



# **WORKERS' COMPENSATION FUND CONTROL BOARD**

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ANNUAL REPORT 2020

Prevention

Care

Support



## VISION

“ An innovative and reliable employment injury scheme ”.



## MISSION

“ To provide compensation for employment injuries and diseases in order to cushion the employers and workers’ burden ”.





## VALUES

Courtesy  
Integrity  
Timeliness  
Accountability  
Transparency  
Team spirit



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## MEMBERS OF THE BOARD OF DIRECTORS



**MRS REGINA M CHILUPULA**  
Chairperson



**MR CHANDA KAZIYA**  
Director



**MRS MYRA M S NGOMA**  
Director



**MR MOOYA LUMAMBA**  
Director



**MRS GETRUDE N CHIKUTA**  
Director



**MR STEPHEN SIKOMBE**  
Director



**MS ESTHER K CHISENGA**  
Director



**MR CHINGATI MSISKA**  
Director



**MS SOPHIE K M MUTEMBA**  
Director



**MR CHISHIMBA NKOLE**  
Director

## FINANCE & INVESTMENTS COMMITTEE



**Mr Stephen  
Sikombe**

Chairperson



**Ms Annique K  
Matipa**

Member



**Mr Chanda  
Kaziya**

Member



**Eng. Jonathan  
Kampata**

Member



**Mrs Khetiwe N  
Sizaliyo**

Member



**Mr Percy H  
Chiyama**

Member



**Mr Joseph  
Nonde**

Member

## AUDIT, RISK & COMPLIANCE COMMITTEE



**Mr Chingati  
Msiska**

Chairperson



**Mrs Esther K  
Chisenga**

Member



**Ms Edwina  
Mazunda**

Member



**Mr Denstone  
Mukuku**

Member



**Mr Eunie  
Ngandu**

Member

## STAFF COMMITTEE



**Ms Sophie K M  
Mutemba**

Chairperson



**Mrs Mukamasole  
M Kasanda**

Member



**Mr Moffat  
Nyirenda**

Member



**Mr Chishimba  
Nkole**

Member



**Mrs Getrude N  
Chikuta**

Member

## COMPENSATION COMMITTEE



**Mr Mooya  
Lumamba**

Chairperson



**Mr Anthony  
Dumingu**

Member



**Mrs Myra M S  
Ngoma**

Member



**Ms Theresa M  
Munanko**

Member



**Mr Charles  
Kalima**

Member

## EXECUTIVE & SENIOR MANAGEMENT



**MRS PRISCILLA C C BWEMBYA**

Commissioner & Chief Executive  
Officer



**MR CHALWE MWALE**

Director Audit



**MRS MICHELO H SILUNGWE**

Director Finance



**MR KINGSLEY M KANGWA**

Director Compliance and Benefits



**MR FRANK C CHANDA**

Director Investments



**MR PATRICK SIAMPWILI**

Director Legal Services/  
Board Secretary



## AUDITORS

Grant Thornton Chartered Accountants  
Grant Thornton Zambia  
5th Floor Mukuba Pension House  
Dedan Kimathi Road  
P.O Box 30885  
Lusaka, 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

Messrs LM Matibini & Company  
Ground Floor, Collet House  
Buteko Avenue  
P.O. Box 71568  
Ndola, Zambia

Messrs Freddie & Company  
Stand No. 234  
KPF Business Park  
Buchi 24, Kwacha Road  
P.O. Box 22760  
Kitwe, Zambia

Messrs Isaacs & Partners  
Plot 3792, Kwacha Road  
Olympia Park  
P.O. Box 50200  
Lusaka, Zambia

Messrs Reagan Blankfein  
Gates Legal Practitioners  
56 Kwacha Road, off  
Katima Mulilo Road  
Olympia Park  
P.O. Box 31995  
Lusaka, 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	Monze
Chinsali	Luanshya	Mpika
Chipata	Lusaka-Cairo	Mufulira
Choma	Lusaka -The Mount	Ndola
Kabwe	Mazabuka	Petauke
Kafue	Mansa	OHSI Kitwe
Kasama	Mkushi	Solwezi
Kitwe	Mongu	

## REGIONAL OFFICES

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

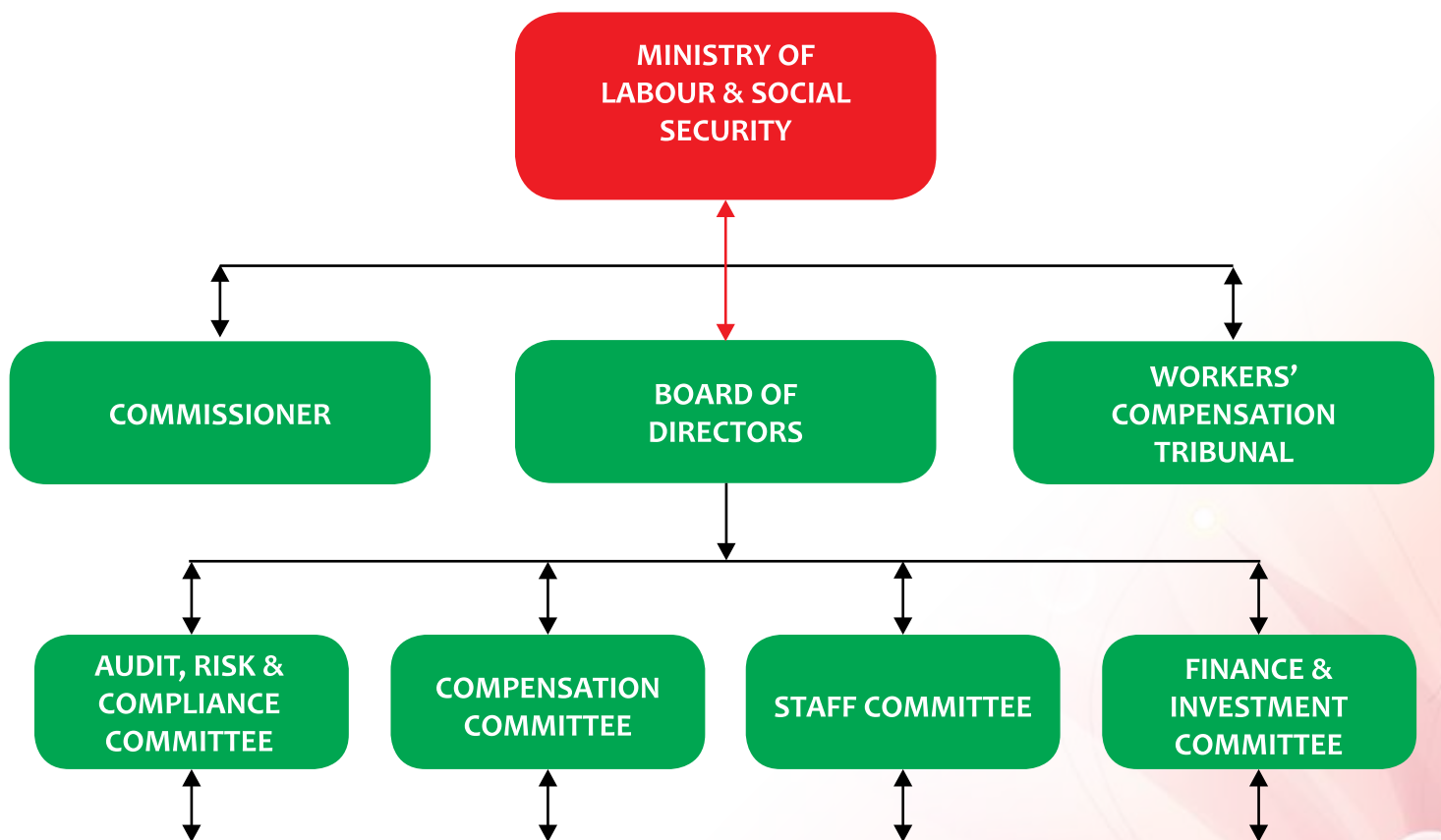
## STATEMENT ON CORPORATE GOVERNANCE

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 the Laws of Zambia to compensate workers for disabilities suffered as a result of accidents occurring or diseases contracted in the course of employment, and to administer a Fund from which compensation and operational expenses are defrayed.

The Board of Directors ensures that there is compliance with the provisions of the Workers' Compensation Act through a well-established framework of policies, procedures and systems to adhere to good corporate governance.

The Minister of Labour and Social Security appoints the Board Chairperson, Members of the Board of Directors, the Commissioner and Members of the Workers' Compensation Tribunal.



