2019 compared to K63.56 million in 2018. This resulted into a net asset value of K2,003.55 million as at 31st March 2019 compared to K1,812.89 million in 2018 reflecting an increase of 10.52%.

1.11 Outlook

The major economic indicators point to subdued domestic economic growth registering negative year on year growth in mining output, cement production, consumer spending and tourist arrivals. The real Gross Domestic Product (GDP) growth is expected to slow down, reflecting lower agriculture production and mining output as well as constrained electricity generation.

The Board of Directors and Management are however optimistic that with the current investment in human resources, equipment modernisation and increased productivity, the Board will be able to deliver value for all stakeholders through the key strategic thrust in the Strategic Plan that runs from 1st April 2015 to 31st March 2020.

The major strategic focus will be to improve the Pensioners' benefits, service delivery and also improve cost efficiency.

The Board has partnered with the International Social Security Association (ISSA) to roll out the Vision Zero Global Campaign which aims at reducing occupational accidents and diseases to zero by the year 2030.



Launch of Vision Zero Campaign in Livingstone - Zambia

We are confident that in building exceptional capabilities in our people and our Information Communication Technology (ICT) systems upgrade, we shall be able to provide transformational solutions to our stakeholders in the forth coming year ending 31st March 2020.

1.12 Conclusion

I would like to thank members of the Board of Directors, Board Committee members, Management and Staff and all stakeholders for their support, hard work and cooperation during the period under review, and look forward to more success in the forthcoming financial year.

REGINA MUKUPA CHILUPULA
BOARD CHAIRPERSON



Dr. Elizabeth Lungu Nkumbula

COMMISSIONER & C.E.O's REPORT

It is always an honour to be able to report to the stakeholders the objectives set under the Workers' Compensation Act No.10 of 1999 of the Laws of Zambia during the period under review. The report covers various aspects affecting the operations and management of the Workers' Compensation Fund Control Board which include the following;

- Financial performance;
- Revenue;
- Investments;
- Compensation claims and benefits;
- Human Resources Management and Administration;
- Internal Audit;
- Information Technology; and
- Communications and Customer Services.

2.1 FINANCIAL PERFORMANCE

The overall performance of the Board during the period under review, was considered to be satisfactory notwithstanding the significant challenges that faced the Social Security sector due to tough economic challenges. The Board recorded net assets of K2,003.55 million (2018: K1,812.89 million) reflecting a 10.52% growth. Assets under management amounted to K2,140.48 million (2018: K1,805.38 million). Total Pensioners and other beneficiaries payroll was K33.98 million (2018: K37.66 million).

During the period under review, the Board adopted a proactive approach towards accident and disease prevention by facilitating health and safety awareness programs at various workplaces under the theme **“Keep Safety in Mind”**.

The Board recorded a surplus of K204.17 million compared to K396.18 million in 2018 reflecting a reduction of 48.47%. The decrease is mainly attributed to reduction in the fair value of Investment properties as per property valuation report as at 31 March 2019.

Table 2.1.1 highlights the actual performance of the Board for five years, from 2015 to 2019.

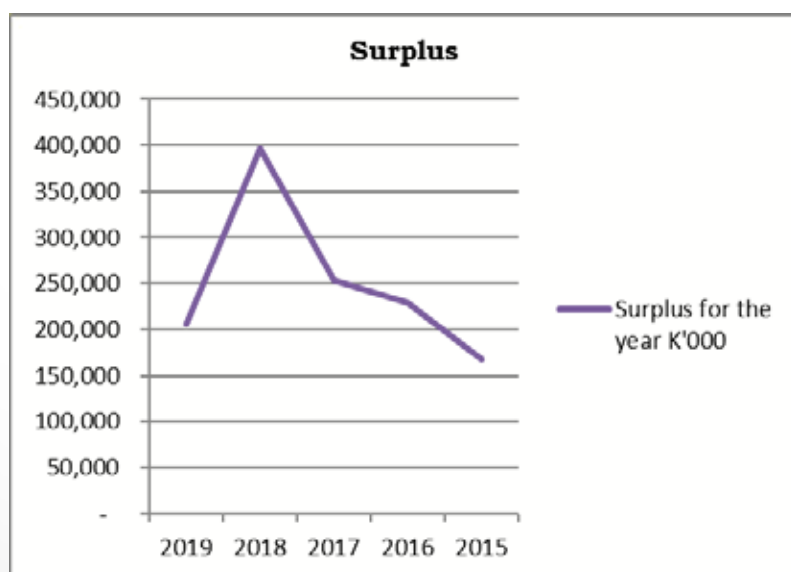
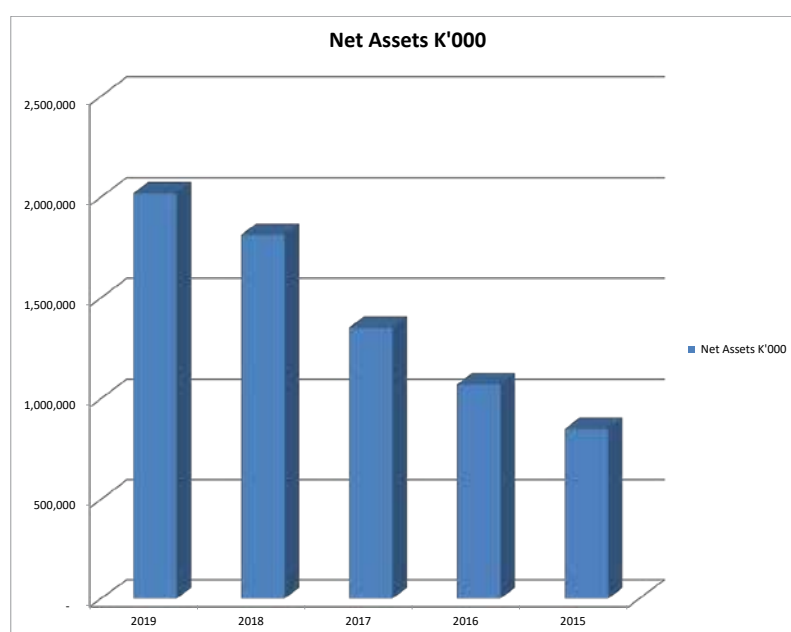
STATEMENT OF COMPREHENSIVE INCOME	2019	2018	2017	2016	2015
	K'000	K'000	K'000	K'000	K'000
Assessment income	264,148	240,368	223,567	228,144	183,545
Other income	148,549	395,502	189,974	159,985	109,829
Total income	412,697	635,870	413,541	388,129	293,374
Claims and Pension Payments	(33,981)	(37,663)	(29,978)	(23,602)	(20,598)
Administrative & Investment related expenditure	(174,551)	(202,023)	(130,267)	(93,388)	(104,723)
Exceptional item	-	-	-	(42,327)	-
Total expenditure	(208,532)	(239,686)	(160,245)	(159,317)	(125,321)
Surplus for the year	204,165	396,184	253,296	228,812	168,053
STATEMENT OF FINANCIAL POSITION					
Fixed assets	62,160	66,519	51,176	49,879	39,774
Long term Investments	175,686	197,223	148,796	152,953	165,706
Investment properties	312,994	390,607	261,968	244,560	209,540
Current assets	1,514,136	1,222,103	958,736	706,360	491,004
Total Assets	2,064,976	1,876,452	1,420,676	1,153,752	906,024
FUNDS AND LIABILITIES					
Funds	2,003,546	1,812,891	1,365,305	1,110,921	850,417
Total liabilities	61,430	63,561	55,371	42,831	55,607
Total funds and liabilities	2,064,976	1,876,452	1,420,676	1,153,752	906,024

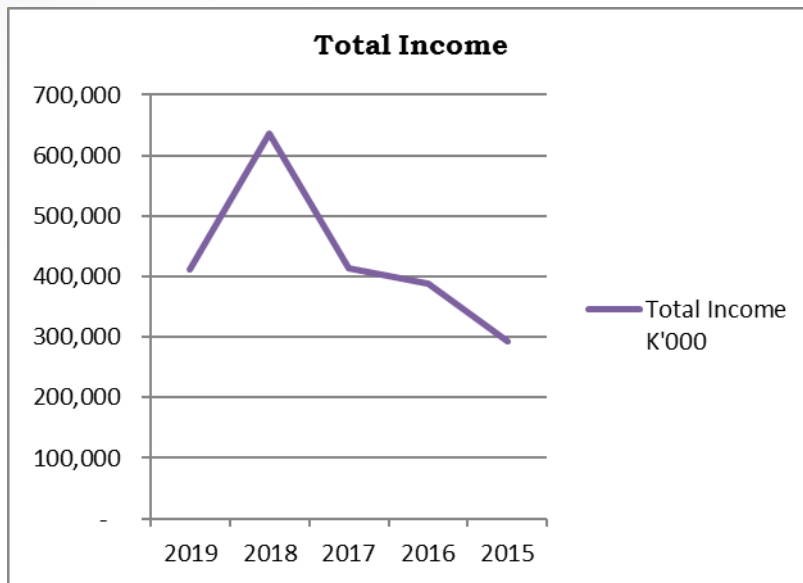
2.1.1 Funds and Reserves

The accumulated funds and reserves increased by K190.66 million from K1,812.89 million in 2018 to K2,003.55 million in 2019 reflecting an increase by 10.52%. Table 2.1.2 below shows the movements in five years:

Table 2.1.1 Funds and reserves

	2019	2018	2017	2016	2015
	K ' Million	K ' Million	K ' Million	K ' Million	K ' Million
Funds & Reserves	2,003.55	1,812.89	1,365.30	1,110.92	850.42





2.1.2 Property, Plant and Equipment

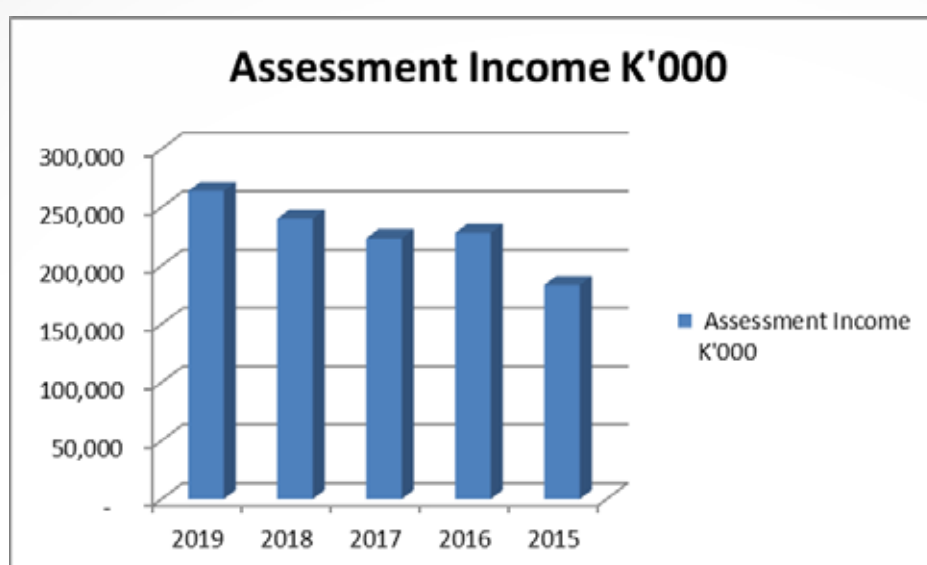
The Board's capital expenditure in the financial year amounted to K3.33 million compared to K5.57 million in 2018. This was mainly incurred on the acquisition of Motor vehicles and Computer equipment. The reduction was due to delays in the procurement process for other capital projects.

2.1.3 Actuarial Valuation of the Fund

Under Section 25 of the Workers' Compensation Act, the Board is required to appoint an Actuary who values the Fund at intervals not exceeding three (3) years and prepares a report on the state of the Fund, stating any surplus or deficit in the Fund and makes necessary recommendations. The Triennial Actuarial valuation of the Fund as at 31 March 2017 recorded a surplus of K813.20 million and a funding level of 247%. The implementation of increased monthly pension based on the Actuarial valuation shall be implemented during the financial year 2019/2020.

2.2 ASSESSMENT INCOME

The Board registered 3,001 new employers during the year under review, bringing the total number of registered employers under the Workers' Compensation Scheme to 27,009. (2018: 24,008) reflecting a growth of 12.50%.



The Board intends to continue increasing the number of registered employers through aggressive sensitization programs and by exchanging information with the strategic partners such as Patents & Companies Registration Agency (PACRA), National Pension Scheme Authority (NAPSA), and the Zambia Revenue Authority (ZRA) through the One Stop Shop Information System (OSSIS).

2.2.1 Assessments Raised

During the period under review, assessable earnings were still restricted to a ceiling of K800.00 per month or K9,600.00 per annum in accordance with the Workers' Compensation Act, for purposes of levying assessments on employers. As a consequence, K264.15 million was raised as assessments from 27,009 employers. The restriction of assessable earnings adversely affects the level of compensation paid to Pensioners and Beneficiaries.

2.2.2 Status of Debtors

The Board experienced an upsurge in compliance levels arising from improved efficiencies in collections of debt such as establishment of a fully-fledged prosecution team. Such efficiencies are aimed at fostering adherence among eligible employers to the provisions of the Workers' Compensation Act.

During the year under review, the Board collected K20.34 Million from the brought forward Old debt stock in the sum of K151.33 Million reflecting a collection rate of 13.44%.

The Board further embarked on an exercise to verify closed companies, in all 20 branches, in order to clean up debtors records.

Further, the Board continued taking legal action against outstanding local authorities debt brought forward from the year 2010.

2.3 INVESTMENTS

2.3.1 Portfolio Performance

The Board invested surplus funds during the year under review in accordance with the investment objectives which strived to:

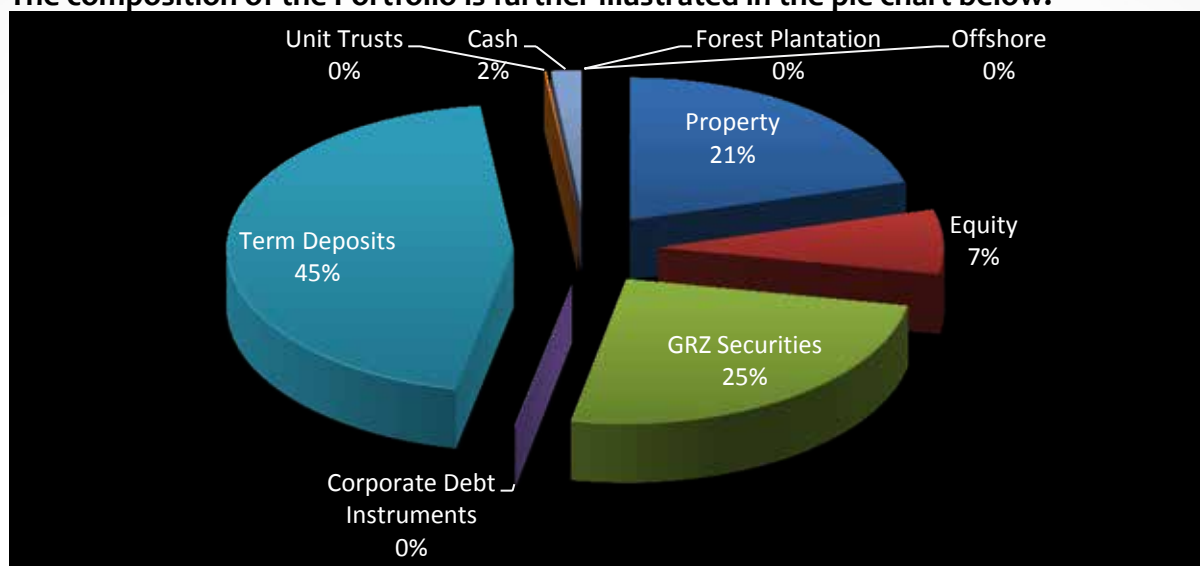
- a) Preserve capital;
- b) Secure its assets;
- c) Maximize investment returns consistent with acceptable levels of risk;
- d) Maintain liquidity; and
- e) Risk diversification and attain appropriate asset to liability matching.

The size of the Fund as at 31st March 2019 stood at K2,010.60 million as compared to K1,805.38 million as at 31st March 2018 reflecting a growth of 11.37% and the portfolio was as illustrated below:

Table No. 2.3.1: Fund Size

Description	31st March 2019		31st March 2018	
	K' Million	%	K' Million	%
Property	312.99	15.57	390.61	21.64
Equity	156.27	7.77	177.52	9.83
GRZ Securities	537.10	26.71	606.62	33.60
Corporate Debt	2.62	0.13	2.16	0.12
Term Deposits	961.33	47.81	586.29	32.47
Unit Trusts	3.15	0.16	3.46	0.19
Cash Deposits	37.14	1.85	38.72	2.14
Forest Plantation	-	0	-	0
Offshore	-	0	-	0
Total	2,010.60	100.00	1,805.38	100.00

The composition of the Portfolio is further illustrated in the pie chart below:



The growth in the Portfolio was principally due to the investment of fresh funds collected from assessments as well as accrued and earned interest on Fixed Income Securities. The Board had prioritised on Fixed Income Securities that preserved value, sustained growth and provided investment income to fund the Board's projects and contingencies.

2.3.2 Property

The Board had an average of eighty two percent (82%) occupancy rate in its commercial and residential buildings. There were vacancies that had arisen as a result of planned construction works at Buteko House in Ndola, Kola Court in Kitwe, and 116 Sheila Dare in Ndola.

The Board awarded a contract to WAH KONG Enterprises to construct two blocks of flats at Kola Court in Kitwe. One block would comprise six (6) three (3) bedroomed flats whilst the other block would comprise four (4) three (3) bedroomed flats. Construction of the flats commenced in August 2017 and was scheduled to be completed in 2019/2020 financial year.

The average return on property based on gross rentals was 3.73% as compared to 3.76% the previous year, against the desired rate of return of ten per cent (10%). The poor return recorded was, among other factors, due to age and poor condition of the properties resulting in rentals being charged below market levels, and accumulated revaluation gains.

However, the Board continued with the implementation of its Property Rehabilitation and Development Strategic Plan which formed part of the 2015/2020 Corporate Strategic Plan. In line with its Strategy, the Board completed rehabilitation works at the new Kitwe Branch at Afcom House Kitwe; Ibex Hill Flats and Compensation villas in Lusaka; and at Compensation House Kasama. The construction of two (2) blocks of flats at Kola court in Kitwe was on-going.



Construction of Two Blocks of Flats at Kola Court Kitwe



Compensation Villas in Lusaka with a fresh coat of paint

The Property portfolio was valued at K312.99million at the end of the financial year.

2.3.3 Equity

The 2018/19 year saw the LuSE All Share Index (LASI) down by 1.49% in local currency terms and 17.13% in Dollar terms. The local exchange continued to be faced with constrained liquidity due to lop-sided trading patterns. Lack of liquidity on the local stock market hindered efforts by the Board to offload all Shares that were approved for disposal. The Board managed to sell all 312,500 Investrust Shares and 475,794 CEC Africa Shares out of the 30,730,608 Shares at the market prices of K12.00 and K0.30 respectively. A total of 30,254,814 CEC Africa Shares remained unsold as at 31st March 2019.

The Board did not acquire any Shares during the year. Equity decreased from K177.52 million at the beginning of the year to K156.27 million as at 31st March 2019. The decrease was principally due to capital losses of K20.93 million recorded and Investrust shares that were disposed off. The Equity portfolio was as illustrated in table 2.3.3 below.

A total of K12.07 million dividends were received from the following companies during the year as compared to K8.54 million for the previous year:

- a) AEL Zambia Plc;
- b) Real Estates Investments Zambia Plc;
- c) Copperbelt Energy Corporation (CEC) Plc;
- d) PUMA Energy Plc; and
- e) Zambia National Commercial Bank Plc.

Table No. 2.3.3 Equity portfolio

Security	31-Mar-19		31-Mar-18	
	K'000	%	K'000	%
CCAF	6,050	4	9,219	5
CEC	46,095	30	61,461	35
REIZ	25,198	16	23,347	13
ZAMBEEF	2,220	1	2,220	1
PUMA ZAMBIA	3,178	2	3,211	2
NAT BREW PLC	7,205	5	9,602	5
ZANACO PLC	16,267	10	19,724	11
ZAMBIA SUGAR	2,681	2	2,692	2
AEL ZAMBIA	28,314	18	22,762	13
FQM	15,059	10	15,060	9
INVESTRUST	-	0	4,219	2
ZICB	4,000	3	4,000	2
TOTAL	156,271	100%	177,517	100%

2.3.4 Term Deposits

Term Deposits increased by 65.33% to K969.30 million at 31st March 2019 from K586.29 million in the year ended 31st March 2018. The increase was as a result of new placements made and capitalization of earned interest on matured term deposits during the year.

2.3.5 GRZ Securities

GRZ Securities decreased by 7.76% to K559.56 million at 31st March 2019 from K606.62 million in the year ended 31st March 2019. This was as result of diversification of funds from GRZ Securities to Term Deposits to maintain the holding within the limit.

2.3.6 Corporate Debt Instruments

Corporate Debt Instruments increased by 21.30% from K2.16 million to K2.62 million at the end of the year. In addition, Unit Trusts decreased by 8.96% from K3.46 million to K3.15 million proceeds of matured unit trusts that were invested in Term deposits to take advantage of high interest rates.

2.3.7 Asset and Liability Management

The Assets were more than the liabilities throughout the year and, therefore, the Board was able to meet its obligations as and when they fell due.

2.4 COMPENSATION CLAIMS AND BENEFITS

2.4.1 Compensation Claims

During the 2018/19 financial year, One Thousand One Hundred and Sixty-Nine (1,169) accident and disease claims were received compared to the Seven Hundred and Eighty-Eight (788) accident and disease claims received in 2017/18, reflecting an overall increase of 48%.

The highest number of employment injuries and disease by industry were reported in Mining with Two Hundred and Seven (207) claims made, followed by the Agricultural and Building categories with One Hundred and Fifty-Three (153) and One Hundred and Forty-Nine (149) claims made respectively. Table 2.4.2.1 below shows the top five industry categories with reported accidents.

Table 2.4.2.1: Top Five Accidents received by Industry

Business Classification	No of Accidents
Mining (Coal & Metal) scheduled mines	207
Agriculture, Forestry, etc...	153
Building, Construction, etc...	149
Food, Tobacco, etc...	144
Iron and Steel Industry	

In order to reduce the number of accidents and occupational diseases at the work place, The Board continued with intensified safety awareness campaigns and successfully launched the National **Vision Zero Campaign**, a global campaign that was initially launched in Singapore in September 2017 aimed at reducing occupational accidents and diseases to zero by the year 2030.



2.4.2 Received Claims by Nature of Injury

During the period under review, out of the One Thousand One Hundred and Sixty-Nine (1,169) claims accident notifications received, Nine Hundred and Eighty-Three (983) notifications accounted for non-fatal cases compared to Six Hundred and Thirty-Nine (639) notifications received in the financial year 2017/18.

Fatalities and diseases accounted for One Hundred and Four (104) cases and Eighty-Two (82) cases respectively. The above figures compare against the Sixty-Two (62) and Eighty-Seven (87) cases received for fatalities and diseases respectively in the previous financial year.

A summary of the received accident and disease claims as per Table 2.4.2.1 below:

BUSINESS CLASSIFICATION	2018/19	2017/18	CHANGE (%)
Agriculture, Forestry, etc.	153	110	39%
Banking, Finance, Insurance etc.	21	7	200%
Building Constructions, etc.	149	121	23%
Charitable, Religious, Political and Trade Organizations, etc.	19	13	46%
Chemical Industry etc.	49	35	40%
Educational Services etc.	9	12	-25%
Entertainment, Sport etc.	3	2	50%
Food, Drink, Tobacco, etc.	144	81	78%
Glass, Brick, Tiles, Asbestos etc.	19	5	280%
Iron and Steel Industry, etc.	104	52	100%
Leather Industry etc.	3	0	300%
Utilities and Local Authorities	5	3	67%
Medical Services	3	4	-25%
Mining (Coal and Metals) Scheduled Mines	207	159	30%
Personal Services, Hotels, etc.	89	55	62%
Printing, Publishing & Paper Industry etc.	4	6	-33%
Professional Services	40	26	54%
Textile Industry, etc.	9	4	125%
Trade, Commerce, etc.	65	50	30%
Transport, Communication, etc.	56	31	81%
Wood and Furniture Industry	18	12	50%
TOTAL CASES RECEIVED	1,169	788	48%

Table 2.4.2.2 gives the details of accidents received by nature of injury.

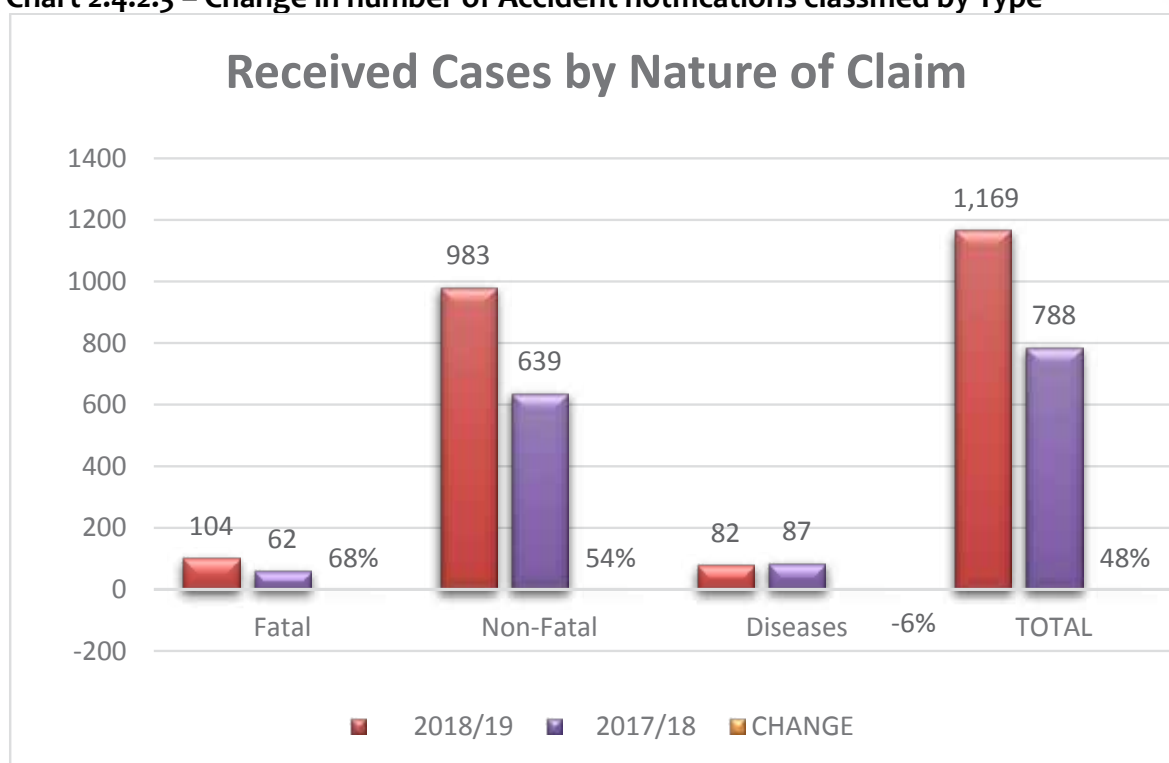
Accidents classified according to type

NATURE OF INJURY	2018/19	2017/18	CHANGE
Fatal	104	62	68%
Non-Fatal	983	639	54%
Diseases (T.B & Pneumoconiosis)	82	87	-6%
TOTAL	1,169	788	48%

There was a general increase in the number of reported accidents in the year under review with a total increase of 48%. Non-fatal accidents reported an increase of 54%.

There was also an increase of 68% recorded in the number of fatal accidents received whilst disease notifications reduced by 6% over the two periods as shown in Chart 2.4.2.4 below.

Chart 2.4.2.3 – Change in number of Accident notifications classified by Type



The increase in the number of accidents is attributed to continued sensitisation of employers on the importance of registering with the Board and the various services offered.

2.4.3 Accepted Claims

During the 2018/19 financial year, a total of One Thousand Four Hundred and Sixty-One (1,461) claims were accepted compared to the One Thousand Two Hundred and Thirty (1,230) claims accepted in 2017/18 financial year.

One Thousand One Hundred and Sixty-Eight (1,168) of these were non-fatal cases, while fatal and disease cases accounted for One Hundred and Twenty-Six (126) and One Hundred and Sixty-Seven (167) respectively.

There was a general increase of 19% in the number of accepted claims over the two periods as shown in Table 2.4.3.1 below.

Table 2.4.3.1- Accepted claims by nature

Nature of Claim	2018/19	2017/18	CHANGE
Claims accepted (Non-Fatal)	1,168	1,000	17%
Fatal claims accepted	126	88	43%
Diseases (T.B & Pneumoconiosis)	167	142	18%
Total	1,461	1,230	19%

2.4.4 Compensation Benefit Payments

There were 9,634 active registered beneficiaries in receipt of monthly pensions during the period under review compared to the 9,397 that were receiving monthly pension in the previous financial year. This was an increase of 3% over the two periods.

During the period under review, K 19.58 million was paid as pension and dependant allowances compared to K 17.81 million paid in the previous financial year. There was an increase of 10% over the two financial years.

2.4.5 Other Cash Benefits

During the period under review, the Board provided other cash benefits to various beneficiaries as indicated in Table 2.4.5.1 below.

Table 2.4.5.1 – Other cash benefits

Type of Benefit	2018/19		2017/18	
	No. of Beneficiaries	Amount (K)	No. of Beneficiaries	Amount (K)
Subsistence	150	210,767.10	47	20,295.00
(Lunch and Upkeep Allowances)	07	4,420.00	8	3,270.00
Transport Allowances	91	749,200.00	89	752,000.00
Constant Attendance Allowance (CAA)	330	6,184,493.00	319	6,243,000.00
Part commutation	555	2,323,054.12	551	2,659,615.59
Medical refunds	47	121,737.12	64	59,340.22
Periodical payments				
Periodical Medical Examination Expenses:	545	137,324.04	545	116,482.00
- Transport-OHSI	545	16,820.00	545	10,860.00
- Subsistence Allowance-OHSI	2,270	9,730,995.38	2,121	9,864,862.81
Total	2,168	9,864	2,150	13,317

2.4.5.1 Transport, Lunch and Upkeep allowance

A total of K210,767.10 was paid out to one hundred and fifty (150) beneficiaries as subsistence (lunch and upkeep) allowance as at 31st March 2019 compared to K20,295.00 for forty-seven (47) beneficiaries in 2017/18.

K4,420.00 was paid to seven (07) beneficiaries as transport allowance during the period under review compared to K3,270.00 for eight (08) beneficiaries in 2017/18. The beneficiaries were invited by the Board to attend various rehabilitation related activities as part of their compensation benefits.