## THE BOARD OF DIRECTORS

The Minister of Labour and Social Security appoints eleven (11) members of the Board of Directors pursuant to section 10 of the Workers' Compensation Act. The structure of the Board of Directors is tripartite in nature to ensure that the interests of all stakeholders are taken into account in decision making. Its composition is as follows:

- 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 an association of pensioners.

The following Board of Directors represented the stakeholders:

- a) Mrs Regina M Chilupula-Board Chairperson representing citizens;
- b) Mr Chanda Kaziya - Representing Government of the Republic of Zambia;
- c) Mr Mooya Lumamba - Representing Government of the Republic of Zambia;
- d) Mr Stephen Sikombe - Representing Zambia Federation of Employers;
- e) Mrs Esther K Chisenga - Representing Zambia Federation of Employers;
- f) Mrs Myra M S Ngoma - Representing Zambia Federation of Employers;
- g) Mr Chishimba Nkole - Representing Zambia Congress of Trade Unions;
- h) Mrs Gertrude N Chikuta - Representing Zambia Congress of Trade Unions;
- i) Mr Chingati Msiska - Representing the Federation of Free Trade Unions of Zambia;
- j) Ms Sophie K M Mutemba - Representing Pensioners.

The role of the Board of Directors is to generally provide leadership and oversight in formulating policies and to provide strategic direction to Management.

Key decisions are made to ensure retention of the proper direction and control of the Fund by regularly reviewing the performance of Management, general operations of WCFCB and the financial performance of the Fund.



## MEETINGS

Attendance by the Board of Directors of the meetings held during the period under review is tabulated below: -

No.	Name of Board Member	Board Meetings attended		
		Regular	Special	Total
1	Regina M Chilupula	2	4	6
2	Stephen Sikombe	2	4	6
3	Mooya Lumamba	2	4	6
4	Esther K Chisenga	2	4	6
5	Chishimba Nkole	2	4	6
6	Sophie K M Mutemba	2	4	6
7	Getrude N Chikuta	2	4	6
8	Myra M S Ngoma	2	4	6
9	Chingati Msiska	2	4	6
10	Chanda Kaziya	2	4	6

## POLICIES

During the period under review, the following policies were approved and or reviewed:

- a) The Harassment Policy;
- b) The Property Maintenance Policy;
- c) The Staff Loans Guidelines;
- d) The Business Continuity Plan;
- e) The Risk Management Framework;
- f) The Communication Policy.

## CAPACITY BUILDING/TRAINING

The Chairperson and Members of the Board of Directors were not exposed to workshops and conferences during the period under review due to the Covid-19 pandemic.

## ADMINISTRATION

The Commissioner and Chief Executive Officer is responsible for, among other matters, interpretation and implementation of the strategies and policies and the day to day administration of WCFCB.

During the period under review, the Commissioner and Chief Executive Officer was supported by Five (5) Executive Directors, who were responsible for the administration of the following Directorates:

1. Compliance and Benefits;
2. Investments;

3. Finance;
4. Audit;
5. Legal Services.

## **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. 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 comprises 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 Minister of Labour and Social Security.

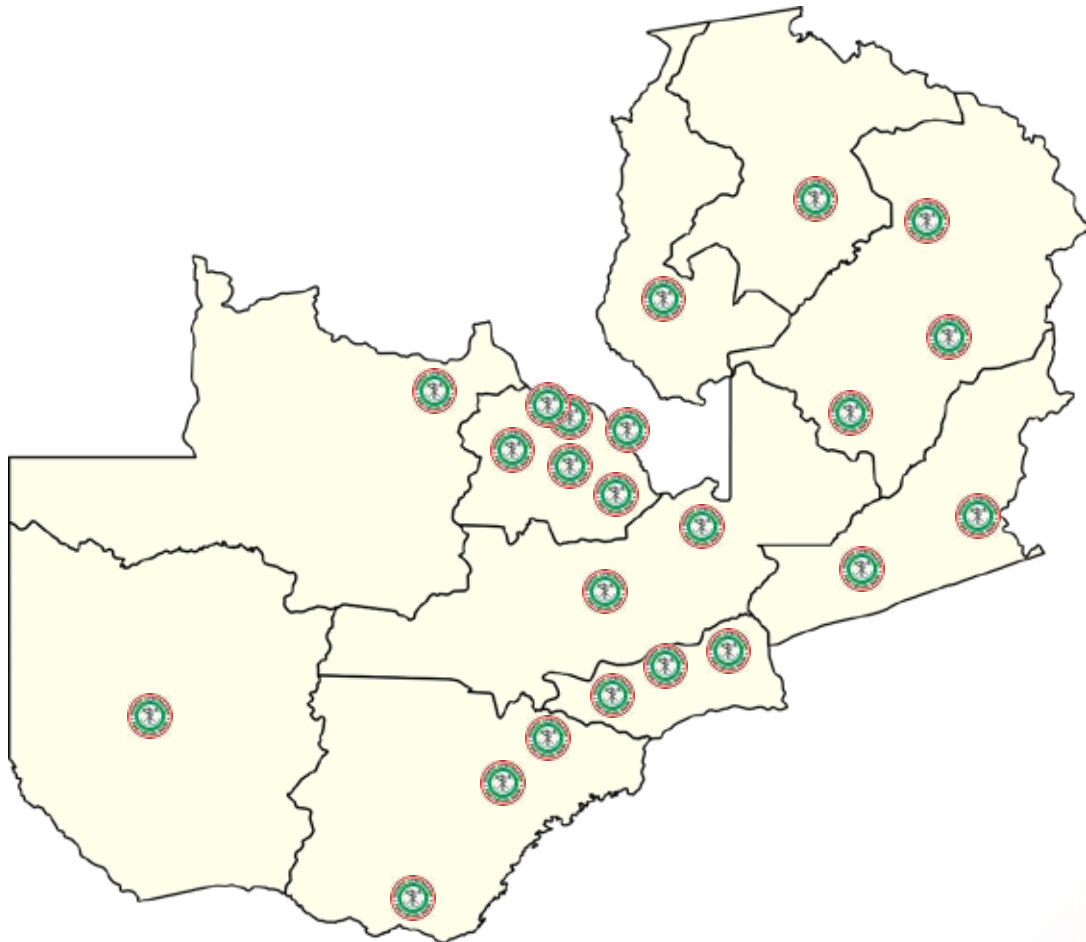
The Minister appointed the Tribunal in August, 2017. The tenure of office for Tribunal Members is four (4) years.

The Tribunal comprised the following:

1. Mr. James Chibalentondo Kalokoni – Chairperson  
Legal Practitioner
2. Dr. Kachinga Agrippa Sichizya - (Member)  
Medical Practitioner
3. Ms. Marjorie Mwelwa Chanda Mutale - (Member)  
A Trade Union representative
4. Ms. Ethel N Kopulande  
(Member)
5. Ms. Elizabeth Musonda Kondowe  
(Member)

During the period under review, the Tribunal heard various appeals in line with its mandate.

The Workers' Compensation Fund Control Board has a network of Twenty-three (23) Branches spread out across all the provinces in the Country.



## OUR BRANCHES

Chingola  
Chinsali  
Chipata  
Choma  
Kabwe  
Kafue  
Kasama  
Kitwe

Livingstone  
Luanshya  
Lusaka-Cairo  
Lusaka –The Mount  
Mazabuka  
Mansa  
Mkushi  
Mongu

Monze  
Mpika  
Mufulira  
Ndola  
Petauke  
OHSI Kitwe  
Solwezi



**Mrs Regina M Chilupula**

## BOARD CHAIRPERSON'S REPORT

It gives me pleasure to present the Workers' Compensation Fund Control Board audited Financial Statements for the nine (9) months period ended 31st December 2020 together with our 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. The nine months reporting period was as a result of the Boards' approval to change the financial reporting period from 31st March to 31st December, in order to align with the requirements in the Public Finance Management Act No 1 of 2018

During the period under review the Board continued to invest and consolidate its performance platforms to deliver a sustainable future growth despite the devastating effects of the COVID-19 pandemic.

### **1.1 Economic Environment**

The Global economy contracted in 2020 on the backdrop of lock down measures to contain the COVID-19 pandemic. The lock down measures caused disruptions to global supply chains and resulted in slump in consumption and investment spending. Consequently, global real GDP is estimated to have shrunk by 3.5% (IMF, 2021).

The domestic economy is estimated to have shrunk by 2.9 percent in 2020 compared to growth of 1.4 percent in the previous year (BOZ, 2021). The Substantial decline in consumer and investment spending induced by disruptions in business operations weighed on growth. The secondary and tertiary sectors particularly tourism, wholesale and retail trade, construction as well as transport and storage were adversely affected by the pandemic.