2.4.5.2 Constant Attendance Allowance (CAA)

In addition to monthly benefit payments, the Board pays Constant Attendance Allowance (CAA) at the rate of K800 to each highly disabled beneficiary who needs constant care and attention. A total of K749,200.00 was paid to ninety-one (91) beneficiaries in the year ended 31st March 2019 compared to K752,000.00 paid to eighty-nine (89) beneficiaries in the year ending 31st March 2018.

2.4.5.3 Total and Part Commutation

A total of three hundred and thirty (330) Part Commutation cases costing K6.18 Million were paid out in the year ending 31st March 2019 compared to K6.24 Million paid out to three hundred and nineteen (319) beneficiaries in the previous period.

Through payment of part commutation several beneficiaries were empowered with capital to set up small business enterprises, invest in farming activities and acquire or renovate housing units. Therefore, this initiative has continued to be a flagship in uplifting the living standards of our beneficiaries.



A beneficiary from Chingola who used part commutation to go into retail trading

2.4.5.4 Medical Refunds and Periodical payments

A total of K2.3 Million was paid out as Medical refunds to Five Hundred and Fifty-Five (555) employers for the year to 31st March 2019 compared to K2.7 Million paid out to Five Hundred and Fifty-One (551) employers in FY2017/18

Periodical payments for temporary disablement amounting to One Hundred and Twenty-One Thousand Seven Hundred and Thirty-Seven Kwacha (K121,737) were paid to Forty-Seven (47) employers during the period under review compared to Fifty-Nine Thousand Three Hundred and Forty Kwacha (K59,340) paid to Sixty-Four (64) employers in year ended 31st March 2018.

2.4.5.5 Periodical examination expenses

Medical expenses, transport, lunch and upkeep allowance expenses for beneficiaries accessing services at Occupational Health and Safety Institute (OHSI) in Kitwe are fully met by the Board.

A total amount of K137,324 was paid out to five hundred and forty-five (545) beneficiaries as transport during the period under review compared to K116,482 for the same number of beneficiaries in 2017/18. Additionally, K16,820 was paid as subsistence allowance compared to K10,860 paid out last year to five hundred and forty-five (545) beneficiaries.



Rehabilitation staff conducting an assessment on a beneficiary in Mpika

2.4.6 Non-Cash Benefits

Table 2.4.6.1 below provides details of all Non-cash benefits that were provided by the Board.

Table 2.4.6.1 – Non-cash benefits

Type of Benefit	2017/18		2016/17	
	No. of Beneficiaries	Amount	No. of Beneficiaries	Amount
Medical Treatment-Local	102	461,274.20	67	271,161.00
Medical Treatment-Abroad	01	49,147.38	-	-
Medical Aid Items Purchased	-	1,032,789.80	-	-
Medical Aid Items Provided	428	785,814.90	398	741,200.00
Domiciliary Nursing Care Services	08	73,480.00	-	-
Artificial Limbs	37	94,490.00	43	70,748.00
Return-To-Work	10	113,933.50	12	134,896.00
Shoes	84	35,185.40	75	29,093.00
Outreach Activities	91	85,544.88	-	-
Periodical examinations expenses:				
- Medical examination	545	174,400.00	545	174,720.00
Total	1,306	2,906,060.00	1,140	1,421,818.00



Rehabilitation Staff visiting a client in Kasama

2.4.6.2 Medical Treatment, Other Medical Items and Periodical Expenses

The Board facilitates medical treatment to beneficiaries that require special medical attention (locally and abroad). A total amount of K510,422 was spent on medical treatment (local and foreign) to help one hundred and three (103) injured workers return to good health compared to K271,161 that was spent on sixty-seven (67) beneficiaries in FY 2017/18.

A total of K174,400 was paid to Occupational Health & Safety Institute (OHSI) to facilitate annual medical examinations for five hundred and forty-five (545) beneficiaries during the period under review compared to K174,720 paid to the same number of beneficiaries in the year ended 31st March 2018.

Furthermore, the Board purchased various rehabilitation and medical aid items valued at K1,032,790 for distribution to its beneficiaries during the period under review.

Consequently, various medical items valued at K785,815 were provided to four hundred and twenty-eight (428) beneficiaries. These included surgical items, shoes, artificial limbs, motorized wheelchairs, airbag mattresses, etc.

2.5 HUMAN RESOURCES MANAGEMENT AND ADMINISTRATION

2.5.1 Staff Establishment

The Board's approved establishment was four hundred and eighty nine (489) and head count for the year under review averaged at two hundred and thirty nine (239). The 489 structure would be implemented in a phased approach up to 2024.

2.5.2 Staff Development and Training

During the year under review, the Board's In-house training programme continued and six (6) workshops were held with an attendance of One Hundred and Eighty Two (182) participants. The in-house workshops covered topics that included Microsoft Excel 2016 Training, Wheelchair Servicing Training, Future Search Training, Motorbike Riding Training, Sensitization on Confidentiality and Lecture Presentation on the Activities of the Anti-Corruption Commission Zambia. The purpose of the in-house training program is to build capacity as well as improve the understanding of the Board's operations by members of staff and ultimately improve service delivery.



Members of staff and beneficiaries after attending an In-house training programme at Mukuba Hotel in Ndola

2.5.3 Staff Welfare and Industrial Relations

During the period under review, the Industrial relations atmosphere in the Board was cordial. Management worked very well with the Union leadership. The Bargaining Unit was convened to discuss the salary reviews for the period 1st April 2019 to 31st March 2020.

The Board continued providing subsidised Medical services to all employees and their families and ensured that it created an enabling environment for staff to perform at their optimum.

In order to improve the health and productivity of members of staff, the Board continued to run a gymnasium.

The Board continued to empower members of staff by granting them loans from the in-house Staff Loans scheme and from other financial institutions with which the Board had signed Memoranda of Understanding.



Members of staff and their family members participating in an aerobics session at Compensation House in Ndola

2.5.4 Performance Management System

During the period under review, the Human Resources Department (HRD) analysed and submitted for payment all performance assessments for the period 1st April, 2017 to 31st March, 2018.

2.5.5 Staff Integrity Committee

During the period under review, the Integrity Committee facilitated training from the Anti-Corruption Commission (ACC) Zambia to members of staff.

2.6 INTERNAL AUDIT

During the year under review, Internal audit provided objective and independent assurance to the Board of Directors and Management on the adequacy of Internal Control Systems, processes and procedures at Head Office and all the twenty (20) branches spread throughout the country.

Management continued to implement recommendations made by the Audit & Risk Committee and the Board of Directors in light of the reports from Internal audit.

The Board continued with the verification of closed companies in order to reduce on the Bad Debt provision.

2.7 INFORMATION TECHNOLOGY

During the period under review, further progress towards automation of processes was realized through implementation of the electronic pay statement for staff, and the modification of the Pension Administration System to provide for automated penalties.

Further, an agreement was signed with ZAMTEL for the provision of bulk Short Messaging System (sms) services to the Board's clientele.

Use of the One Stop Shop Information System (OSSIS), a real-time link into information sharing between PACRA and other Government institutions, continued during the period.

2.8 COMMUNICATIONS & CUSTOMER SERVICES

During the period under review, Communications and Customer Service activities were implemented as follows;

- i. Publication of fifty two (52) articles on the column "Workers' Compensation Corner" in the Zambia Daily Mail to educate members of the public on the operations of the Board.
- ii. Sponsorship of the Weekly Safety News on the Zambia National Broadcasting Corporation (ZNBC) television and broadcasting of mini documentaries on service delivery and the Launch of Vision Zero Campaign.
- iii. Coordination of the Media and Publicity Sub Committee activities of National Organizing Committee for the Launch of Vision Zero Campaign in Zambia.
- iv. Printing and distribution of calendars, diaries and pamphlets including procurement of corporate attire for internal and external clients.
- v. Participation in the Zambia International Trade Fair (ZITF), the 93rd Agricultural & Commercial Show in Lusaka, Copperbelt Agricultural and Mining Expo (CAMINEX). The Board won 1st Prize Best Interpretation of Theme, Best Exhibit Insurance Company, and 3rd prize Best Exhibit Non- Banking Financial Institutions at the 93rd Agricultural and Commercial Show in Lusaka. The Board also won 2nd prize Best Exhibit Social Security Schemes and Best exhibit Non- Banking Financial Institutions at the Zambia International Trade Fair and 2nd prize Best Exhibit Pensions and Investment category at the CAMINEX



The Commissioner with members of staff who took part at the 93rd Agricultural and Commercial Show in Lusaka

- vi. Four Scholarships were awarded to differently abled girls for winning the Ndola District Miss Compensation Fashion Show under the Corporate Social Responsibility programme.



Distinguished invited guests pose for a photo with the girls who participated in Miss Compensation pageant at Protea Hotel in Ndola

- vii. The Customer Service Charter was implemented and compliance to the service level agreements was monitored throughout the period.

2.9 CONCLUSION

As we commence a new financial year, Management remains confident and is committed to ensuring that all employees are aligned with the five-year Strategic Plan which commenced on 1st April 2015 and will run up to 31st March 2020.

My sincere thanks go to our customers and members of staff as well as our stakeholders for the continued support during the year under review. The guidance and support from the Board of Directors and Ministry of Labour and Social Security was invaluable throughout the year and we look forward to delivering great value and better results under their direction in 2019/2020.



On behalf of
Dr. Elizabeth Lungu-Nkumbula
COMMISSIONER & CHIEF EXECUTIVE OFFICER



Grant Thornton



FINANCIAL STATEMENTS

for the year ended 31 March

2019

INFORMATION ABOUT THE BOARD

COUNTRY OF ESTABLISHMENT	Zambia
PRINCIPAL CONTROLLING PARTY	Government of the Republic of Zambia – through the Ministry of Labour and Social Security.
PRINCIPAL ACTIVITIES	Levying assessments on employers and providing compensation to workers for disabilities suffered or diseases contracted during the course of employment.
BOARD OF DIRECTORS	<div> <div> Mrs. Regina M. Chilupula Mr. Stephen Sikombe Mr. Nkole Chishimba Ms. Esther Kapisa Chisenga Ms. Betty Mtambo Mr. Barnaby Mulenga </div> <div> Mr. Lyson Mando Ms. Pumulo Mundale Mrs. Sophie K. M. Mutemba Mr. Gideon Ndalama Mr. Tyson B. Chisambo </div> </div>
CHIEF OFFICERS	Dr. Elizabeth Lungu-Nkumbula - Commissioner & Chief Executive Officer Mr. Chalwe Mwale - Director Finance Mrs. Michelo H. Silungwe - Director Fund Management Mr. Kingsley Kangwa - Director Benefits Mrs. Priscilla C.C. Bwembya - Director Legal & Corporate Services
HEAD OFFICE	Compensation House Corner Broadway/Moffat Roads P O Box 71534, Ndola Tel : 260 212 610481/8 Fax: 260 212 612072 Email: compensation@workers.com.zm
INDEPENDENT AUDITORS	Grant Thornton Chartered Accountants Lusaka
BOARD SECRETARY	Mrs. Priscilla C.C. Bwembya Ndola
PRINCIPAL BANKERS	Zambia National Commercial Bank PLC Standard Chartered Bank PLC African Banking Corporation Zambia Limited
LEGAL ADVISORS	ECB Legal Practitioners - Kitwe Messrs J Kabuka & Company - Ndola Messrs Imasiku & Company - Lusaka
ACTUARIES	Government Actuaries Department (GAD) United Kingdom

REPORT OF THE DIRECTORS

The Directors submit their report and the audited Financial Statements for the year ended 31 March 2019, which disclose the state of affairs of the Workers' Compensation Fund Control Board.

1. ESTABLISHMENT

Workers' Compensation Fund Control Board (herein referred to as 'the Board') is a Statutory body established under Section 10 of the Workers' Compensation Act No. 10 of 1999 of the Laws of Zambia. The Board has been in operation for over 50 years.

2. PRINCIPAL ACTIVITIES

The principal activities of the Board are levying assessments on employers and providing compensation to workers for disabilities suffered or diseases contracted during the course of employment.

The overall performance of the Board was considered to have been satisfactory in line with the 2015 - 2020 Strategic Plan of the Board.

The Board of Directors had placed emphasis on improving the effectiveness of the Board through better management and supervision. The Board's core business still remains administering an employment injury and occupational disease compensation scheme.

The Board recorded a surplus for the year of K 204,165,000 (2018: K396,184,000).

Results

	2019 K'000	2018 K'000
Income	412,697	635,870
Claims and pension paid	(33,981)	(37,663)
Other expenditure	(149,788)	(127,555)
Surplus before impairment losses	228,928	470,652
Impairment on receivables	(19,154)	(30,922)
Impairment on other assets	(5,609)	(9,219)
Increase in reserves	-	(34,327)
Surplus for the year	<u>204,165</u>	<u>396,184</u>
Net current assets	<u>1,456,006</u>	<u>1,162,302</u>
Long term investments	<u>175,686</u>	<u>197,223</u>

3. PROPERTY, PLANT & EQUIPMENT

Details of major changes in the nature and value of the property, plant and equipment of the Board during the year were as follows:

- The Board acquired additional property, plant and equipment amounting to K 3,756,000 (2018: K5,572,000 and disposed off property, plant and equipment which had a cost of K17,000 (2018: K2,416,000). The net revaluation surplus was K537,000 (2018: K17,075,000). There were transfers to investment property during the year amounting to K333,000.
- The Directors are of the opinion that the fair values of property, plant and equipment are not less than their carrying values.

REPORT OF THE DIRECTORS

4. INVESTMENT PROPERTY

The fair value of investment properties in the year under review was K312,994,000 (2018 : K390,607,000). The valuation was conducted by an independent professional valuer, Upmarket Property Consultants, with knowledge of market values and prices in the location of the properties.

Property description and location	2019	2018
Kitwe properties	K'000	K'000
Flats - Plot 807, Lukasu Road, Parklands	7,963	7,600
House - Plot 2259, Nile Avenue, Riverside	1,274	1,200
Semi-detached houses - Plots 2046 to 2051 Fyalipwa close, Riverside	10,489	10,780
Houses – Plots 5677, 5776 & 5777 Mukuka Road, Riverside	1,936	1,875
Afcom House - Stand No. 384/516, Obote Avenue	19,563	19,148
Compensation House - Stand 28, Obote Avenue	45,852	45,000
Ndola properties		
Commercial land - Stand No. 5526 (Kafubu Mall)	5,189	5,000
Houses - Plots 36 & 37 of S/D 187, 12 Oval Road	1,109	1,250
Flats - Kabelenga Road	6,481	7,000
House – S/d 116 of S/d AZ of F748, Sheila Dare Avenue	620	777
Houses - Mambilima Road	12,511	19,500
Offices - Plot 1193, Buteko Avenue	6,525	6,887
Flats - Sidly Farm 74B, Dr Damie Road	2,978	2,970
House - Plot 26 Sheila Dare Avenue	1,863	1,853
Lusaka properties		
Ibex Housing Complex - Stand 100	27,910	25,725
The Mount, 34810 Thabo Mbeki Road	24,285	25,171
Compensation House - Stand No. 628, Cairo Road	36,009	35,000
North Gate Garden Housing Unit, SOS Children's Village	32,510	30,713
Compensation Villas, S/D1 of S/D K of S/D26 of Farm 377a, Mosi Road	18,688	18,547
Kasama property		
Compensation House - Plot 754, Zambia Way	14,102	13,876
Chingola property		
Compensation House - Plot 679/80, Kabundi Road	5,026	5,303
Chipata properties		
Commercial land	890	-
Choma properties		
Commercial land	328	-
Mpika properties		
Commercial land - Plot Nos. 3378 & 3379, Mpika/Kasama Road	106	80
Commercial land - Plot Nos. 6667, Mpika/Kasama Road	275	160
Mufulira property		
Commercial land – Plot RHA001	5,133	82,500
Solwezi property		
Residential land - Plot No. 3944M	6,325	6,325
Chinsali properties		
Residential land - Plot 3356	1,050	1,000
Commercial land - Plot No. 1970. Chinzale Main Road	217	109
Kafue property		
Commercial land - Plot Z26//9CS	387	258
Kalumbila property		
Residential houses – Plots Kalum/175 to Plot Kalum/224	15,400	15,000
	<u>312,994</u>	<u>390,607</u>

REPORT OF THE DIRECTORS**5. CORPORATE GOVERNANCE**

The Board operates under an approved governance structure established in the Workers' Compensation Act No. 10 of 1999.

In order to discharge its duties, the Board of Directors was supported by the following Committees:

(a) Finance & Investments Committee

- i Mr. Tyson B. Chisambo - Chairperson
- ii Mr. Barnaby B Mulenga
- iii Mr. Chisha Mwanakatwe
- iv Ms. Annique K Matipa
- v Ms. Theresa M. Munanko
- vi Mr. Alex Chiwama
- vii Mr. Ronald I. Kasongo

(c) Staff Committee

- i Mr. Lyson Mando - Chairperson
- ii Mrs. Margaret Simeza
- iii Mr. Roy Mwaba
- iv Mrs. Sophie K. M. Mutemba
- v Mrs. Esther K. Chisenga

(b) Audit Committee

- i Ms Pumulo Mundale - Chairperson
- ii Mrs. Carolyn O.M. Sampa
- iii Mr. Willie Mubanga SC
- iv Mrs. Betty Mtambo
- v Mr. Stephen Sikombe

(d) Compensation Committee

- i Mr. Gideon Ndalama - Chairperson
- ii Mr. Rachael C. Kumwenda
- iii Ms. Judy Jere
- iv Mr. Nkole Chishimba

6. EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any matter or circumstance arising since the end of the financial year that could have a material effect on the Financial Statements.

7. EMPLOYEES

The Board employed an average of 239 (2018: 204) employees during the year out of the staff establishment of 316.

	2019	2018
Represented employees	117	113
Non-represented employees	<u>122</u>	<u>91</u>
	<u>239</u>	<u>204</u>
	K'000	K'000
Employee Cost	<u>99,166</u>	<u>83,163</u>
The employee cost as a percentage of assessments raised.	<u>38%</u>	<u>35%</u>

REPORT OF THE DIRECTORS (CONTINUED)**8. EMPLOYEE HEALTH AND SAFETY**

The Board is committed to ensuring the health and safety of its employees. It has a medical scheme for its employees which is managed on a cost share basis and runs a staff gymnasium.

9. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The Board made donations during the year totaling K92,924 (2018: K53,961).

10. EXECUTIVE AND SENIOR MANAGEMENT

The following Executive and Senior Management served during the year:

Name	Position
Dr. Elizabeth Lungu-Nkumbula	Commissioner & Chief Executive Officer
Mr. Chalwe Mwale	Director Finance
Mrs. Michelo H. Silungwe	Director Fund Management
Mr. Kingsley Kangwa	Director Benefits
Mrs. Priscilla C.C. Bwembya	Director Legal & Corporate Services

11. DIRECTORS

The Board of Directors who held office during the year were as follows.

Name	Position	Name	Position
Mrs. Regina M. Chilupula	Chairperson	Mr. Stephen Sikombe	Member
Mr. Nkole Chishimba	Member	Ms. Esther K. Chisenga	Member
Ms. Betty Mtambo	Member	Mr. Barnaby B. Mulenga	Member
Mr. Lyson Mando	Member	Ms Pumulo Mundale	Member
Mrs. Sophie K. M. Mutemba	Member	Mr. Gideon Ndalama	Member
Mr. Tyson B. Chisambo	Member		

12. DIRECTORS INTEREST AND EMOLUMENTS

The Commissioner & Chief Executive Officer has a service contract with the Board. None of the Directors had an interest in any significant contract entered into by the Board during the year.

13. BOARD SECRETARY

The Board Secretary was Mrs. Priscilla C.C. Bwembya of:

Business Address : Compensation House
 Corner Broadway/Moffat Roads
 P.O. Box 71534
Ndola

REPORT OF THE DIRECTORS (CONTINUED)**14. OTHER MATERIAL FACTS, CIRCUMSTANCES AND EVENTS**

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

15. INDEPENDENT AUDITOR

In accordance with the provisions of the Workers' Compensation Act No. 10 of 1999, the auditors Messers Grant Thornton, will retire at the forthcoming Board meeting. They have expressed their willingness to continue in office.

The audit fees for the year under review amounted to K 259,993 (2018: K K238,630).

ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements set out on page 63 to 112, were approved by the Board of Directors

By order of the Board of Directors



Mrs. Priscilla C.C. Bwembya
Board Secretary

Date: 28 SEP 2019

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Workers' Compensation Act No. 10 of 1999 requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the financial position of Workers' Compensation Fund Control Board and of its financial performance and its cash flows for the year then ended. In preparing such Financial Statements, the Directors are responsible for

- 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 appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing the Financial Statements in accordance with International Financial Reporting Standards, and on the going concern basis unless it is inappropriate to presume that the Board will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Board and enable them to ensure that the Financial Statements comply with the Workers' Compensation Act No. 10 of 1999. They are also responsible for safeguarding the assets of the Board and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirm that in their opinion

- (a) the Financial Statements give a true and fair view of the financial position of Workers' Compensation Fund Control Board as of 31 March 2019, and of its financial performance and its cash flows for the year then ended;
- (b) at the date of this statement there are reasonable grounds to believe that the Board will be able to pay its debts as and when these fall due; and
- (c) the Financial Statements are drawn up in accordance with International Financial Reporting Standards.

This statement is made in accordance with a resolution of the Directors.

Signed at Ndola on ^{28 SEP 2019}

Chairperson



Director



**REPORT OF THE INDEPENDENT AUDITORS****TO THE MEMBERS OF****WORKERS' COMPENSATION FUND CONTROL BOARD****Report on the Audit of the Financial Statements****Opinion**

We have audited the accompanying Financial Statements of Workers' Compensation Fund Control Board, which comprise the statement of financial position as at 31 March 2019, and the statement of 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.

In our opinion, the Financial Statements give a true and fair view of the financial position of Workers Compensation Fund Control Board as of 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

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 Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF**

WORKERS' COMPENSATION FUND CONTROL BOARD (CONTINUED)

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 International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on 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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.

**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF**

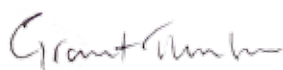
WORKERS' COMPENSATION FUND CONTROL BOARD (CONTINUED)

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the Financial Statements of Workers' Compensation Fund Control Board as of 31 March 2019 have been properly prepared in accordance with the Workers' Compensation Act No.10 of 1999, and the accounting and other records and registers have been properly kept in accordance with the Act.



Chartered Accountants



Christopher Mulenga (AUD/F000178)
Name of Partner signing on behalf of the Firm

Lusaka

Date: 28 September 2019

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 K'000	2018 K'000
Revenue			
Assessments raised	4	264,148	240,368
Other income	5	<u>148,549</u>	<u>395,502</u>
Total income		<u>412,697</u>	<u>635,870</u>
Claims and pension paid			
Claims paid – Accident Fund	6	(7,212)	(7,317)
Claims paid – Pension Fund	7	<u>(26,769)</u>	<u>(30,346)</u>
		<u>(33,981)</u>	<u>(37,663)</u>
Total income after claims and pensions paid		378,716	598,207
Administrative expenses	Schedule 1	(164,090)	(158,574)
Investment related expenses	Schedule 1	<u>(10,461)</u>	<u>(9,122)</u>
		<u>204,165</u>	430,511
(Increase)/decrease in disaster reserve	18	-	-
(Increase)/decrease in data reserve	21	<u>-</u>	<u>(34,327)</u>
Surplus for the year		<u>204,165</u>	<u>396,184</u>
Other comprehensive income:			
Items that will not be reclassified to income or expenditure			
Gains on property revaluation		<u>537</u>	<u>17,075</u>
Total comprehensive income for the year		<u>204,702</u>	<u>413,259</u>

The notes on pages 67 to 112 form an integral part of these Financial Statements.

Report of the Independent Auditor - pages 60 to 62.

**STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	Revaluation reserve K'000	Disaster reserve K'000	Investment reserve K'000	Data reserve K'000	Total reserve K'000	Accumulated funds K'000	Total funds K'000
Year end 31 March 2019								
At start of year		<u>100,227</u>	<u>4,000</u>	<u>50,106</u>	<u>68,265</u>	<u>222,598</u>	<u>1,590,293</u>	<u>1,812,891</u>
Effect of change in accounting policy for IFRS 9		-	-	-	-	-	(14,047)	(14,047)
Revised amount		100,227	4,000	50,106	68,265	222,598	1,576,246	1,798,844
Total comprehensive income for the year:								
Surplus for the year		-	-	-	-	-	204,165	204,165
Other comprehensive income	19	537	-	-	-	537	-	537
Transfer from revaluation reserve	19	(1,699)	-	-	-	(1,699)	1,699	-
At end of year		<u>99,065</u>	<u>4,000</u>	<u>50,106</u>	<u>68,265</u>	<u>221,436</u>	<u>1,782,110</u>	<u>2,003,546</u>
Year ended 31 March 2018								
At start of year		83,971	4,000	50,106	33,938	172,015	1,193,290	1,365,305
Total comprehensive income for the year:								
Surplus for the year		-	-	-	-	-	396,184	396,184
Other comprehensive income	19	17,075	-	-	-	17,075	-	17,075
Increase in data reserve	21	-	-	-	34,327	34,327	-	34,327
Transfer from revaluation reserve	19	(819)	-	-	-	(819)	819	-
At end of year		<u>100,227</u>	<u>4,000</u>	<u>50,106</u>	<u>68,265</u>	<u>222,598</u>	<u>1,590,293</u>	<u>1,812,891</u>

The notes on pages 67 to 112 form an integral part of these Financial Statements.

Report of the Independent Auditor - pages 60 to 62.

STATEMENT OF FINANCIAL POSITION - 31 MARCH 2019

	Note	2019 K'000	2018 K'000
ASSETS			
Non –Current Assets			
Property, plant and equipment	10	62,049	66,236
Investment property	11	312,994	390,607
Intangible assets	12	111	283
Financial assets	13	<u>175,686</u>	<u>197,223</u>
		<u>550,840</u>	<u>654,349</u>
Current assets			
Financial assets	13	1,455,667	1,167,201
Inventories	14	2,170	1,670
Assessment and other receivables	15	21,481	21,454
Cash and cash equivalents	17	<u>34,818</u>	<u>31,778</u>
		<u>1,514,136</u>	<u>1,222,103</u>
Total assets		<u>2,064,976</u>	<u>1,876,452</u>
FUNDS AND LIABILITIES			
FUNDS			
Accumulated funds		1,782,110	1,590,293
Disaster reserve	18	4,000	4,000
Revaluation reserve	19	99,065	100,227
Investment reserve	20	50,106	50,106
Data reserve	21	<u>68,265</u>	<u>68,265</u>
		<u>2,003,546</u>	<u>1,812,891</u>
LIABILITIES			
Non-current liabilities			
Provisions	22	<u>3,300</u>	<u>3,760</u>
Current liabilities			
Payables	23	47,110	49,855
Provisions	22	<u>11,020</u>	<u>9,946</u>
		<u>58,130</u>	<u>59,801</u>
Total Equity and Liabilities		<u>2,064,976</u>	<u>1,876,452</u>

The Financial Statements on pages 63 to 112
were approved by the Board of Directors
on 28 SEP 2019 were signed on its
behalf by: -





) CHAIRPERSON
)
)
) DIRECTOR

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 K'000	2018 K'000
Operating activities			
Cash generated by operations	24	94,215	84,902
Interest income		<u>203,476</u>	<u>191,216</u>
Net cash from operating activities		<u>297,691</u>	<u>276,118</u>
Investing activities			
Cash paid for purchase of property, plant and equipment	10	(3,756)	(5,572)
Cash paid for purchase of investment properties	11	(13,050)	(9,519)
Net cash (paid)/received from/for (purchase)/sale of financial assets	24	(290,615)	(279,175)
Net cash (paid)/received from/for (purchase)/sale of shares	24	1,343	(6,833)
Proceeds from disposal of property, plant and equipment		(644)	1,628
Dividends received		<u>12,071</u>	<u>25,630</u>
Net cash used in investing activities		<u>(294,651)</u>	<u>(273,841)</u>
Increase in cash and cash equivalents		<u>3,040</u>	<u>2,277</u>
Movement in cash and cash equivalents			
At start of the year		31,778	29,501
Increase in cash and cash equivalents		<u>3,040</u>	<u>2,277</u>
At end of the year	17	<u>34,818</u>	<u>31,778</u>

The notes on pages 67 to 112 form an integral part of these Financial Statements.

Report of the Independent Auditor - pages 60 to 62.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

1. **Establishment**

The Workers' Compensation Fund Control Board (hereinafter referred to as "the Board") is a statutory body established under section 10 of the Workers' Compensation Act No.10 of 1999. The Workers' Compensation Fund Control Board Act No.10 of 1999 repealed the Workers' Compensation Act CAP 271 and the Pneumoconiosis Act CAP 217 and merged the functions of the Workers' Compensation and Pneumoconiosis Boards provided in the two Acts.

2. **Principal activity**

The Board is charged with the responsibility of levying assessments on employers and providing financial relief for workers and their families where the workers are disabled or lose their lives as a result of accidents and or occupational diseases arising out of and in the course of their employment.

3. **Significant Accounting Policies**a) **Presentation of Financial Statements**

The Financial Statements comprise a consolidation of two operating segments of the Board, Accident Fund and Pension Fund and have been prepared in accordance with International Financial Reporting Standards, and the Workers Compensation Act No.10 of 1999 and presented in accordance with IAS 1 "Preparation of Financial Statements". The Financial Statements have been prepared on the historical cost conversion. They are presented in Zambian Kwacha, which is the Board's functional and presentational currency, and rounded to the nearest Thousand Kwacha.

The principal accounting policies adopted in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

b) **Significant judgements made by Management and sources of estimation in applying the Board's accounting policies**

In preparing the Financial Statements, on an ongoing basis, Management is required to make estimates and assumptions, on historical experience, that affect the amounts represented in the Financial Statements and related disclosures. Use of available information and the application of judgement is used in the formation of estimates, on historical experience. Actual results in the future could differ from these estimates which may be material to the Financial Statements. Management made judgements in determining the following:

- i) The classification of material assets
- ii) Determination of assessment income
- iii) Useful lives of property, plant and equipment
- iv) Whether assets are impaired
- v) Estimation of the provision and accruals
- vi) Recoverability of trade and other receivables
- vii) Determination of capitalised values
- viii) Fair value measurement and valuation process
- ix) Accidents Incurred But Not Reported (IBNR).

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. **Significant Accounting Policies (continued)**b) **Significant judgements made by Management and sources of estimation in applying the Board's accounting policies (continued)**

These judgements have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

c) **Investment property**

Investment property are long-term investments in land and buildings that are not occupied substantially for own use.

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the Board, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

If an investment property becomes owner occupied, it is reclassified as property, plant and equipment, and its fair value at date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and is stated at cost until construction and development is completed.