The copper price rose by more than 65% to close at US\$7,931.00 per ton as at 31st December 2020 from US\$4,797.00 as at 31st March 2020 (LME, 2020).

Further, shares on the Lusaka Stock Exchange (LuSE) performed poorly as the LuSE-All Share Index (LASI) went down by 7.5% to 3,912.33 as at 31st December 2020 from 4,232 at end 31st March 2020 (LuSE, 2020).

In order to address the economic impact of the pandemic on the local economy, the Government of the Republic of Zambia through the Bank of Zambia introduced the K10.00 Billion Medium Term Refinancing stimulus package aimed at boosting economic activities (BOZ, 2020).

Further to the above intervention, the President of the Republic of Zambia launched the 2020-2023 Economic Recovery Plan (ERP). The main focus of the ERP was to address the key economic challenges the country was facing as a result of the COVID-19 pandemic. The plan provided a roadmap for economic reforms to achieve growth, prosperity and sustainable public debt levels. The ERP aimed to ensure economic growth and financial stability by improving the business climate, promoting manufacturing and local industries, especially agriculture, tourism, mining and energy and also reducing poverty and inequality through targeted social programmes. The ERP projected a real GDP growth rate of above 3% by the year 2022 (BOZ and MoF, 2020).

Economic performance is expected to improve in 2021, although it will remain subdued. This optimism is largely based on the expected roll-out of the COVID-19 vaccine in most countries and sustained high crop production in light of adequate rainfall.

However, the second wave of the COVID19 pandemic could disrupt production. Further, the sustained depreciation of the Kwacha, high Government debt servicing, expensive energy, tight credit conditions and elevated lending rates will continue to weigh on growth.

## **1.2 Inflation**

Annual overall inflation continued to trend upwards, driven mainly by the depreciation of the Kwacha, upward adjustment in fuel pump prices and electricity tariffs and rise in food prices. As a result, annual inflation rate, as measured by all items Consumer Price Index (CPI), increased to 19.2% as of 31st December 2020 from 14% as at end 31st March 2020 (ZamStats, 2020).

## **1.3 Interest Rates**

Interest rates generally declined during the period under review relative to 2019. This was broadly in line with the downward adjustment in the Policy Rate in May and August and other stimulus measures taken by the Bank of Zambia.

The composite yield rate on Treasury bills declined to 21.2% at the end of December 2020 compared to 22.65% at end of December 2019, while Government Composite Bond yield rate increased to 32.9% from 30.95% over the same period. The downward movement in the yields in GRZ Treasury Bills was attributed to the accommodative monetary policy on the domestic money market which saw the reduction in the Monetary policy rate in May and August 2020 to 9.25% and 8% respectively from 11.5% set in November 2019 (BOZ, 2020).

Interest income from Government Bonds, Treasury Bills and Fixed Deposits decreased by 13.6% to K329.95 million from K381.92 million the previous year. The decrease was because of matured deposits that were invested in other asset classes and deposits that were recalled to finance acquisition of unlisted equity in a bid to diversify the Portfolio.

## **1.4 Exchange rates**

As of 31st December 2020, the Kwacha depreciated by 49.79% against the United States Dollar as compared to the previous year. Further, the local unit depreciated by 40.91% and 45.43% 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.

	<b>December 2020</b>	<b>March 2020</b>
United States Dollar	21.1660	18.2253
Pound Sterling	28.4016	22.4702
Euro	25.9631	19.8910

The Sharp depreciation of the Kwacha partly reflects the fallout from COVID-19 pandemic. The pandemic impacted most emerging market currencies as investors divested their funds from traditional assets such as stocks to safe havens like US Treasuries and Bonds, including the US Dollar. This led to the US Dollar strengthening against other major global currencies, and the Kwacha was not spared. Weakening macroeconomic environment associated with high debt service levels, rising fiscal deficits as well as declining international reserves compounded the vulnerability of the Kwacha. Negative market sentiments following Zambia's sovereign credit ratings downgrades weighed on the Kwacha (BOZ, 2020).

## **1.5 Extractive Industry**

Copper mining remained Zambia's lifeblood, contributing approximately 70.0% of total export value. As such government remained committed to the growth and stability of the mining sector (Harvey, 2019).

During the period under review, due to the high demand from China associated with the easing of the lockdown condition, the copper price rose by more than 35% to close at US\$7,776 per ton as of 31st December 2020 from US\$ 6,173 as at 31st December 2019. The production disruptions at key mining operations in South America also contributed to the recovery in copper prices. Unanticipated recovery of the Chinese economy in the second half of 2020 and the increase in demand for electric vehicles spurred demand for copper (AfDB, 2021).

Copper production increased by 9.71% to 888,061.46 metric tonnes compared to 796,460.77 metric tonnes produced in 2019. The volume of copper exports increased by 11.9% to 931,052 metric tonnes compared to 832,218 metric tonnes exported in 2019. This increase was largely on account of increased demand for the commodity as some economies started to ease their restrictions and resumed industrial production (ZamStats, 2020).

During the period under review Government was looking for a strategic investor to run the Konkola Copper Mines to improve its operations. During the same period Government through ZCCM Investment Holdings was offered to buy additional shares in Mopani Copper Mines by the majority shareholder, Glencore. These measures were aimed at securing jobs in the mining sector (ZCCM-IH, 2020).

Due to the challenges faced in the sector during the period under review, its contribution to the Board's assessment income reduced to K64,387 million from K110,617 million as at 31st March 2020, reflecting a decrease of 41.79%. The decrease was also as a result of the short assessment period of nine (9) months as opposed to twelve (12) months in the previous financial year, and the suspension of contracts for the contractors.

## **1.6 Manufacturing**

As Zambia is moving towards a diversified economy, the manufacturing sector is becoming much more important to long-term growth and employment strategy. Growth



in this sector is mainly driven by increase in investment especially in agro-processing in response to business reforms and prudent economic management.

The construction of industrial yards across the country to further promote industrialisation advanced during the period under review. Construction of Chipata, Kasama and Mongu industrial yards was completed and will be operationalised in 2021. The remaining industrial yards in Kafue, Kitwe, Ndola and Solwezi will be completed in 2021. When operational, the yards are expected to create at least 4,000 employment opportunities (GRZ, 2020).



*An industrial yard*

For growth to be sustainable in manufacturing and other industries there is need for improved access to finance and continued implementation of reforms to increase participation of the private sector. However high interest rates in Zambia remain a challenge to accessing credit as far as small businesses are concerned.

Assessments raised in the Manufacturing, retail and trade sectors increased to K65,51 million at end of December 2020 from K60.77 million as of 31st March 2020 representing an increase of 7.80%. The increase was mainly attributable to the new employer registrations and increase in business activities.

## **1.7 Proposed Amendments to the Act**

During the period under review, the Ministry of Labour and Social Security submitted the Workers' Compensation (Amendment Bill) to Cabinet. The Bill was not approved for submission to Parliament in view of inadequate research on provisions relating to coverage of the informal sector. The Board in conjunction with the Ministry of Labour and Social Security commenced the process of engaging a Consultant to undertake a survey on coverage of the informal sector.



## 1.8 Staff Relations and Welfare

The industrial relations atmosphere in the Board was calm and no disturbances were recorded during the period under review.

The Bargaining Unit convened to negotiate for improved conditions of service for Unionised members of staff and housing allowance at 2% of the basic pay was introduced in line with provisions of the Employment Code Act No. 3 of 2019.

The Board continued providing subsidised health services to all employees and their families in addition to statutory contributions to National Health Insurance Management Authority (NHIMA). Further, the Board continued sponsoring an in-house Pension Scheme as a supplement to the statutory pension scheme under the National Pension Scheme Authority (NAPSA).

## 1.9 Performance of the Board

During the period 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 provide compensation for employment injuries and diseases in order to cushion the employers' and workers' burden"*.

Grant Thornton Chartered Accountants were appointed to audit the Financial Statements for the nine months period ended 31st December 2020.

The highlights of the financial performance include the Board's financial performance and financial position. The Board recorded a surplus of K407.42 million for the nine (9) month period ended 31st December, 2020 compared to a surplus of K374.39 million for the year ended 31st March, 2020, reflecting an increase of 8.82%.

Total assets were K2,810.65 million as at 31st December 2020 compared to K2,453.11 million as at 31st March, 2020, reflecting an increase of 14.57%.

Total liabilities were K66.25 million as at 31st December 2020 compared to K71.34 million as at 31st March 2020. This resulted into a net asset value of K2,744.40 million as at 31st December 2020 compared to K2,381.77 million as at 31st March 2020 reflecting an increase of 15.23%.

## 1.10 Outlook

The major economic indicators point to a modest domestic economic recovery with growth projected at 0.6% (IMF Projections) in 2021. Growth in Mining output, cement production, consumer spending and tourist arrivals are projected to grow as the COVID-19 vaccine rollout gets momentum in the developed world and the easing of pandemic lockdowns in most economies. Economic growth is also projected in key sectors such as agriculture, energy, information and communication and health on account of expected improvement in the global economy.

With the launch of the 2021-2025 Strategic Plan, the Board will endeavour to be true to its vision of being “*An innovative and reliable employment injury scheme*” through embracing new and robust technologies as we serve our beneficiaries and stakeholders.

We are confident that in building exceptional capabilities in our people and our Information and Communication Technology (ICT) systems upgrade, we shall be able to provide transformational solutions to our stakeholders in the forthcoming year ending 31st December 2021.

## 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 unwavering support, hard work and cooperation during this challenging period, and look forward to more success in the forthcoming financial year.



REGINA M CHILUPULA (MRS)  
BOARD CHAIRPERSON



**Priscilla C C Bwembya (Mrs)**

# COMMISSIONER'S REPORT

It is an honour to be able to report to the stakeholders the performance of the Board in executing its mandate as set out under the Workers' Compensation Act No.10 of 1999 of the Laws of Zambia for the nine (9) months period to 31st December 2020. The report covers various aspects affecting the operations and management of the Workers Compensation Fund Control Board which include the following:

- Financial performance;
- Strategy and Business Development;
- Investments;
- Compensation claims and benefits;
- Human Resources Management and Administration;
- Risk Management;
- Audit Services;
- Procurement and Supply;
- Communication and Customer Services.

## **2.1 FINANCIAL PERFORMANCE**

The overall performance of the Board during the period under review was satisfactory notwithstanding the significant challenges that faced the Social Security sector due to tough economic challenges exacerbated by the COVID-19 pandemic. The Board recorded net assets of K2,744.40 million (March 2020: K2,381.77 million), reflecting an

increase of 15.23%. Assets under management amounted to K2,810.65 million (March 2020: K2,453.11 million), reflecting an increase of 14.57%. Total Pensioners' and other beneficiaries' costs were K40.65 million (March 2020: K64.09 million), reflecting a decrease of 36.57%.

During the period under review, the Board undertook 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 K407.42 million for the 9 months period ended 31 December 2020 compared to K374.39 million in the 12 months period to March 2020, reflecting an increase of 8.82%.

Graph 2.1.1 highlights the actual performance of the Board for five years to 31st December 2020.

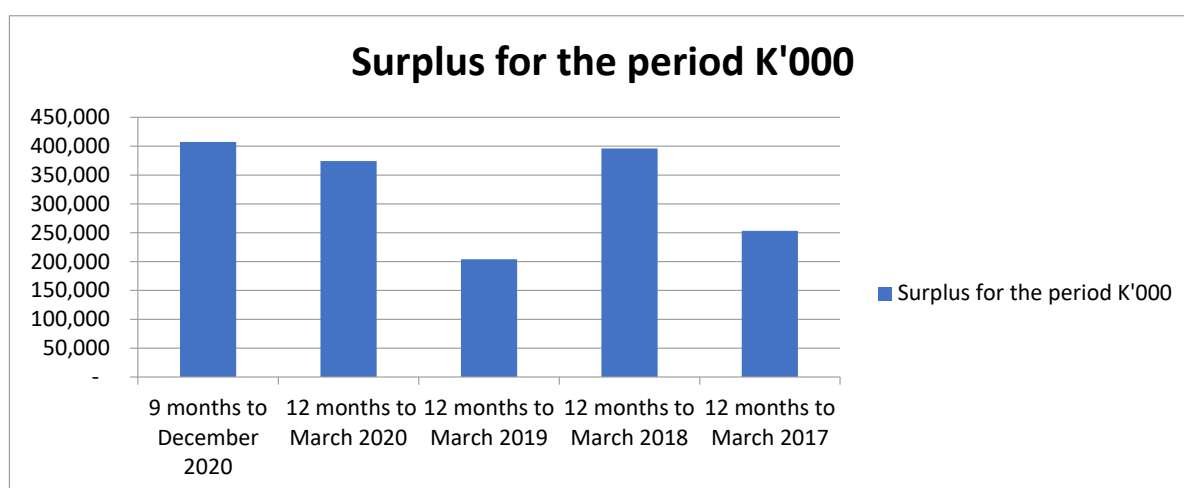


Table 2.1.1 Five Year Summary for the period to 31st December, 2020

STATEMENT OF COMPREHENSIVE INCOME					
	9 months to December 2020	12 months to March 2020	12 months to March 2019	12 months to March 2018	12 months to March 2017
	K'000	K'000	K'000	K'000	K'000
Assessment income	206,940	271,362	264,148	240,368	223,567
Other income	377,237	359,339	148,549	395,502	189,974
<b>Total income</b>	<b>584,177</b>	<b>630,701</b>	<b>412,697</b>	<b>635,870</b>	<b>413,541</b>
Claims and Pension Payments	(40,653)	(64,090)	(33,981)	(37,663)	(29,978)
Administrative, Investment & Increase in data reserve expenditure	(186,214)	(192,222)	(174,551)	(202,023)	(130,267)
Actuarial Adjustment	50,106	-	-	-	-
<b>Total expenditure</b>	<b>(176,761)</b>	<b>(256,312)</b>	<b>(208,532)</b>	<b>(239,686)</b>	<b>(160,245)</b>
<b>Surplus for the period</b>	<b>407,416</b>	<b>374,389</b>	<b>204,165</b>	<b>396,184</b>	<b>253,296</b>



Table 2.1.2 Five Year Financial Position

STATEMENT OF FINANCIAL POSITION					
	December 2020	March 2020	March 2019	March 2018	March 2017
	K'000	K'000	K'000	K'000	K'000
Fixed assets	79,546	68,052	62,160	66,519	51,176
Long term Investments	837,517	919,322	175,686	193,382	148,796
Investment properties	299,367	281,506	312,994	390,607	261,968
Current assets	1,594,215	1,184,228	1,514,136	1,225,944	958,736
<b>Total Assets</b>	<b>2,810,645</b>	<b>2,453,108</b>	<b>2,064,976</b>	<b>1,876,452</b>	<b>1,420,676</b>
<b>FUNDS AND LIABILITIES</b>					
Funds	2,744,393	2,381,773	2,003,546	1,812,891	1,365,305
Total liabilities	66,252	71,335	61,430	63,561	55,371
<b>Total funds and liabilities</b>	<b>2,810,645</b>	<b>2,453,108</b>	<b>2,064,976</b>	<b>1,876,452</b>	<b>1,420,676</b>

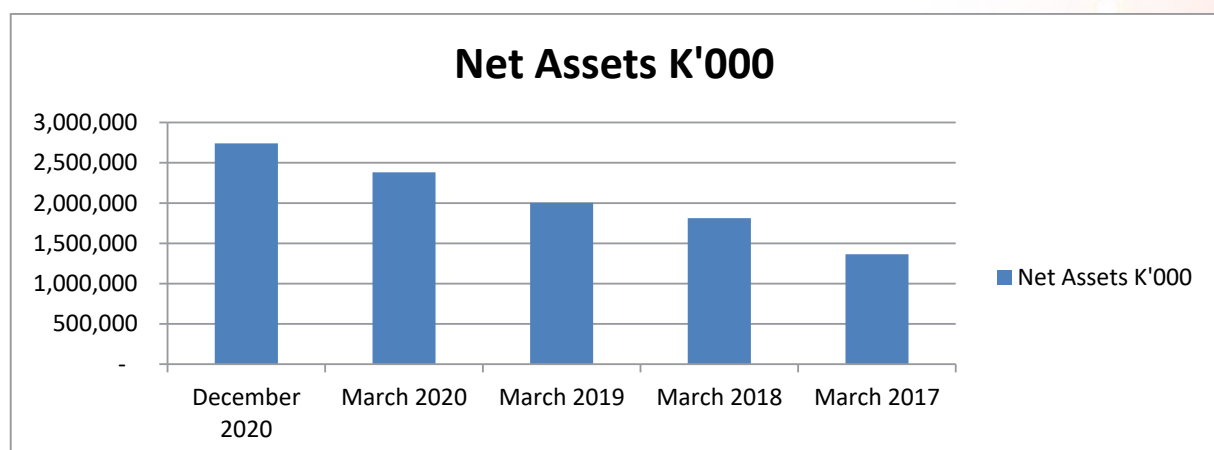
## 2.1.2 Funds and Reserves

The accumulated funds and reserves increased by K362.63 million from K2,381.77 million as at 31 March in 2020 to K2,744.40 million as at 31 December 2020 reflecting an increase of 15.23%. Table 2.1.2.1 below shows the movements in five years:

Table 2.1.2.1 Five Year Funds and reserves

	December 2020	March 2020	March 2019	March 2018	March 2017
	K ' Million	K ' Million	K ' Million	K ' Million	K ' Million
<b>Funds &amp; Reserves</b>	<b>2,744</b>	<b>2,382</b>	<b>2,004</b>	<b>1,813</b>	<b>1,365</b>

Graph 2.1.2.1 Five Year Net Assets



### 2.1.3 Property, Plant and Equipment

The Board's capital expenditure in the 9 months period amounted to K13.91 million compared to K11.15 million in 12 months period ended 31st March 2020. This was mainly incurred on the acquisition of Motor vehicles, furniture and Computer equipment.