If an item of property, plant and equipment becomes an Investment Property due to change of use, any difference resulting between the carrying amount and the fair value at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under IAS 16. If a fair value adjustment reverses a previous impairment loss, the gain is recognized in the statement of comprehensive income.

Fair value and subsequent expenditure

Subsequent to initial measurement investment property is measured at fair value which is Open Market Value. The Open Market Value is supported by certificates issued by external professional valuers registered with the Surveyors Institute of Zambia.

A gain or loss arising from a change in fair value is included in the statement of comprehensive income for the period in which it arises.

Subsequent expenditure on investment property where such expenditure increases the future economic value in excess of the original assessed standard of performance is added to the carrying amount of the investment property. All other expenditure is recognised as an expense in the year which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 201

3. **Significant Accounting Policies (continued)**d) **Property, plant and equipment**

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Board; and
- the cost of the item can be measured reliably.

Property, plant and equipment are stated at historical cost or amount of valuation less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items and expenditure initially incurred to bring the asset to its location and condition ready for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Board and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus in Funds. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in Funds; all other decreases are charged to the statement of comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost, is transferred from the revaluation reserve to accumulated funds.

Depreciation is calculated to write off the cost of property, plant and equipment on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Item	Rate %
Buildings	2.5
Furniture, fittings and equipment	10
Motor vehicles	25
Computer equipment	33.33
Loose tools	50
Capital Work in Progress (CWIP)	Nil

Revalued assets are depreciated over the estimated remaining useful lives.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. **Significant Accounting Policies (continued)**

The assets are depreciated from the date of acquisition on a pro-rata basis and similarly depreciation is charged in the year of disposal on a pro-rata basis.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in the statement of comprehensive income when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

e) **Financial instruments****Financial assets****Classification**

- Amortised Cost
- fair value through other comprehensive income (FVTOCI)
- fair value through statement of comprehensive income (FVTPL)

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Fair value through other comprehensive income (FVTOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVTPL, are measured at fair value through other comprehensive income (FVTOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Significant Accounting Policies (continued)

e) Financial instruments (continued)

Financial assets (continued)

Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares

The Fund subsequently measures all equity investments at fair value through profit or loss, except where the Fund's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Fund's policy is to designate equity investments as FVTPL when those investments are held for purposes other than to generate investment returns.

Dividends, when representing a return on such investments, continue to be recognised in profit or loss as investments increase investment income when the Fund's right to receive payments is established.

Gains and losses on equity investments at FVTPL are included in the Net trading income' line in the statement of profit or loss.

Impairment

The Fund assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost with the exposure arising from loan commitments and financial guarantee contracts. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Significant Accounting Policies (continued)

e) Financial instruments (continued)

Financial assets (continued)

Impairment (continued)

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Financial liabilities

Classification and measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost. Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. **Significant Accounting Policies (continued)**

e) **Financial instruments (continued)**

Loans to principal owners, directors, managers and employees

These financial assets are classified as amortised cost.

Payables

Payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

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

In the statement of financial position, bank overdrafts are included within current liabilities

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Significant Accounting Policies (continued)

f) **Assessment and other receivables**

Assessment and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Board intends to sell in the short term or that it has designated as at fair value through statement of comprehensive income or available for sale. Assessment and other receivables are recognised at fair value, less provision for impairment. A provision for impairment of assessment and other receivables is established when there is objective evidence that the Board will collect all amounts due according to their original terms.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within operating expenses. When an assessment receivables is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the statement of comprehensive income.

Assessment and other receivables are classified as loans and receivables.

g) **Taxation****Tax expenses**

The Board is exempt from payment of income tax by virtue of the Second Schedule, Part III of the Income Tax Act 1966, as amended.

h) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is calculated on a first in first out (FIFO) basis and includes all expenditure incurred in bringing the inventories to their present location and condition. Net realisable value is the price at which inventory can be realised in the normal course of business and takes into account all directly related costs to be incurred in marketing, selling and distribution. Provision is made for obsolete, slow moving and defective inventories.

i) **Impairment of other non-financial assets**

Assets that have an indefinite useful life, for example land, are not subject to amortisation and are tested annually for impairment. Assets that are not subject to assessment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Board assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Board estimates the recoverable amount of the asset. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. **Significant Accounting Policies (continued)**i) **Impairment of other non-financial assets (continued)**

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use for the purpose of assessing impairment, assets are Boarded at the lowest levels for which there are separately identifiable cash flows (cash generating units).

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the statement of comprehensive income. Any impairment loss of a revalued asset is treated as a revaluation decrease.

j) **Reserves and actuarial valuation of accident and pension funds**

A provision is made for major accidents that cannot be paid within the normal course of business and is included in a disaster reserve in Funds.

A provision is made for any errors in the membership data provided for an actuarial valuation of the fund and as determined and recommended by an actuary, and is included in a data reserve in Funds.

A provision is made for the difference between the market value of the fund's properties and the notional value that would be placed on the properties as determined by an actuary, and is included in an investment reserve in Funds.

k) **Employee benefit obligation****Short-term employee benefits**

The cost of short-term employee benefits comprise those costs that are payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care.

Employee entitlement to benefits is recognised when they accrue to the employees, in the period in which the service is rendered and are not discounted.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

The Board contributes to National Pension Scheme Authority (NAPSA), a statutory defined contribution scheme, for all eligible employees. Membership to the scheme is compulsory and monthly contributions, by both employer and employee, are made.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. **Significant Accounting Policies (continued)**l) **Employee benefit obligation**

Permanent employees are registered with the in-house pension scheme – Workcom Pension Scheme. This was a defined benefits scheme for all members who joined after 1983 when it was formed. The members' services for this scheme ended on 31 January 2010 when a defined contributions scheme was formed. A defined contribution scheme is a pension plan under which the Board pays fixed contributions into a separate entity (a fund) where the sponsoring employer will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods. These contributions constitute net periodic costs and are charged to the statement of comprehensive income as part of staff costs in the year to which they relate.

Contractual benefits

A provision for contractual benefits is recognised for the amount expected to be paid as gratuity if the Board has a legal or constructive obligation to pay this amount as a result of past services provided by employees, and the obligation can be estimated reliably. Obligations for termination gratuity are recognised as employee expenses in the statement of comprehensive income.

m) **Provisions and contingencies**

Provisions are generally recognised when:

- the Board has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Restructuring provisions comprise lease termination penalties and employee termination payments.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 27.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. **Significant Accounting Policies (continued)**n) **Capitalised values**

Capitalised values relate to claims paid from the Accident Fund into the Pension Fund in respect of current worth of the total pension anticipated to be paid to a beneficiary in the future. This is calculated by multiplying the beneficiary's annual pension with the actuarial factor and is accounted for on an accrual basis; where annual pension is equal to the beneficiary's compensable earnings multiplied by the rate of disablement multiplied by twelve.

o) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable on annual assessments of registered employers as governed by the Workers' Compensations Act No. 10 of 1999.

The assessment raised are based on the employer's estimates of future earnings payable to workers and adjustments relating to the previous year based on the employers' declarations of actual earnings paid in that year and are accounted for on accrual basis.

Where summary assessments are raised on past assessment on workers, these are subject to adjustments after inspection.

Assessments which were inappropriately raised are subject to review based on managerial review process and Workers' Compensation Tribunal under Section 118 of the Workers' Compensation Act No. 10 of 1999.

Interest income is accrued by reference to time in relation to the principal outstanding and the applicable effective interest rate.

Dividends on available for sale equity instruments are recognised, in the statement of comprehensive income, when the Board's right to receive payment has been established.

Rental income is accrued on straight line basis with reference to time over the lease term.

Sale of financial assets comprise the fair value of the consideration received or receivable for the sale of financial assets in the ordinary course of business.

p) **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. **Significant Accounting Policies (continued)**p) **Borrowing costs (continued)**

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

q) **Translation of foreign currencies**

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Zambian Kwacha, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the statement of comprehensive income in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Zambian Kwacha by applying to the foreign currency amount the exchange rate between the Zambian Kwacha and the foreign currency at the date of the cash flow.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Significant Accounting Policies (continued)

r) Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over each reporting period, with the effect of any changes in estimates being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives which are estimated to be 3 years.

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the Board, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include software development staff costs and an appropriate portion of relevant overheads.

Computer software development costs recognised as assets are amortised over their estimated useful lives which are estimated to be 3 years.

Item	Useful life
Computer software, internally generated	3 years
Computer software, other	3 years

s) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or its absence, the most advantageous market to which the Board has access at the date. The fair value of a liability reflects its performance risk.

When available, the Board measures the fair value of an instrument using the quoted price in an active market for that financial instrument. A market is regarded as active if transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an on-going basis.

If there is no quoted price in an active market, then the Board uses valuation techniques that maximise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an asking price, then the Board measures assets and long position at a bid price and liabilities and short position at ask price.

The application of fair value on non-financial assets such as land takes into account the market ability to increase economic benefits and use of the asset that is physically, legally and possible. In measuring the fair value of non-financial asset, the Board shall take into account its highest and best use by the market.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. **Significant Accounting Policies (continued)**s) **Fair value measurement (continued)**

Held to maturity financial assets are non-derivative financial assets with fixed determinable payments and fixed maturities other than those that meet the definition of assessment and other receivables that the Board's Management has positive intention and ability to hold to maturity. These held to maturity assets are recognised at fair value less impairment.

Management classify the fair values of financial assets based on the qualitative characteristics of the fair valuation as at the financial year end. The three hierarchy levels used by management are:

- **Level 1:** where fair values are based on non-adjusted quoted prices in active markets for identical financial assets.
- **Level 2:** where fair values are based on adjusted quoted prices and observable prices of similar financial assets.
- **Level 3:** where fair values are not based on observable market data.

t) **Incurred But Not Reported (IBNR)**

Incurred But Not Reported (IBNR) is recognised according to actuarial valuation recommendations. The current policy on IBNR follows the Board's adopted policy of following recommendations adopted from actuarial valuation of the Accident and Pension Funds.

- u) The Board has not adopted any new standards or amendments that have a significant impact on the Board's results or financial position.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Significant Accounting Policies (continued)

New Standards adopted as at 1 April 2018

IFRS 9 'Financial Instruments'

IFRS 9 replaces IAS 39 'Financial Instruments: Recognition and Measurement'. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for the impairment of financial assets.

When adopting IFRS 9, the Board has applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of IFRS 9 in relation to classification, measurement, and impairment are recognised in retained earnings.

IFRS 9 also contains new requirements on the application of hedge accounting. The new requirements look to align hedge accounting more closely with entities' risk management activities by increasing the eligibility of both hedged items and hedging instruments and introducing a more principles-based approach to assessing hedge effectiveness.

The adoption of IFRS 9 has impacted the following areas:

- the classification and measurement of the Board's financial assets. Management holds financial assets to hold and collect the associated cash flows. The bonds previously classified as held-to-maturity (HTM) investments under IAS 39 continue to be accounted for at amortised cost as they meet the held to collect business model and contractual cash flow characteristics test in IFRS 9, refer to Note 13.
- investments in listed equity securities and the equity investment in Zambia Industrial Commercial Bank previously classified as available-for-sale (AFS) investments under IAS 39 are now measured at fair value through profit or loss as the cash flows are not solely payments of principal and interest (SPPI). The Board did not elect to irrevocably designate any of the equity investments at fair value with changes presented in other comprehensive income.
- the impairment of financial assets applying the expected credit loss model. This affects the Board's rental receivables and investments in debt-type assets measured at amortised cost. The Board applies a simplified model of recognizing lifetime expected credit losses as these items do not have a significant financing component.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Significant Accounting Policies (continued)

New Standards adopted as at 1 January 2018 (continued)

On the date of initial application, 1 April 2018, the financial instruments of the Board were reclassified as follows:

	Measurement category		Carrying amount		
	Original IAS 39 category	New IFRS 9 category	Closing balance 31 March 2018 (IAS 39)	Adoption of IFRS 9	Opening balance 1 April 2018 (IFRS 9)
Non-current financial assets					
Bonds	Held to maturity	Amortised cost	28,925	75	29,000
Listed equity securities	Available for sale	FVTPL	164,298	-	164,298
Investment in ZICB	Available for sale	FVTPL	<u>4,000</u>	<u>-</u>	<u>4,000</u>
			<u>197,223</u>	<u>75</u>	<u>197,298</u>
Current financial assets					
Trade and other receivables	Amortised cost	Amortised cost	21,454	3,619	25,073
Other short term financial assets	FVTPL	FVTPL	1,167,201	(17,741)	1,149,460
Cash and cash equivalents	Amortised cost	Amortised cost	<u>31,778</u>	<u>-</u>	<u>31,778</u>
			<u>1,220,433</u>	<u>(14,122)</u>	<u>1,206,311</u>
Total financial asset balances			<u>1,417,656</u>	<u>(14,047)</u>	<u>1,403,609</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Significant Accounting Policies (continued)

New Standards adopted as at 1 April 2018 (continued)

There have been no changes to the classification or measurement of financial liabilities as a result of the application of IFRS 9.

Reconciliation of statement of financial position balances from IAS 39 to IFRS 9 at 1 April 2018:

	IAS 39 carrying amount 31 March 2017	Reclassif-ication	Remeasure-ment	IFRS 9 carrying amount 1 April 2018	Retained earnings effect
Fair value through profit and loss					
FVTPL					
from available for sale	<u>168,298</u>	<u>-</u>	<u>-</u>	<u>168,298</u>	<u>-</u>
Total change to fair value through profit or loss	<u>168,298</u>	<u>-</u>	<u>-</u>	<u>168,298</u>	<u>-</u>
Amortised cost (including held to maturity in IAS 39)					
	<u>1,249,358</u>	<u>-</u>	<u>(14,047)</u>	<u>1,235,311</u>	<u>(14,047)</u>
	<u>1,249,358</u>	<u>-</u>	<u>(14,047)</u>	<u>1,235,311</u>	<u>(14,047)</u>
Total financial asset balances, reclassification and remeasurement at 1 January 2018	<u>1,417,656</u>	<u>-</u>	<u>-</u>	<u>1,403,609</u>	<u>-</u>

Available for sale financial assets included equity investments. These are now classified at fair value through profit and loss in IFRS 9. The Board did not use the designation of fair value through other comprehensive income which is available for equity investments in IFRS 9.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Significant Accounting Policies (continued)

New Standards adopted as at 1 April 2018 (continued)

Other Standards and amendments that are effective for the first time in 2018 and could be applicable to the Board are:

- Annual Improvements to IFRS 2014-2016 Cycle (Amendments to IFRS 1 and IAS 28)
- Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Board

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Board.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Board's financial statements.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 'Leases' and three related Interpretations. It completes the IASB's long running project to overhaul lease accounting. Leases will be recorded in the statement of financial position in the form of a right-of-use asset and a lease liability. There are two important reliefs provided by IFRS 16 for assets of low value and short-term leases of less than 12 months.

IFRS 16 is effective from periods beginning on or after 1 January 2019. Early adoption is permitted; however, the Board have decided not to early adopt.

Management is in the process of assessing the full impact of the Standard. So far, the Board:

- has decided to make use of the practical expedient not to perform a full review of existing leases and apply IFRS 16 only to new or modified contracts. As some leases will be modified or renewed in 2019, the Board has reassessed these leases and concluded they will be recognised on the statement of financial position as a right-of-use asset

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

3. Significant Accounting Policies (continued)

New Standards adopted as at 1 April 2018 (continued)

IFRS 16 'Leases' (continued)

- believes that the most significant impact will be that the Board will need to recognise a right of use asset and a lease liability for the office buildings currently treated as operating leases. At 31 March 2019 the future minimum lease payments amounted to K644,000. This will mean that the nature of the expense of the above cost will change from being an operating lease expense to depreciation and interest expense
- concludes that there will not be a significant impact to the finance leases currently held on the statement of financial position

The Board is planning to adopt IFRS 16 on 1 April 2019 using the Standard's modified retrospective approach. Under this approach the cumulative effect of initially applying IFRS 16 is recognised as an adjustment to equity at the date of initial application. Comparative information is not restated.