### 2.1.4 Actuarial Valuation of the Fund

Under Section 25 and 26 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 actuarial valuation as at 31st March, 2020 is still underway.

## 2.2 STRATEGY AND BUSINESS DEVELOPMENT

### 2.2.1 Launch of the 2021-2025 Strategic plan

During the period under review, the Strategic Plan for the period 2021-2025 was successfully launched on 4th December 2020 by the Honourable Minister of Labour and Social Security Mrs. Joyce Nonde Simukoko MP. The Strategic Plan is anchored on the following Six (6) objectives which demonstrate continuous improvement of the Board and they include the following:

- 1) Improve employment injury compensation;
- 2) Improve occupational safety and health awareness;
- 3) Improve financial sustainability;
- 4) Improve business processes;
- 5) Improve human capital; and
- 6) Improve infrastructure and administrative support.

Below are the pictures of the launch of the 2021-2025 Strategic Plan.





## 2.2.2 Informal sector Coverage

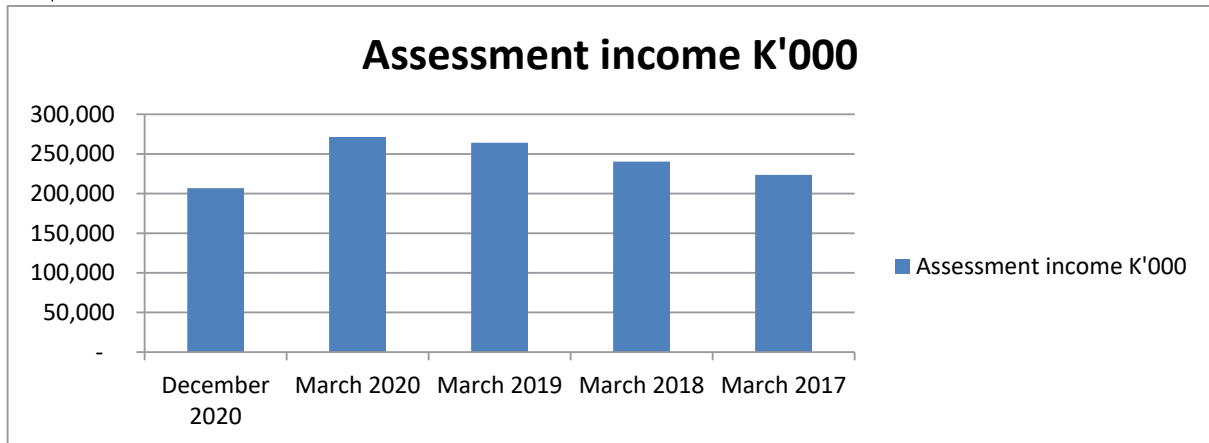
- 2.2.2.1 During the period under review, the Board attended the Technical Committee meetings for Social Protection for the Informal Rural Economy Workers (SPIREWORKS) chaired by the Permanent Secretary at the Ministry of Labour and Social Security. Further, one joint meeting to discuss entry points in areas of collaboration between Workers' Compensation Fund Control Board, the National Pension Scheme Authority, National Institute for Health and Welfare of Finland and International Labour Organisation was held.
- 2.2.2.2 The Board signed MoUs with the House and Domestic Workers Union of Zambia and the Association of Employers of Domestic Workers in Zambia in a bid to foster universal coverage of the employment injury scheme especially in the informal sector, particularly Domestic workers.
- 2.2.2.3 The Board commenced the production of adverts aimed at creating awareness on coverage of Domestic workers. The registration exercise was due to commence after the review of Statutory Instrument No. 197 of 1973. As at 31st December 2020, the Statutory Instrument had not been reviewed.
- 2.2.2.4 As at 31st December 2020, a total of 1,350 informal economy workers from 330 employers had been covered by the Board. These stem from the ILO-Green jobs initiative which covered a period May, 2015 to June 2017. The exercise targeted the Saw Millers under the Agriculture Sector.

## 2.3 ASSESSMENT AND EMPLOYER REGISTRATION

### 2.3.1 Assessment income

The Board registered 1,699 new employers during the period under review compared to 3,001 registered in the previous financial year, bringing the total number of registered employers under the Workers' Compensation Scheme to 38,299. Registration of new employers was hampered by the COVID-19 pandemic.

Graph 2.2.1 Assessment Income for the Five Years to 31 December 2020



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).

### 2.3.2 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.

However, the period under review was particularly unique in that the assessment period for the 2020 Financial Year was for nine (9) months translating to K7,200.00 assessment threshold owing to the change in the financial cycle to January - December. Consequently, K206.94 Million was raised as assessments from 14,295 active employers.

### 2.3.3 Branch Expansion

To further spread our footprint and enhance service delivery, Petauke and Chinsali Branch offices were opened during the period under review. This milestone will enable Board beneficiaries and stakeholders who were serviced by Mpika Branch from areas such as Nakonde, Mbala and Isoka to access the same services from Chinsali Branch.

### 2.3.4 Status of Debtors

During the period under review, the Board collected **K26.73 Million** old debt against the annual target of **K22.32 Million** posting a favourable variance of **19.76%**.

The Board managed a sustained collection of debt despite the Covid-19 pandemic that affected most employers during the period under review.

In cases of prosecutions most eligible employers were afforded payment plan opportunities to ensure old debt was being serviced so that employers could comply with the provisions of the Workers' Compensation Act.



The Board continued taking strategic decisions against outstanding Local Authorities debt brought forward from the year 2010 by way of debt swap with land in areas that the Board felt were the only reasonable options of collecting old debt.

## 2.4 INVESTMENTS

### 2.4.1 Portfolio Performance

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

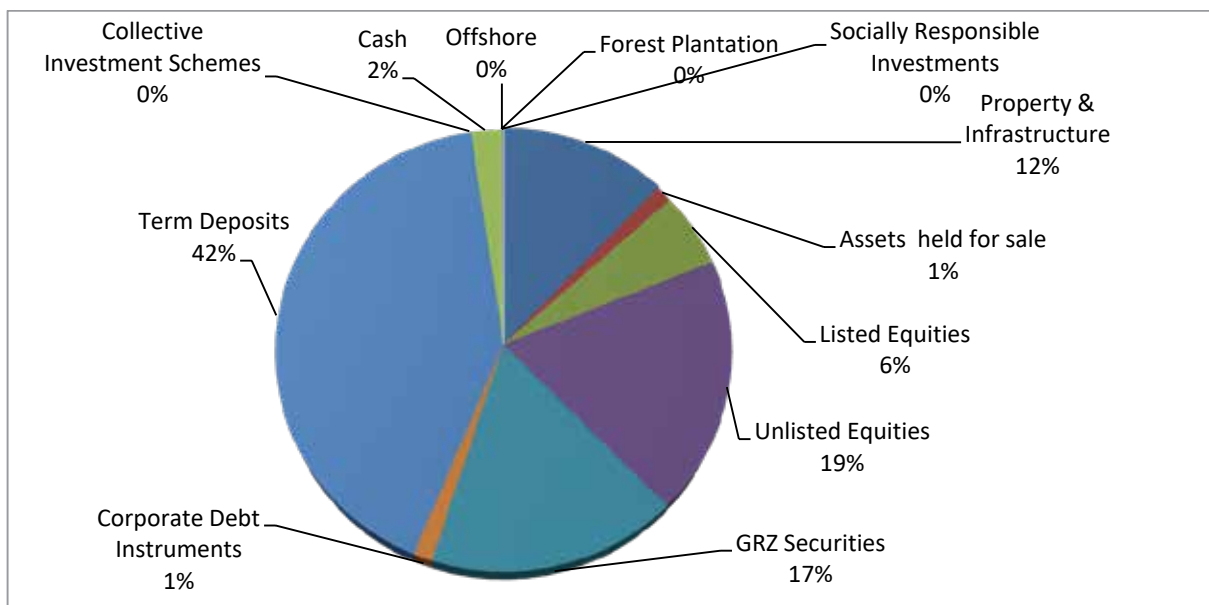
- a) Preserve capital;
- b) Secure its assets;
- c) Maximize investment returns consistent with acceptable levels of risk;
- d) Maintain liquidity; and
- e) Risk diversification and attain appropriate asset to liability matching.