Choosing this transition approach results in further policy decisions the Board need to make as there are several other transitional reliefs that can be applied. These relate to those leases previously held as operating leases and can be applied on a lease-by-lease basis. The Board are currently assessing the impact of applying these other transitional reliefs.

IFRS 16 has not made any significant changes to the accounting for lessors, and therefore the Board does not expect any changes for leases where they are acting as a lessor.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

	2019 K'000	2018 K'000
4. Assessments raised		
Extractive industry	108,841	96,499
Manufacturing, retail and trade	61,862	56,378
Societies	5,353	4,392
Transport, communication and hospitality	37,417	36,185
Financial institution	4,468	4,495
Professional services and health	7,676	14,583
Education and sport	9,004	1,116
Construction	27,046	24,506
Utility companies	<u>2,481</u>	<u>2,214</u>
	<u>264,148</u>	<u>240,368</u>
5. Other income		
Interest income	203,248	191,040
Interest on staff loan	228	176
Rental income	16,510	14,706
Levies on employers' assessments	15,336	600
Dividend income	12,071	25,630
Gain on disposal of assets	(659)	839
Gain on exchange differences	-	1
Provision written off	3,173	-
Sundry income	6,372	2,558
Gains from fair value adjustments of assets		
Value through profit or loss** (note (i))	<u>(107,730)</u>	<u>159,952</u>
	<u>148,549</u>	<u>395,502</u>
Note (i) Net fair value gains		
Net fair value gain/(loss) – financial assets (Level 1)	(16,734)	40,832
Net fair value gain/(loss) – investment property	<u>(90,996)</u>	<u>119,120</u>
	<u>(107,730)</u>	<u>159,952</u>
6. Claims paid – Accident funds		
Periodic payments	130	36
Medical aid	3,078	2,672
Lump-sum payments	1,926	1,390
Transport and sundries	528	432
Constant attendance allowance	932	871
Rehabilitation expenses	618	430
Claims IBNR	-	<u>1,486</u>
	<u>7,212</u>	<u>7,317</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

	2019 K'000	2018 K'000
7. Pensions paid – Pensions Fund		
Current pension paid	<u>26,769</u>	<u>30,346</u>
	<u>26,769</u>	<u>30,346</u>
8. Surplus for the year		
The following items have been charged/(credited) in arriving at surplus/deficit for the year:		
Operating lease charges:		
- Rent and rates	2,251	1,012
Auditors remunerations	260	239
Directors emoluments	4,111	3,740
Assets – impairment	19,154	30,922
Financial assets – impairment	5,609	9,219
Amortisation – intangible assets	172	175
Depreciation on property, plant and equipment	8,132	6,340
Staff costs	<u>99,166</u>	<u>83,163</u>
Net gains/(losses) from fair value adjustments of assets	<u>(16,734)</u>	<u>40,832</u>
9. Staff costs		
Salaries and wages	80,297	66,789
Provision for leave and long-term service dues		
- Leave accrual	4,554	2,994
- Gratuity	5,097	5,610
- Pension employer contributions	6,212	4,737
Other staff costs	<u>3,006</u>	<u>3,033</u>
	<u>99,166</u>	<u>83,163</u>

10. Property, plant and equipment

	Leasehold Land & Buildings K'000	Motor vehicles K'000	Furniture and fittings K'000	Computer equipment K'000	Loose Tools K'000	Capital work in progress K'000	Total K'000
Cost or valuation							
At start of the year	51,450	34,392	7,487	7,209	38	333	100,909
Additions	5	1,681	305	1,765	-	-	3,756
Disposals	-	-	-	(17)	-	-	(17)
Transfer to investment property	-	-	-	-	-	(333)	(333)
Revaluation	(1,244)	-	-	-	-	-	(1,244)
At end of the year	50,211	36,073	7,792	8,957	38	-	103,071
Comprising							
Cost	3,297	36,073	7,792	8,957	38	-	56,157
Valuation	46,914	-	-	-	-	-	46,914
	50,211	36,073	7,792	8,957	38	-	103,071
Depreciation							
At start of the year	-	(22,806)	(5,330)	(6,499)	(38)	-	(34,673)
Disposals	-	-	-	2	-	-	2
Revaluation	1,781	-	-	-	-	-	1,781
Charge for the year	(1,781)	(4,881)	(494)	(976)	-	-	(8,132)
At end of the year	-	(27,687)	(5,824)	(7,473)	(38)	-	(41,022)
Net book value							
At 31 March 2019	50,211	8,386	1,968	1,484	-	-	62,049

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

10. Property, plant and equipment

	Leasehold Land & Buildings K'000	Motor vehicles K'000	Furniture and fittings K'000	Computer equipment K'000	Loose Tools K'000	Capital work in progress K'000	Total K'000
Year ended 31 March 2018							
Cost or valuation							
At start of the year	36,222	31,637	7,465	6,830	38	333	82,525
Additions	-	5,171	22	379	-	-	5,572
Revaluation	15,228	-	-	-	-	-	15,228
Disposals	-	(2,416)	-	-	-	-	(2,416)
At end of the year	<u>51,450</u>	<u>34,392</u>	<u>7,487</u>	<u>7,209</u>	<u>38</u>	<u>333</u>	<u>100,909</u>
Depreciation							
At start of year	(897)	(19,984)	(4,848)	(6,040)	(38)	-	(31,807)
Revaluation	1,847	-	-	-	-	-	1,847
Disposals	-	1,627	-	-	-	-	1,627
Charge for the year	(950)	(4,449)	(482)	(459)	-	-	(6,340)
At end of the year	<u>-</u>	<u>(22,806)</u>	<u>(5,330)</u>	<u>(6,499)</u>	<u>(38)</u>	<u>-</u>	<u>(34,673)</u>
Net book value							
At 31 March 2018	<u>51,450</u>	<u>11,586</u>	<u>2,157</u>	<u>710</u>	<u>-</u>	<u>333</u>	<u>66,236</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

10. Property, plant and equipment (continued)

Leasehold buildings were professionally valued by Upmarket Property Consultants on 31 March 2019 on the basis of open market value. The book values of the properties were adjusted to the revalued amounts and the resultant surplus was credited to other comprehensive income.

In determining the valuations for land and buildings, the valuer refers to current market conditions including recent sales transactions of similar properties - assuming the highest and best use of the properties. There has been no change in the valuation technique used during the year compared to prior periods.

The fair valuation of property, plant and equipment is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets and replacement costs for plant & machinery. Management does not expect any material sensitivity to the fair values arising from the non-observable inputs. There were no transfers between level 1, 2 or 3 fair values during the year. The table above presents the changes in the carrying value of the property, plant and equipment arising from these fair valuation assessments.

All additions of the Board were acquired through cash payments.

The gross carrying amount of fully depreciated property, plant and equipment amounted to K nil. If

Leasehold buildings were stated on historical cost basis, the amounts would be as follows:

	Leasehold Buildings K'ooo	Total K'ooo
Year ended 31 March 2019		
Cost		
Pension fund	3,297	3,297
	<u>3,297</u>	<u>3,297</u>
Accumulated Depreciation		
Accident fund	-	-
Pension fund	(563)	(563)
	<u>(563)</u>	<u>(563)</u>
Net book value	<u>2,734</u>	<u>2,734</u>
Year ended 31 March 2018		
Cost		
Pension fund	3,292	3,292
	<u>3,292</u>	<u>3,292</u>
Accumulated Depreciation		
Pension fund	(481)	(481)
	<u>(481)</u>	<u>(481)</u>
Net book value	<u>2,811</u>	<u>2,811</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

10. Property, plant and equipment (continued)

Property, plant & equipment - Accident Fund

Year ended 31 March 2019

	Motor vehicles K'000	Furniture & fittings K'000	Computer equipment K'000	Loose Tools K'000	Total K'000
Cost or valuation					
At start of the year	34,392	5,778	7,209	38	47,417
Additions	1,681	305	1,765	-	3,751
Disposals	-	-	(17)	-	(17)
At end of the year	<u>36,073</u>	<u>6,083</u>	<u>8,957</u>	<u>38</u>	<u>51,151</u>
Comprising					
Cost	<u>36,073</u>	<u>6,083</u>	<u>8,957</u>	<u>38</u>	<u>51,151</u>
	<u>36,073</u>	<u>6,083</u>	<u>8,957</u>	<u>38</u>	<u>51,151</u>
Depreciation					
At start of the year	(22,806)	(4,249)	(6,499)	(38)	(33,592)
Disposals	-	-	2	-	2
Charge for the year	<u>(4,881)</u>	<u>(329)</u>	<u>(976)</u>	<u>-</u>	<u>(6,186)</u>
At end of the year	<u>(27,687)</u>	<u>(4,578)</u>	<u>(7,473)</u>	<u>(38)</u>	<u>(39,776)</u>
Net book value					
At 31 March 2019	<u>8,386</u>	<u>1,505</u>	<u>1,484</u>	<u>-</u>	<u>11,375</u>
Year ended 31 March 2018					
Cost or valuation					
At start of the year	31,637	5,765	6,830	38	44,270
Additions	5,171	13	379	-	5,563
Disposals	<u>(2,416)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,416)</u>
At end of the year	<u>34,392</u>	<u>5,778</u>	<u>7,209</u>	<u>38</u>	<u>47,417</u>
Depreciation					
At start of the year	(19,984)	(3,933)	(6,040)	(38)	(29,995)
Disposals	1,627	-	-	-	1,627
Charge for the year	<u>(4,449)</u>	<u>(316)</u>	<u>(459)</u>	<u>-</u>	<u>(5,224)</u>
At end of the year	<u>(22,806)</u>	<u>(4,249)</u>	<u>(6,499)</u>	<u>(38)</u>	<u>(33,592)</u>
Net book value					
At 31 March 2018	<u>11,586</u>	<u>1,529</u>	<u>710</u>	<u>-</u>	<u>13,825</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

10. Property, plant and equipment (continued)

Property, plant & equipment - Pension

Year ended 31 March 2019

	Leasehold Land & Buildings K'ooo	Furniture and fittings K'ooo	Capital work in progress K'ooo	Total K'ooo
Cost or valuation				
At start of the year	51,450	1,709	333	53,492
Additions	5	-	-	5
Transfer to investment property	-	-	(333)	(333)
Revaluation	<u>(1,244)</u>	<u>-</u>	<u>-</u>	<u>(1,244)</u>
At end of the year	50,211	1,709	-	51,920
Comprising				
Cost	3,297	1,709	-	5,006
Valuation	<u>46,914</u>	<u>-</u>	<u>-</u>	<u>46,914</u>
	<u>50,211</u>	<u>1,709</u>	<u>-</u>	<u>51,920</u>
Depreciation				
At start of the year	-	(1,081)	-	(1,081)
Revaluation	1,781	-	-	1,781
Charge for the year	<u>(1,781)</u>	<u>(165)</u>	<u>-</u>	<u>(1,946)</u>
At end of the year	-	(1,246)	-	(1,246)
Net book value				
At 31 March 2019	50,211	463	-	50,674
Year ended 31 March 2018				
Cost of valuation				
At start of the year	36,222	1,700	333	38,255
Additions	-	9	-	9
Revaluation	<u>15,228</u>	<u>-</u>	<u>-</u>	<u>15,228</u>
At end of the year	51,450	1,709	333	53,492
Depreciation				
At start of the year	(897)	(915)	-	(1,812)
Revaluations	1,847	-	-	1,847
Charge for the year	<u>(950)</u>	<u>(166)</u>	<u>-</u>	<u>(1,116)</u>
At end of year	-	(1,081)	-	(1,081)
Net book value				
At 31 March 2018	51,450	628	333	52,411

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

11. Investment property

	2019			2018		
	Accident K'ooo	Pension K'ooo	Total K'ooo	Accident K'ooo	Pension K'ooo	Total K'ooo
At start of the year	33,766	356,841	390,607	20,623	241,345	261,968
Fair value gains	401	(91,397)	(90,996)	3,637	115,483	119,120
Additions	624	12,426	13,050	9,506	13	9,519
Transfer from property, plant and equipment	—	333	333	—	—	—
At end of the year	<u>34,791</u>	<u>278,203</u>	<u>312,994</u>	<u>33,766</u>	<u>356,841</u>	<u>390,607</u>

The fair value of investment property was determined by reference to the market prices of similar properties of the type and in the area in which the property is situated. The valuation was carried out by Messrs Upmarket Property Consultants Ltd an independent professional valuer with recent experience in the location and category of the investment property being valued.

The fair valuation of investment property is considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the property, consistent with prior periods. Management does not expect any material sensitivity to the fair values arising from the non-observable inputs. There were no transfers between level 1, 2 or 3 fair values during the year.

The table above represents the changes in carrying value of the investment property arising from these fair valuation assessments.

The following amounts are included in the statement of comprehensive income in respect of the investment properties:

	2019 K'ooo	2018 K'ooo
Rental income	16,510	14,706
Less: direct rental expenses arising from investment properties that generate rental income	(9,997)	(8,604)
Less: direct rental expenses arising from investment properties that do not generate rental income	<u>(388)</u>	<u>(355)</u>
	<u>6,125</u>	<u>5,747</u>

Some investment property recorded fair value losses amounting to K96,761,000 (2018: K659,000).

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

12. Intangible assets

	Computer Software K'000	Internally generated software K'000	Total K'000
Cost			
At start of the year	2,823	983	3,806
Additions	—	—	—
At end of the year	<u>2,823</u>	<u>983</u>	<u>3,806</u>
Amortisation			
At start of the year	(2,540)	(983)	(3,523)
Charge for the year	<u>(172)</u>	<u>—</u>	<u>(172)</u>
At end of year	<u>(2,712)</u>	<u>(983)</u>	<u>(3,695)</u>
Net book value	<u>111</u>	<u>—</u>	<u>111</u>
Year ended 31 March 2018			
Cost			
At start of the year	2,823	983	3,806
Additions	—	—	—
At end of year	<u>2,823</u>	<u>983</u>	<u>3,806</u>
Amortization			
At start of the year	(2,365)	(983)	(3,348)
Charge for the year	<u>(175)</u>	<u>—</u>	<u>(175)</u>
At end of year	<u>(2,540)</u>	<u>(983)</u>	<u>(3,523)</u>
Net book value	<u>283</u>	<u>—</u>	<u>283</u>

There are no impairment losses recognized in the statement of comprehensive income during the year relating to intangible assets (2018 : KNil)

13. Financial assets

	2019			2018		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
a) Shares - at fair value through profit or loss						
Fair value	<u>104,904</u>	<u>45,317</u>	<u>150,221</u>	<u>115,411</u>	<u>52,887</u>	<u>168,298</u>
b) At amortised cost:						
Bonds	20,844	4,621	25,465	21,581	7,344	28,925
Term deposits	884,040	67,466	951,506	531,157	55,791	586,948
Treasury bills	<u>502,664</u>	<u>1,497</u>	<u>504,161</u>	<u>566,851</u>	<u>13,402</u>	<u>580,253</u>
	<u>1,407,548</u>	<u>73,584</u>	<u>1,481,132</u>	<u>1,119,589</u>	<u>76,537</u>	<u>1,196,126</u>
Total	<u>1,512,452</u>	<u>118,901</u>	<u>1,631,353</u>	<u>1,235,000</u>	<u>129,424</u>	<u>1,364,424</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

13. Financial assets (continued)

	2019			2018		
	Accident K'ooo	Pension K'ooo	Total K'ooo	Accident K'ooo	Pension K'ooo	Total K'ooo
Classified as:						
Current assets						
At amortised cost	1,386,704	68,963	1,455,667	1,098,008	69,193	1,167,201
Non current assets						
At fair value through profit or loss	104,904	45,317	150,221	115,411	52,887	168,298
At amortised cost	20,844	4,621	25,465	21,581	7,344	28,925
	<u>125,748</u>	<u>49,938</u>	<u>175,686</u>	<u>136,992</u>	<u>60,231</u>	<u>197,223</u>
Total	<u>1,512,452</u>	<u>118,901</u>	<u>1,631,353</u>	<u>1,235,000</u>	<u>129,424</u>	<u>1,364,424</u>
Financial assets at amortised cost can be analysed as follows:						
Maturity within 91 days	391,469	4,445	395,914	391,469	4,445	395,914
Maturity after 91 days	1,016,079	69,139	1,085,218	728,120	72,092	800,212
	<u>1,407,548</u>	<u>73,584</u>	<u>1,481,132</u>	<u>1,119,589</u>	<u>76,537</u>	<u>1,196,126</u>

a) Investment in shares

The table below shows details at fair value through profit or loss

	2019			2018		
	Opening Balance K'ooo	Fair value Gain/ (loss)/Disposal /Impairment K'ooo	Closing Balance K'ooo	Opening Balance K'ooo	Fair value Gains/losses K'ooo	Closing balance K'ooo
Metal Fabricators of Zambia Plc	-	-	-	-	-	-
Puma Energy Zambia Plc	3,211	(33)	3,178	6,164	(2,953)	3,211
National Breweries Plc	9,602	(2,396)	7,206	10,149	(547)	9,602
Real Estate Investment Zambia	23,347	1,851	25,198	25,240	(1,893)	23,347
Copperbelt Energy Corporations	61,461	(15,365)	46,096	31,653	29,808	61,461
Zambeef Products Plc	2,220	-	2,220	1,850	370	2,220
Investrust Plc	4,219	(4,219)	-	4,219	-	4,219
African Explosives (Z) Plc	22,762	5,552	28,314	10,464	12,298	22,762
First Quantum Minerals Plc	15,060	-	15,060	14,815	245	15,060
Zambia National Commercial Bank	19,724	(3,457)	16,267	22,606	(2,882)	19,724
Zambia Sugar PLC	2,692	(10)	2,682	2,692	-	2,692
CEC Africa	-	-	-	-	-	-
Zambia Industrial Commercial Bank	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>
	<u>168,298</u>	<u>(18,077)</u>	<u>150,221</u>	<u>129,852</u>	<u>38,446</u>	<u>168,298</u>

As at 31 March 2019, the Board held shares in Copperbelt Energy Corporation Africa which were traded at a quoted price of K0.20 per share (Market capitalisation of K6,051,000). However, the shares have been recognized at Nil due to unavailability of active buyers on the market.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

13. Financial Assets (continued)

(b) At amortised cost

	2019			2018		
	Accident	Pension	Total	Accident	Pension	Total
	K'000	K'000	K'000	K'000	K'000	K'000
ZANACO	166,721	9,103	175,824	135,407	-	135,407
Barclays Bank (Z) Plc	147,634	5,847	153,481	48,679	5,019	53,698
Intermarket Bank	202	-	202	218	-	218
Stanbic Bank (Z) Limited	179,333	4,812	184,145	92,840	-	92,840
Standard Chartered Bank	11,351	34,296	45,647	-	29,621	29,621
National Savings and Credit	-	-	-	9,726	-	9,726
MAMCO	3,148	-	3,148	3,457	-	3,457
First Alliance Bank	45,317	4,482	49,799	38,821	11,068	49,889
First National Bank	173,270	3,761	177,031	129,623	3,775	133,398
Leasing Finance	2,594	-	2,594	-	-	-
ZNBS	52,784	6,413	59,197	31,402	5,528	36,930
Indo Zambia Bank	96,133	-	96,133	26,777	-	26,777
ECO Bank	2,881	-	2,881	2,498	-	2,498
PABS	2,097	4,033	6,130	2,321	4,409	6,730
IZWE loans	-	-	-	2,295	-	2,295
Bayport Financial Services	19,019	-	19,019	8,977	-	8,977
Sub-total	902,484	72,747	975,231	533,041	59,420	592,461
Impairment	(18,444)	(5,281)	(23,725)	(1,884)	(3,629)	(5,513)
Total term deposit	<u>884,040</u>	<u>67,466</u>	<u>951,506</u>	<u>531,157</u>	<u>55,791</u>	<u>586,948</u>
Bonds	21,058	4,668	25,726	21,581	7,716	29,297
Impairments	(214)	(47)	(261)	-	(372)	(372)
Total Bonds	<u>20,844</u>	<u>4,621</u>	<u>25,465</u>	<u>21,581</u>	<u>7,344</u>	<u>28,925</u>
Treasury Bills	507,819	1,512	509,331	566,851	13,402	580,253
Impairments	(5,155)	(15)	(5,170)	-	-	-
Total Treasury bills	<u>502,664</u>	<u>1,497</u>	<u>504,161</u>	<u>566,851</u>	<u>13,402</u>	<u>580,253</u>
Total at amortised cost	<u>1,407,548</u>	<u>73,584</u>	<u>1,481,132</u>	<u>1,119,589</u>	<u>76,537</u>	<u>1,196,126</u>

The carrying value of the Board's financial assets are denominated in Zambian kwacha.

Credit risk primarily arises from the changes in the market value and the financial stability of the respective quoted companies, issuers of commercial bonds and investment funds.

The fair values of the financial assets are categorised as follows based on the information set out in the accounting policies.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

13. Financial Assets (continued)

Year ended 31 March 2019	Level 1	Level 2	Level 3	Total
	K'000	K'000	K'000	K'000
Other financial assets - amortised cost	-	-	56,299	56,299
At fair value through profit or loss	150,221	-	-	150,221
At amortised cost:				
- Within 91 days	-	-	395,914	395,914
- After 91 days	-	-	1,085,218	1,085,218
	<u>150,221</u>	<u>-</u>	<u>1,537,431</u>	<u>1,687,652</u>

Year ended 31 March 2018

	Level 1	Level 2	Level 3	Total
	K'000	K'000	K'000	K'000
Other financial assets - amortised cost	-	-	53,232	53,232
At fair value through profit or loss	168,298	-	-	168,298
At amortised cost:				
- Within 91 days	-	-	395,914	395,914
- After 91 days	-	-	800,212	800,212
	<u>168,298</u>	<u>-</u>	<u>1,249,358</u>	<u>1,417,656</u>

Management monitors the quality of financial assets by discussing at the Management Investment Committee and Board of Directors meetings.

In the opinion of the Directors, the recoverable amount of financial assets was not less than their carrying amounts.

The maximum exposure to credit risk as at the reporting date is the carrying value of the financial assets as disclosed above.

Reconciliation of level 3 fair valuation	2019	2018
	K'000	K'000
At start of the year	1,249,358	977,207
Purchase/increase	617,799	617,799
Disposal/settlements/decrease	<u>(329,726)</u>	<u>(345,648)</u>
At end of the year	<u>1,537,431</u>	<u>1,249,358</u>

14. Inventories

	2019			2018		
	Accident	Pension	Total	Accident	Pension	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Properties inventories	-	1	1	-	1	1
Stationery and consumables	2,205	-	2,205	1,705	-	1,705
Less: Impairment provisions	<u>(36)</u>	<u>-</u>	<u>(36)</u>	<u>(36)</u>	<u>-</u>	<u>(36)</u>
	<u>2,169</u>	<u>1</u>	<u>2,170</u>	<u>1,669</u>	<u>1</u>	<u>1,670</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

15. Assessment and other receivables

	2019			2018		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Assessment receivables	191,768	-	191,768	176,456	-	176,456
Rental receivables	2,077	16,427	18,504	1,380	14,740	16,120
Less: Impairment provisions						
Assessment receivables	(189,488)	-	(189,488)	(172,634)	-	(172,634)
Rental receivables	-	(11,304)	(11,304)	-	(12,623)	(12,623)
Net receivable	4,357	5,123	9,480	5,202	2,117	7,319
Prepayments	1,105	57	1,162	689	-	689
Deposits	632	50	682	498	917	1,415
Staff pension advance	944	-	944	944	-	944
Other receivables	759	1,032	1,791	3,679	1,159	4,838
Staff loan advance	7,411	11	7,422	6,249	-	6,249
Total assessment and other receivables	<u>15,208</u>	<u>6,273</u>	<u>21,481</u>	<u>17,261</u>	<u>4,193</u>	<u>21,454</u>

Movement in impairment provisions

	2019			2018		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
At start of year	172,634	12,623	185,257	146,048	8,287	154,335
Effect of change in accounting policy for IFRS 9	-	(3,619)	(3,619)	-	-	-
Additions	16,854	2,300	19,154	-	4,336	4,336
Recoveries/write offs	-	-	-	26,586	-	26,586
At end of year	<u>189,488</u>	<u>11,304</u>	<u>200,792</u>	<u>172,634</u>	<u>12,623</u>	<u>185,257</u>

In the opinion of the Directors, the carrying amounts of assessment and other receivables approximate to their fair value.

The effective interest rate on loans to staff was 5% on both Management and Unionised staff (2018: Management 5% and Unionised staff 3.5%).

The Board's credit risk arises primarily from assessment and rental receivables. The Directors are of the opinion that the Board's exposure is limited because the debt is widely held.

Assessment receivables that are aged past 90 days are considered past due. A full provision was made for these receivables during the year.

	2019 K'000	2018 K'000
Days		
0-30	1,297	447
31 to 60 days	494	3,323
61 to 90 days	489	52
Over 90 days	<u>189,488</u>	<u>172,634</u>
Total assessment receivable	191,768	176,456
Impairment amount at year end	<u>(189,488)</u>	<u>(172,634)</u>
Net assessment receivables	<u>2,280</u>	<u>3,822</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019 (CONTINUED)

16. Retirement benefit obligations

Defined benefit plan

The members' services on the defined benefit plan ended in January 2010. There is no balance on the closed plan. Therefore, no impairment is required.

Defined contribution plan

It is the policy of the Board to provide retirement benefits to all its employees. The Board contributes to both the state owned National Pension Scheme Authority (NAPSA) and privately owned pension scheme (Workcom Pension Scheme managed by Minet), subject to the conditions of service.

	2019 K'000	2018 K'000
The total contribution to NAPSA during the year	<u>4,632</u>	<u>3,951</u>
The total contribution to Workcom Pension Scheme during the year	<u>8,094</u>	<u>6,174</u>

17. Cash and cash equivalents

	2019			2018		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Cash on hand	29	42	71	44	18	62
Cash at bank	30,705	4,042	34,747	25,816	8,243	34,059
Provision for cash losses	-	-	-	(2,227)	(116)	(2,343)
	<u>30,734</u>	<u>4,084</u>	<u>34,818</u>	<u>23,633</u>	<u>8,145</u>	<u>31,778</u>

The Board's cash and bank balances are held with major Zambian financial institutions. In the opinion of the Directors any credit risk to these assets is deemed to be limited.

Cash and bank balances	<u>30,734</u>	<u>4,084</u>	<u>34,818</u>	<u>23,633</u>	<u>8,145</u>	<u>31,778</u>
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The carrying amounts of the Board's cash and cash equivalents are denominated in the following currencies:

	2019			2018		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Zambian Kwacha	29,208	4,084	33,292	23,065	8,145	31,210
US Dollar	<u>1,526</u>	-	<u>1,526</u>	<u>568</u>	-	<u>568</u>
	<u>30,734</u>	<u>4,084</u>	<u>34,818</u>	<u>23,633</u>	<u>8,145</u>	<u>31,778</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

NOTES (CONTINUED)

18. Disaster Reserve

Disaster reserve is a provision for major accidents that cannot be paid within the normal course of business.

	2019	2018
	K'000	K'000
At 1 April 2018	4,000	4,000
Increase/(decrease) during the year	—	—
At 31 March 2019	<u>4,000</u>	<u>4,000</u>

19. Revaluation Reserves

The revaluation is a non-distributable reserve that is as a result of annual revaluation of land and buildings. Each year, the difference between depreciation based on the revalued amount of the assets and the depreciation based on the assets original cost, is transferred from the revaluation reserve to accumulated funds and disclosed in Funds.

	2019	2018
	K'000	K'000
At 1 April 2018	100,227	83,971
Transfer to accumulated funds	(1,699)	(819)
Recognized in other comprehensive income:		
Gains during the year	—537	—17,075
At 31 March 2019	<u>99,065</u>	<u>100,227</u>

20. Investment reserve

Investment reserve is a provision made that relates to the difference between the market value of the Fund's properties and the notional value that would be placed on the properties as determined by an Actuary.

	2019	2018
	K'000	K'000
At 1 April 2018	50,106	50,106
Transfer to accumulated funds	—	—
At 31 March 2019	<u>50,106</u>	<u>50,106</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

NOTES (CONTINUED)

21. Data Reserve

Data reserve is a provision for any errors in the membership data provided for an actuarial valuation of the Fund as determined and recommended by an Actuary.