The size of the Fund as at 31st December 2020 stood at K2,744.24 million as compared to K2,399.08 million as at 31st March 2020, reflecting an increase of 18.56%. The portfolio was as illustrated below:

Table No. 2.4.1: Fund Size

Description	31 <sup>st</sup> December 2020		31 <sup>st</sup> March 2020	
	K' Million	%	K' Million	%
Property & Infrastructure (Investments)	314.53	12.17%	333.97	13.92%
Property (Other Fixed Assets)	52.46	1.20%	-	-
Listed Equities	150.07	5.47%	181.74	7.58%
Unlisted Equities	517.09	18.84%	52.00	2.17%
GRZ Securities	473.21	17.24%	601.90	25.09%
Corporate Debt Instruments	35.78	1.30%	8.33	0.35%
Term Deposits	1,136.22	41.40%	1,205.23	50.24%
Collective Investment Schemes	0.00	0.00%	0.00	0.00%
Cash	62.04	2.26%	15.91	0.66%
Forest Plantation	2.84	0.10%	0.00	0.00%
Socially Responsible Investments	0.00	0.00%	0.00	0.00%
Offshore	0.00	0.00%	0.00	0.00%
<b>Total</b>	<b>2,744.24</b>	<b>100%</b>	<b>2,399.08</b>	<b>100.00%</b>

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



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.

#### 2.4.2 Property

The average return on investment properties based on gross rentals was 4.45% as compared to 4.49% the previous year, against the desired rate of return of ten per cent (10%).



*Construction of Two Blocks of Flats at Kola Court Kitwe*



*Rehabilitated Compensation Villas in Lusaka*



*Rehabilitated Compensation House - Kasama*

As at 31st December 2020, the Property portfolio was valued at K366.98 million consisting of K314.53 million investment properties and K52.46 million fixed assets.

### 2.4.3 Equity

The period under review saw the LuSE All Share Index (LASI) go down by 8.26% in local currency terms and 39.01% in US 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 and as a result 8,365,304 CEC Zambia Shares remained unsold as at 31st December 2020.

The Board acquired 10% Shareholding in Marcopolo Tiles Limited at a cost of K166.40 million Kwacha and 13% Shareholding in Wonderful Industry (Z) Company Limited at a consideration of K296.40 million. Total equity portfolio increased from K233.74 million as at 31st March 2020 to K670.89 million as at 31st December 2020. The increase was principally due to the new acquisitions made during the reporting period. The Equity portfolio was as illustrated in table 2.3.3 below.

A total of K18.66 million dividends were received from the following companies during the period under review as compared to K4.90 million for the previous year:

- a) AEL Zambia Plc;
- b) Kafubu Mall Limited;
- c) First Quantum Minerals;
- d) Copperbelt Energy Corporation;
- e) Zambia National Commercial Bank;
- f) Zambia Sugar;
- g) Zambia Forestry and Forest Company.

Table 2.3.3: Equity portfolio

Description	31 <sup>st</sup> December 2020		31 <sup>st</sup> March 2020	
	K' Million	%	K' Million	%
LISTED EQUITIES				
CCAF	-	-	3,933	1.68%
CEC	26,103	3.89%	37,184	15.89%
REIZ	1,640	0.25%	18,720	8.01%
ZAMBEEF	814	0.12%	814	0.35%
PUMA ZAMBIA	2,568	0.38%	3,147	1.35%
NAT BREW PLC	7,190	1.07%	7,190	3.08%
ZANACO PLC	9,557	1.43%	10,167	4.35%
ZAMBIA SUGAR	2,542	0.38%	2,492	1.07%
AEL ZAMBIA	25,237	3.76%	23,390	10.01%
FQM	15,060	2.24%	15,060	6.44%
ZAFFICO	59,360	8.85%	59,640	25.52%
UNLISTED EQUITIES				
KAFUBU MALL LTD	54,026	8.05%	48,000	20.54%
ZICB	4,000	0.60%	4,000	1.71%
MARCOPOLO TILES LIMITED	166,395	24.80%	-	-
WONDERFUL INDUSTRY (Z) COMPANY LIMITED	296,400	44.18%	-	-
<b>TOTAL</b>	<b>670,892</b>	<b>100.00%</b>	<b>233,737</b>	<b>100.00%</b>



#### 2.4.4 Term Deposits

Term Deposits decreased by 32.29% to K1,136,22 million as at 31st December 2020 from K1,205.23 million in the year ended 31st March 2020. The decrease was as a result of matured deposits that were invested in other asset classes and warehoused deposits that were recalled to finance acquisition of unlisted equity in a bid to diversify the Portfolio.

#### 2.4.5 GRZ Securities

GRZ Securities decreased to K473,21 million as at 31st December 2020 from K601.90 million in the year ended 31st March 2020. This was because of diversification of funds from GRZ Securities to unlisted equities to maintain the holding within the limit.

#### 2.4.6 Corporate Debt Instruments

Corporate Debt Instruments increased by 217.94% from K8.33 million to K35.78 million during the period under review. In addition, the Board did not invest in any Collective investment schemes to take advantage of high interest rates offered on Term deposits.

#### 2.4.7 Asset and Liability Management

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

### 2.5 COMPENSATION CLAIMS AND BENEFITS

#### 2.5.1 Compensation Claims

During the period under review, 951 accident and disease claims were received compared to the 1,260 received in the year to 31st March 2020 reflecting an overall reduction in accident claims of 25% which was chiefly attributed to the shorter financial period comprising three quarters (nine months only).

The highest number of employment injuries and disease claims by industry were reported in the Mining sector where a total number of 127 accident notifications were received, followed by the Agriculture and Food, Drink and Tobacco categories where 115 accident claim notifications apiece were received. Table 2.5.1.1 below shows the top five industry categories with reported accidents.

Table 2.5.1.1: Top Five Accidents received by Industry

Business Classification	No. of Accidents
Mining and Quarrying	127
Agriculture, Forestry	115
Food, Drink, Tobacco	115
Building, Construction	110
Iron and Steel Industry	83

## 2.5.2 Received Claims by Nature of Injury

During the period under review nine hundred and fifty one (951) accident notifications were received as compared to one thousand two hundred sixty (1260) received in the year ended 31 March 2020 as shown in table 2.5.2.2 below.

A summary of the received accident and disease claims as per Table 2.5.2.2 below:

*Table 2.5.2.2 Accidents received by industry*

BUSINESS CLASSIFICATION	9 months to Dec 2020	Year to 31st March	CHANGE (%)
Agriculture, Forestry, etc.	115	147	-22%
Banking, Finance, Insurance etc.	11	11	0%
Building Constructions, etc.	110	210	-48%
Charitable, Religious, Political and Trade Organizations, etc.	20	15	33%
Chemical Industry etc.	57	43	33%
Educational Services etc.	10	14	-29%
Entertainment, Sport etc.	5	3	67%
Food, Drink, Tobacco, etc.	115	131	-12%
Glass, Brick, Tiles, Asbestos etc.	15	36	-58%
Iron and Steel Industry, etc.	83	111	-25%
Leather Industry etc.	2	4	-50%
Utilities and Local Authorities	2	2	0%
Medical Services	3	2	-50%
Mining (Coal and Metals) Scheduled Mines	127	242	-48%
Personal Services, Hotels, etc.	78	85	-8%
Printing, Publishing & Paper Industry etc.	0	4	-100%
Professional Services	18	30	-40%
Textile Industry, etc.	16	11	-45%
Trade, Commerce, etc.	80	63	27%
Transport, Communication, etc.	47	55	-15%
Wood and Furniture Industry	37	41	-10%
<b>TOTAL CASES RECEIVED</b>	<b>951</b>	<b>1,260</b>	<b>-25%</b>

Eight hundred and ninety six (896) out of nine hundred and fifty one (951) notifications were non fatal comprising seven hundred and eighty eight (788) physical injuries and one hundred and eight disease incidences (Tuberculosis and Pneumoconiosis). The remaining fifty five account for fatal case as shown in table 2.5.2.3.

Table 2.5.2.3 gives the details of accidents received by nature of injury.

Table 2.5.2.3 – Accidents classified according to type

NATURE OF INJURY	9 months to Dec 2020	Year to 31st March	CHANGE (%)
Fatal	55	82	-33%
Non-Fatal	788	1106	-29%
Diseases (T.B & Pneumoconiosis)	108	72	50%
<b>TOTAL</b>	<b>951</b>	<b>1260</b>	<b>-25%</b>

There was a general reduction in the number of reported accidents in the period under review with a total reduction of 25%. Non-fatal accidents and fatal cases recorded a reduction in the accident notifications received by 33% and 29% respectively, whilst disease cases recorded an increase in the number of notifications by 50% as shown in Table 2.5.2.3 above.

### 2.5.3 Accepted Claims

During the period under review a total of **1,154** claims (including brought forward claims) were accepted compared to **1,606** claims accepted in 2019/20 financial year.

Non-fatal cases of the total accepted claims were **955**, while fatal and disease cases accounted for **91** and **108**, respectively.

There was a general reduction of 28% in the number of accepted claims over the two periods as shown in Table 2.5.3.1 below.

Table 2.5.3.1- Accepted claims by nature

Nature of Claim	9 months to Dec 2020	Year to 31st March	CHANGE
Claims accepted (Non-Fatal)	995	1,178	-19%
Fatal claims accepted	91	129	-29%
Diseases (T.B & Pneumoconiosis)	108	299	-64%
<b>Total</b>	<b>1,154</b>	<b>1,606</b>	<b>-28%</b>

### 2.5.4 Compensation Benefit Payments

There were **10,114** active registered beneficiaries in receipt of monthly pensions during the period under review compared to the **10,219** in the previous financial year. The number denoted a decrease of 1% over the two periods.

During the 9 months period ended 31st December 2020, **K33.73** million was paid as pension and dependant allowances compared to **K55.76** million paid in the previous financial year. There was a decrease of 65.3% over the two financial periods attributed to the shorter financial year of nine months (April 2020-December 2020) and the pension

increments and arrears paid in the previous financial year following the implementation of the Actuarial valuation recommendations of the 2014-2017 triennial period.

## 2.5.5 Other Cash Benefits

Other cash benefits paid during the 9 month period to December 2020 amounted to K6.69 million compared to K8.33 million paid in the year to 31 March 2020. These include medical expenses, transport, lunch, and upkeep allowance expenses for beneficiaries accessing services at Occupational Health and Safety Institute (OHSI) in Kitwe which are fully met by the Board.

## 2.5.6 Non-Cash Benefits

During the period under review K2,603,529.56 was incurred as non-cash benefits to 935 beneficiaries as compared to K5,551,045.12 spent on 2416 beneficiaries in the previous period.

Table 2.5.6 below provides details of all Non-cash benefits and their costs that were provided by the Board.

Table 2.5.6 – Non-cash benefits

Type of Benefit	9 months to Dec 2020		Year to 31st March	
	No. of Beneficiaries	Amount	No. of Beneficiaries	Amount
Medical Treatment-Local	119	521,602.90	71	701,239.50
Medical Treatment-Abroad	1	204,554.90	2	137,553.42
Medical Aid Items Purchased	164	149,823.80	65	121,131.00
Medical Aid Items Provided	375	1,029,066.78	499	812,973.60
Domiciliary Nursing Care Services	8	96,600.00	16	152,450.00
Artificial Limbs	48	599,309.70	62	141,880.00
Return-To-Work	26	158,992.30	29	382,374.29
Shoes	65	36,499.47	59	29,935.75
Outreach Activities	24	32,187.79	129	108,992.00
Funeral Assistance	3	15,000.00	3	15,000.00
<b>Sub Total</b>	<b>833</b>	<b>2,843,637.64</b>	<b>935</b>	<b>2,603,529.56</b>
Periodical examinations expenses:				
Medical examination	422	141,440.00	546	174,400.00
Transport Refund		121,640.60		15,646.00
Subsistence Allowance		20,500.00		18,620.00
<b>Sub Total</b>	<b>442</b>	<b>283,580.60</b>	<b>546</b>	<b>343,986.00</b>
<b>Total</b>	<b>935</b>	<b>2,603,529.56</b>	<b>2,416</b>	<b>5,551,045.12</b>





*Rehabilitation staff conducting rehabilitation visit on a beneficiary in Ndola*



*Rehabilitation staff delivering surgical items to a client at Lubunda Village in Mwense District. Here the spouse is signing Form 140 to acknowledge receipt of surgical items as the client looks on.*

### 2.5.6.1 Medical Treatment, Other Medical Items and Periodical Expenses

The Board facilitates medical treatment for beneficiaries that require special medical attention (locally and abroad). A total amount of **K726,157.80** was spent on medical treatment (local and foreign) to help **120** injured workers return to good health compared to **K838,792.90** that was spent on **73** beneficiaries in Previous Year.

Furthermore, the Board purchased various medical aid items valued at **K149,842.80** for distribution to its beneficiaries during the period under review.

Various medical items valued at **K1,029,066.78** were provided to **375** beneficiaries. These included surgical items, shoes, artificial limbs, motorized wheelchairs, airbag mattresses, etc



*Rehabilitation staff inducting a beneficiary in Mkushi on how to use an oxygen concentrator which was purchased by the Board*

## 2.6 OCCUPATIONAL HEALTH AND SAFETY

### 2.6.1 Employer Site Safety Inspections

One hundred and five (105) health and safety inspections were carried out during the period under review, three (3) of which were jointly done with the Factories Inspectorate of the Ministry of Labour and Social Security at employer sites on Copperbelt and in North-Western Provinces.

### 2.6.2 Vision Zero Registration

During the period under review fifteen (15) new Vision Zero partners were registered. The COVID-19 pandemic affected most of the Boards activities aimed at expanding the



Vision Zero campaign. The most affected activities were:

- Sectoral Launches of the Vision Zero Campaign;
- Safe Workers of Tomorrow (SWOT) Safety Quiz;
- Launch of Safety Clubs in Schools in all WCFCB Branches.

## **2.7 HUMAN RESOURCE MANAGEMENT AND ADMINISTRATION**

### **2.7.1 Staff Establishment**

The Board's approved establishment was four hundred and eighty-nine (489) and the head count averaged two hundred and forty (240). There were two hundred and forty-nine (249) vacant positions during the period under review. The vacancies would be filled in a phased approach in the next five (5) years.

### **2.7.2 Staff Development and Training**

The Board prides itself in human capital development as employee competences are paramount for achieving strategic objectives and cultivating a high-performance culture.

During the period under review, the Board's In-house training programmes could not take place as planned due to the Covid-19 pandemic as members of staff had to adhere to social distancing rules as per health guidelines and only a few attended workshops and conferences locally.



*Members of staff during the Sensitization on the National Health Insurance Scheme held on 30th December 2020.*



*Mr. Hillary Mphande from National Health Insurance Management Authority making a presentation to Middle Management Staff of WCFCB.*

Foreign workshops and conferences organised by the International Social Security Association (ISSA), East and Central Africa Social Security Association (ECASSA), International Labour Organization and other institutions could not take off. Thus, only nine (9) members of staff attended the ISSA Webinar on the Impact of Covid-19 Crisis on Investment of Social Security Funds.

Further, nine (9) members of staff attended international training; Four (4) in ACL Data Analytics in Johannesburg, South Africa which was conducted by CQS GRC Solution (PTY) and five (5) attended a virtual Property Development and Investment programme which was conducted by University of Cape Town.

### **2.7.3 Staff Welfare and Industrial Relations Atmosphere**

2.7.3.1 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 negotiate for better conditions of service for the period 2020 – 2021 and concluded on 30th December 2020. There was no salary increment awarded to unionised members of staff, but a 2% Housing Allowance was introduced with effect from 1st May, 2020.



2.7.3.2 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.

2.7.3.3 In order to improve the healthy lifestyle choices, welfare, and productivity of members of staff, the Board participated in the 2nd Samfya Summer Fest on 29th November 2020 in Samfya, Luapula Province. The Gym remained closed in view of Covid-19 guidelines.



*Some Board members & the Commissioner and Chief Executive Officer participating in the 2nd Samfya Summer Fest held on 29th November 2020 in Samfya.*



*WCFCB Team showing off their medals after participating in the 2nd Samfya Summer Fest which was held on 29th November 2020 in Samfya.*

2.7.3.4 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.

## **2.7.4 Performance Management System**

During the period under review the Board received and processed performance assessments for all staff for the period 1st April 2019 to 31st March, 2020 and notch increments were awarded to the deserving members of staff effective 1st April, 2020.