The reconciliation of the data reserve is as follows:

	2019 K'000	2018 K'000
At 1 April 2018	68,265	33,938
Movement during the year	—	34,327
At 31 March 2019	<u>68,265</u>	<u>68,265</u>

22. Provisions

Reconciliation of provision – 2019

	Gratuity K'000	Leave days K'000	Claims IBNR K'000	Total K'000
At start of the year	3,760	4,457	5,489	13,706
Charges during the year	(460)	1,074	—	614
At end of the year	<u>3,300</u>	<u>5,531</u>	<u>5,489</u>	<u>14,320</u>

Reconciliation of provision – 2018

	Gratuity K'000	Leave days K'000	Claims IBNR K'000	Total K'000
At start of the year	4,867	4,347	4,003	13,217
Charges during the year	(1,107)	110	1,486	489
At end of the year	<u>3,760</u>	<u>4,457</u>	<u>5,489</u>	<u>13,706</u>

	2019 K'000	2018 K'000
Analysed as:		
Current portion	11,020	9,946
Non-current portion	<u>3,300</u>	<u>3,760</u>
	<u>14,320</u>	<u>13,706</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

23. Payables

	2019			2018		
	Accident	Pension	Total	Accident	Pension	Total
	K'ooo	K'ooo	K'ooo	K'ooo	K'ooo	K'ooo
Payable to suppliers	2,366	3,000	5,366	1,649	708	2,357
Assessment and other amounts received in advance	24,170	1,699	25,869	21,486	2,333	23,819
Accrued audit fees	260	-	260	224	-	224
Actuarial fees accrual	-	392	392	-	934	934
Amounts due to pensioners	-	11,093	11,093	-	17,989	17,989
Accrued NAPSA contributions	71	-	71	14	-	14
Accrued PAYE	-	-	-	10	-	10
Ministry of Finance	-	3,081	3,081	-	3,081	3,081
Retention fees	-	-	-	-	484	484
Other payables	<u>795</u>	<u>183</u>	<u>978</u>	<u>666</u>	<u>277</u>	<u>943</u>
	<u>27,662</u>	<u>19,448</u>	<u>47,110</u>	<u>24,049</u>	<u>25,806</u>	<u>49,855</u>

In the opinion of the Directors, the carrying amounts of payables approximate to their fair value. The carrying amounts of the Board's payables are denominated in the following currencies:

	2019	2018
	K'ooo	K'ooo
Zambian Kwacha	46,718	48,926
British Pounds	<u>392</u>	<u>929</u>
	<u>47,110</u>	<u>49,855</u>

The maturity analysis of the Board's payables is as follows:

	2019	2018
	K'ooo	K'ooo
Maturity months		
0 to 1	39,588	40,444
2 to 3	455	1,270
4 to 12	<u>7,067</u>	<u>8,141</u>
	<u>47,110</u>	<u>49,855</u>

24. Net cash (paid)/received from/for (purchase)/sale of financial assets

	2019	2018
	K'ooo	K'ooo
As at 31 March	(1,631,353)	(1,364,424)
Fair value (loss)/gain (Note5)	(16,734)	40,832
Impairments (Note 25)	(5,609)	(9,219)
Net cash (paid)/received from/for (purchase)/sale of shares	(1,343)	6,833
As at 1 April	<u>1,364,424</u>	<u>1,046,803</u>
Net cash (paid)/received from/for (purchase)/sale of financial assets	<u>(290,615)</u>	<u>(279,175)</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

25. Cash from/(used in) operations

	2019 K'000	2018 K'000
Reconciliation of cash generated from operations surplus for the year before tax	204,165	396,184
Adjustments for:		
Depreciation on property, plant and equipment (Note 8)	8,132	6,340
Amortisation of intangible assets	172	175
Impairment of investments	5,609	9,219
Gain on sale of property, plant and equipment	659	(839)
Dividend received	(12,071)	(25,630)
Interest received	(203,476)	(191,216)
Fair value (gain)/loss on held for trading financial assets	16,734	(40,832)
Fair value (gain)/loss on investment property	90,996	(119,120)
Movement in provisions	614	489
Reduction in data reserve	-	34,327
Impairment provision – transition to IFRS9	(14,047)	-
Changes in working capital:		
- inventories	(500)	(1,197)
- assessment and other receivables	(27)	9,301
- payables	(2,745)	7,701
Cash from/(used in) operations	<u>94,215</u>	<u>84,902</u>

26. Risk management objectives and policies

Financial risk management**Regulatory risk**

Regulatory risk is the risk that the rules or mandate under which the Board operates may be changed by the legislative action or decision of the regulator, the Government of the Republic of Zambia. Management manages regulatory risk by participating in consultative meetings aimed at changing the rules under which the Board operates.

Financial risk

The Board's activities expose it to a variety of financial risk: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The Board's risk to liquidity is as a result of funds available to cover future commitments. The Board manages liquidity risk through an ongoing review of future commitments so as to match them with cash availability and liquid assets. Management keeps an active presence in the money markets and maintains a portfolio of highly marketable assets which can be easily liquidated in the event of unforeseen cash flow interruptions.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

26. Risk management objectives and policies (continued)

Year ended 31 March 2019

	Less than 1 year K'000	Between 1-3 years K'000	Between 3-5 years K'000	More than 5 years K'000	Total K'000
Financial assets					
Cash and bank equivalents	34,818	-	-	-	34,818
Investments	1,455,667	175,686	-	-	1,631,353
Other receivables	19,201	-	-	-	19,201
Total financial assets	<u>1,509,686</u>	<u>175,686</u>	<u>-</u>	<u>-</u>	<u>1,685,372</u>
Financial liabilities					
Payables	(47,110)	-	-	-	(47,110)
Total financial liabilities	<u>(47,110)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,110)</u>
Net liquidity gap	<u>1,462,576</u>	<u>175,686</u>	<u>-</u>	<u>-</u>	<u>1,638,262</u>

Year ended 31 March 2018

	Less than 1 year K'000	Between 1-3 years K'000	Between 3-5 years K'000	More than 5 years K'000	Total K'000
Financial assets					
Cash and bank equivalents	31,778	-	-	-	31,778
Investments	1,167,201	197,223	-	-	1,364,424
Other receivables	17,632	-	-	-	17,632
Total financial assets	<u>1,216,611</u>	<u>197,223</u>	<u>-</u>	<u>-</u>	<u>1,413,834</u>
Financial liabilities					
Payables	(49,855)	-	-	-	(49,855)
Total financial liabilities	<u>(49,855)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49,855)</u>
Net liquidity gap	<u>1,166,756</u>	<u>197,223</u>	<u>-</u>	<u>-</u>	<u>1,363,979</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

26. **Risk management objectives and policies (continued)****Reputation risk**

Reputation risk is the risk that the Board will not conform to good corporate governance principles such as transparency, accountability and the observance of the tenets of good management which may result in negative public perception and loss of credibility. Management manages reputation risk by providing adequate and timely compensation benefits, publishing statutory annual reports including the Board's operations, Financial Statements and Actuarial Valuation reports. Management regularly holds stakeholders public awareness programs aimed at mitigating the impact of public perception.

Interest rate risk

The Board has significant interest-bearing assets which include investments in term deposits issued by financial institutions. The Board's income and operating cash flows are affected by changes in market interest rates.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of possible administrative failures such as inadequate systems, administrative faults, defective control mechanisms, fraud, assets misapplications and human error. The Board manages exposure to operational risk through the use of clearly documented operational manuals and procedures which provide appropriate guidance on the Board's operational activities. The Audit Committee of the Board, through the Internal Audit function, regularly reviews operational risk control mechanisms to ensure compliance with its standards.

Liability risk

Liability risk is the risk that something will go wrong with the fund liabilities arising from long-term risk such as inflation, longevity, excessive administrative expenses, epidemics such as tuberculosis hazard and legislative or regulatory risk. Exposure to liability risk is managed through regular tri-annual actuarial valuations of the financial position of the Fund. The Board has set up a claims reserve fund aimed at mitigating the adverse impact of future disability and disease claims. Management manages further liability risk associated with expense risk by restricting administrative expenditure to a cap as advised by the Actuary. The likely effect and impact of the ongoing pension and social security reforms by the Government of the Republic of Zambia are known with certainty.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

26. Risk management objectives and policies (continued)

Capital risk

The Board's objectives when managing capital are to safeguard the Board's ability to continue as a going concern in order to provide benefits for all stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Capital risk is the risk that the Board may lose capital or part of the principal invested. The Board's objectives when managing capital are safeguard its ability to continue as a going concern in order to provide for and maintain future compensation benefits. Management manages capital risk by investing its funds in appropriate asset allocation and portfolio composition aimed at consistently achieving and maintaining over time, the Fund's real value and investment returns and capital or capital appreciation.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and assessment debtors. The Board only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The Board is also exposed to the revenue collectability risk which is the risk that assessed employers will cause a financial loss to the Board by failing to pay amounts in full when they fall due. Management minimizes exposure to credit risk by implementing timely assessments, debt follow ups and prosecuting defaulting employers.

Financial assets exposed to credit risk at year end were as follows:

	2019 K'000	2018 K'000
Financial instruments		
Bank balances	34,747	34,059
Term deposits	951,506	586,948
Rental debtors	18,504	16,120
Bonds	25,084	28,925
Treasury bills	504,161	580,253

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

26. Risk management objectives and policies (continued)

Price risk

The Board is exposed to equity securities price because of investments held by the Board and classified on the statement of financial position either as available-for-sale or at fair value through statement of comprehensive income. The Board is not exposed to commodity price risk. To manage its price risk arising from investment in equity securities, the Board diversifies its portfolio. The diversification is done in accordance with the limits set by the Board of Directors.

The table below summarises the impact of increases/decreases of the LuSE index on the Board's surplus for the year. The analysis is based on the assumption that the equity indexes had increased/decreased by 5% with all other variables held constant and all the Board's equity instruments moved according to the historical correlation with the index:

	Impact on surplus for the year in Zambian Kwacha		Impact on component of equity for the Year in Zambian Kwacha	
	2019	2018	2019	2018
LuSE index	<u>5,387</u>	<u>7,998</u>	<u>-</u>	<u>-</u>

A 5% sensitivity rate is being used when reporting price risk internally to key management personnel and represents management's assessment of the reasonably possible change in market rates of stock prices.

Surplus for the year would increase/decrease as a result of gains/losses on equity securities classified as fair value through statement of comprehensive income. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified available for sale.

Investment risk

Investment risk is the risk that investments will fail to yield expected levels of return as a result of poor market conditions, bad strategic or poor choices of individual investments. The Board operates in an economy that does not offer sufficient investment instruments matching its liabilities which are long-term in nature. The Board further faces investment risk in political risk, resulting in an insistence on investment in assets with uneconomic returns or excessive risk. Management manages investment risk by using investment guidelines that provide for diversification of investments. The table below gives information about how the fair values of these financial assets and financial liabilities are determined:

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

26. Risk management objectives and policies (continued)

Year ended 31 March 2019

	Classified as amortised cost K'000	Classified as FVTPL K'000	Total fair value for each class K'000
Financial assets			
Investments	1,481,132	150,221	1,631,353
Other receivables	16,483	-	16,483
Cash & cash equivalent	<u>34,818</u>	<u>-</u>	<u>34,818</u>
Total financial assets	<u>1,532,433</u>	<u>150,221</u>	<u>1,682,654</u>
Financial liabilities			
Payables	<u>(47,110)</u>	<u>-</u>	<u>(47,110)</u>
Net position	<u>1,485,323</u>	<u>150,221</u>	<u>1,635,544</u>

Year ended 31 March 2018

	Classified as amortised cost K'000	Classified as FVTPL K'000	Total fair value for each class K'000
Financial assets			
Investments	1,196,126	168,298	1,364,424
Other receivables	17,632	-	17,632
Cash & cash equivalent	<u>31,778</u>	<u>-</u>	<u>31,778</u>
Total financial assets	<u>1,245,536</u>	<u>168,298</u>	<u>1,413,834</u>
Financial liabilities			
Payables	<u>(49,855)</u>	<u>-</u>	<u>(49,855)</u>
Net position	<u>1,195,681</u>	<u>168,298</u>	<u>1,363,979</u>

27. Related party transactions and balances

The Board is controlled by the Government of the Republic of Zambia – through the Ministry of Labour and Social Security.

Members of Key Management:

- Dr. Elizabeth Lungu – Nkumbula- Commissioner & Chief Executive Officer
- Mr. Chalwe Mwale – Director Finance
- Mrs. Michelo H. Silungwe – Director Fund Management
- Mr. Kingsley Kangwa – Director Benefits
- Mrs. Priscilla C.C. Bwembya – Director Legal and Corporate Services

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

27. Related party transactions and balances (continued)

The following transactions were carried out with related parties:

i) Key management personnel compensation

	2019 K'000	2018 K'000
Salaries and benefits paid	10,479	7,743
Directors expenses – Board meetings	<u>4,111</u>	<u>3,740</u>
	<u>14,590</u>	<u>11,483</u>

ii) Outstanding balances arising from transactions

	2019 K'000	2018 K'000
Receivable from related parties		
Ministry of Labour & Social Security	37	107
Directors and key management	<u>441</u>	<u>324</u>
	<u>478</u>	<u>431</u>
Payable to related parties		
Ministry of Finance	<u>3,081</u>	<u>3,081</u>
	<u>3,081</u>	<u>3,081</u>

28. Capital Commitments

As of end of year the Board had six (06) contracted projects that were still in progress. A total contract sum of K21,469,000 had been committed of which K9,515,000 had been certified and paid out leaving a balance of K11,954,000.

Project	Cost K'000	Billed K'000	Balance K'000
i) Rehabilitation of Compensation House in Kasama	1,589	869	720
ii) External works for the Forty (40 No.) Housing Units at Northgate, Gardens in Lusaka	4,579	2,112	2,467
iii) Contract for Bulk Services for the Forty Units at Northgate in Lusaka	3,279	820	2,459
iv) Supply and Installation of Swepeco materials to water proof leaking concrete roofs at AFCOM House	577	-	577
v) Construction of Two blocks of double storey flats at Kola Court	9,460	3,828	5,632
vi) Rehabilitation and Renovation works for 12 Flats at 60 Kabelenga in Ndola	<u>1,985</u>	<u>1,886</u>	<u>99</u>
	<u>21,469</u>	<u>9,515</u>	<u>11,954</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019**29. Comparative figures**

Certain comparative figures may have been restated and reclassified in order to afford reasonable comparison.

30. Contingencies

The Board had a case that proceeded in the High Court in which the complainants claimed under payment of terminal benefits in the sums of K298,431 and K328,175. There is a contingent liability in the region of K300,000, in the event an adverse judgement is determined. An adverse judgement would also save as basis for claims by all other employees past and present who may be similarly circumstanced.

Further, the Board has a contingent liability of up to K700,000 in relation to a case in which a former employee claimed under payment of emoluments and gratuity.

Judgement is being awaited in each of these cases.

31. Period of reporting

The Financial Statements have been prepared for a period of 12 months (2018: 12 months)

32. Events after the reporting period

There has not arisen since the end of the financial year any item, transactions or events of a material and unusual nature likely in the opinion of the Directors of the Board to affect substantially the operations of the Board, the result of these operations or the state of affairs of the Board as at year end.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

SCHEDULE OF EXPENDITURE

	2019 K'000	2018 K'000
ADMINISTRATIVE EXPENSES		
Employment:		
Salaries and wages	80,297	66,789
Provision for leave and long-term service dues	15,863	13,341
Other staff costs	<u>3,006</u>	<u>3,033</u>
Total employment costs	<u>99,166</u>	<u>83,163</u>
Other administration expenses		
Advertising and publications	3,626	2,339
Audit fees	260	239
Impairment-Receiveables	19,154	30,922
Impairment-Financial assets	5,609	9,219
Bank charges and commissions	545	510
Commemoration	188	35
Communication	1,694	1,470
Computer	170	51
Conference and Seminar	465	692
Depreciation, amortization and impairments	8,304	6,513
Directors expenses	4,111	3,740
Donations	93	54
Electricity and water	151	71
Entertainment	124	68
Exhibition and show	817	866
Exchange losses	43	-
General cleaning	516	518
Insurance and Licences	1,302	2,221
Labour day	198	156
Legal and professional fees	1,049	2,345
Medical expenses	1,107	874
Motor vehicle running and maintenance	3,333	2,992
Union negotiations	163	393
Office	1,163	1,064
Printing and stationery	<u>1,444</u>	<u>1,139</u>
Balance c/f	55,629	68,491

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2019

SCHEDULE OF EXPENDITURE (CONTINUED)

	2019 K'000	2018 K'000
ADMINISTRATIVE EXPENSES		
Other administration expenses (continued)		
Balance b/f	55,629	68,491
Recruitment	78	128
Rent and rates	644	532
Repairs and maintenance	54	128
Security	1,363	399
Staff welfare and training	1,934	1,423
Subscriptions and newspapers	561	291
Tender committee meetings	6	2
Tools	25	20
Travel and Subsistence	<u>4,630</u>	<u>3,997</u>
Total other administrative expenses	<u>64,924</u>	<u>75,411</u>
Total administrative expenses	<u>164,090</u>	<u>158,574</u>
INVESTMENT RELATED EXPENSES		
Cleaning	1,388	1,540
Electricity and water	3063	1,482
Handling fees	76	163
Property expenses	366	379
Property repairs and maintenance	1,011	1,619
Property security	1,491	1,735
Property valuation	263	259
Rent and rates	1,607	480
Withholding tax	<u>1,196</u>	<u>1,465</u>
Total investment related expenses	<u>10,461</u>	<u>9,122</u>

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Prevention

Care

Support

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