## **2.8 RISK MANAGEMENT**

### **2.8.1 Establishment of the Risk Management Department**

Risk management is a central part of our strategic and operational management process. We recognise that effective risk management is critical to enabling the Board meet its strategic objectives, therefore, the Risk Management Department was established on 1st April 2020 and has since adopted an Enterprise-wide Risk Management philosophy that incorporates a system of risk oversight, risk management and internal controls. The Risk Management function had been under Audit and Risk Department, prior to period under review and Management responded to the need to establish a separate Risk Management function independent of the Audit function.

The Risk Management Department as a business function, was set up to manage the risk management processes on day-to-day basis and external Risk experts were engaged to help set up the Department.

### **2.8.2 Approval of the Risk Management Framework**

The Risk Management Framework was approved during the period under review and was designed to provide Management and the Board of Directors, with a clear view of risks and to enable informed decision making.

The Risk Management Framework details the processes to be used to identify potential threats to the organisation, defines the strategies that will be adopted to minimize or eliminate the impact of the identified risk as well as the mechanisms to effectively monitor and evaluate risks.

### **2.8.3 Review and Amendment of the Business Continuity Plan**

During the period under review, the Business Continuity Plan was revised and approved by the Board of Directors. This development came in timely and helped to mitigate the business disruptions occasioned by Covid-19 pandemic as staff had to work offsite in certain instances.

## 2.8.4 Risk Culture Sensitisation

During the period under review, sensitisation on risk management was undertaken at Head Office to enhance the risk culture within the Board.

## 2.9 INTERNAL AUDIT

Internal Audit Plans are set out each year and approved by the Board of Directors through the Audit, Risk and Compliance Committee. Premised on a risk-based assurance approach, Internal Audit Plans are focussed on adding value to the control environment while providing objective and independent assurance to the Board of Directors on the effectiveness of internal controls over operational and compliance activities and the adequacy of our governance system.

During the period under review, Internal audit provided objective and independent assurance to the Board of Directors and Management on the adequacy of governance risk management, Internal Control Systems, processes, and procedures at Head Office.

The Board continued with the verification of Rental Debtors to reduce on the Bad Debt provision.

The Directorate continued to use its Governance, Risk and Compliance software, Highbond by Galvanize, in enhancing its service delivery to the Board. All assignments were conducted in the cloud-based application that can be accessed remotely during fieldwork at Board branches across the country.

## 2.10 INFORMATION TECHNOLOGY

During the period under review the Board continued to invest and maintain an exceptionally reliable and robust ICT system across the Branch network.

The Board Implemented virtual meeting software to help reduce physical contact whilst making vital decisions to better the operations of the institution as we adjusted to operate in the 'New Normal' in the COVID-19 era.

To reduce on physical contact among staff and our stakeholders and to reduce on turnaround times, the Board invested in a new Intranet System and a dynamic website which allows seamless interaction with the public.

## 2.11 COMMUNICATIONS & CUSTOMER SERVICES

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

- i. Media relations to inform and educate stakeholders and members of the public on the operations of the Board were implemented through earned and paid for publicity in the national press and electronic media houses;



- ii. Publication of thirty nine (39) articles in the column “Workers’ Compensation Corner” in the Zambia Daily Mail newspaper;
- iii. Sponsorship of thirty nine (39) episodes of the weekly Safety News on the Zambia National Broadcasting Corporation (ZNBC) television;
- iv. Placement of commercial messages in the print and electronic media on compliance, service delivery and other general messages of goodwill;
- v. Print publications included calendars, diaries and pamphlets including the annual report for the previous year and the claims procedure posters;
- vi. All exhibition activities were postponed to the following year due to the Covid-19 pandemic;
- vii. The Customer Service Charter was implemented and compliance to the service level agreements was monitored throughout the period. The deliverables were not met due to discrepancies in the lead times against internal processes.

## **2.12 PROCUREMENT AND SUPPLIES**

During the period under review K144,43 million worth of goods, works and services were procured against a budget of K209,08 million translating to 69.1% achievement. The Board was hindered in its procurement activities due to disruptions in the supply chain occasioned by the COVID-19 pandemic.

## **2.13 CONCLUSION**

As we commence a new financial year and implementation of the Strategic Plan for the period 2021 -2025, Management is alive to the continued devastating effects that the Covid-19 pandemic continue to impact the operating environment. Thus, as a pioneering institution on health and wellbeing at the workplace, we urge all our stakeholders and employees to observe health guidelines as provided by the Ministry of Health.

My sincere thanks go to our customers and members of staff as well as our stakeholders for the continued support during the period under review. The guidance and support from the Board of Directors and Ministry of Labour and Social Security was invaluable throughout the period and we look forward to delivering great value and better results under their direction in 2021.



PRISCILLA C C BWEMBYA (MRS)  
COMMISSIONER & CHIEF EXECUTIVE OFFICER





# WORKERS' COMPENSATION FUND CONTROL BOARD

Financial Statements  
31 December 2020

## **WORKERS' COMPENSATION FUND CONTROL BOARD**

### **FINANCIAL STATEMENTS – 31 DECEMBER 2020**

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**WORKERS' COMPENSATION FUND CONTROL BOARD****INFORMATION ABOUT THE BOARD**

<b>COUNTRY OF ESTABLISHMENT</b>	Zambia
<b>PRINCIPAL CONTROLLING PARTY</b>	Government of the Republic of Zambia – through the Ministry of Labour and Social Security.
<b>PRINCIPAL ACTIVITIES</b>	Levying assessments on employers and providing compensation to workers for disabilities suffered or diseases contracted during the course of employment.
<b>BOARD OF DIRECTORS</b>	<ul style="list-style-type: none"> <li>• Mrs. Regina M. Chilupula</li> <li>• Mr. Nkole Chishimba</li> <li>• Mr. Lumamba Mooya</li> <li>• Mr. Chingati Msiska</li> <li>• Mrs. Sophie K. M. Mutemba</li> <li>• Mr. Stephen Sikombe</li> <li>• Ms. Esther K. Chisenga</li> <li>• Mr. Chanda Kaziya</li> <li>• Ms. Mara Myra S. Ngoma</li> <li>• Mrs. Getrude N. Chikuta</li> </ul>
<b>CHIEF OFFICERS</b>	<ul style="list-style-type: none"> <li>• Mrs. Priscilla C. C. Bwembya - Commissioner &amp; Chief Executive Officer</li> <li>• Mrs. Michelo H. Silungwe - Director Finance</li> <li>• Mr. Kingsley Kangwa - Director Compliance &amp; Benefits</li> <li>• Mr. Patrick Siampwili - Director Legal Services</li> <li>• Mr. Frank Chanda - Director Investments</li> <li>• Mr. Chalwe Mwale - Director Audit</li> </ul>
<b>HEAD OFFICE</b>	<p>Compensation House            Corner Broadway/Moffat Roads            P O Box 71534  <b>Ndola</b></p> <p>Tel: 260 212 610481/8            Fax: 260 212 612072            Email: <a href="mailto:compensation@workers.com.zm">compensation@workers.com.zm</a></p>

**WORKERS' COMPENSATION FUND CONTROL BOARD****INFORMATION ABOUT THE BOARD (CONTINUED)**

<b>INDEPENDENT AUDITORS</b>	Grant Thornton Chartered Accountants <b>Lusaka</b>
<b>BOARD SECRETARY</b>	Mr. Patrick Siampwili <b>Ndola</b>
<b>PRINCIPAL BANKERS</b>	Zambia National Commercial Bank PLC Standard Chartered Bank PLC Atlas Mara Bank Zambia Limited National Savings and Credit Bank Zambia National Building Society
<b>LEGAL ADVISORS</b>	Messrs J Kabuka & Company <b>Ndola</b> Messrs Isaacs & Partners <b>Lusaka</b>
<b>ACTUARIES</b>	Government Actuaries Department (GAD) <b>UNITED KINGDOM</b>



## WORKERS' COMPENSATION FUND CONTROL BOARD

### REPORT OF THE DIRECTORS

The Directors submit their report and the audited financial statements for the nine month period ended 31 December 2020, 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 better than the prior years in line with the financial statements milestones of the Board set for the period.

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 that of administering an employment injury and occupational disease compensation scheme.

The Board recorded a surplus for the period of K407,416,000 (March 2020 : K374,389,000).

	9 months to 31 December 2020 K'000	12 months to 31 March 2020 K'000
<b>Results</b>		
Income	584,177	630,701
Claims and pension paid	(40,653)	(64,090)
Other expenditure	<u>(169,686)</u>	<u>(168,915)</u>
Surplus before impairment losses	373,838	397,696
Impairment on receivables	(15,755)	(14,447)
Impairment on other assets	(726)	(8,777)
Decrease in Investment reserves	50,106	-
Finance costs	<u>(47)</u>	<u>(83)</u>
Surplus for the period	<u>407,416</u>	<u>374,389</u>
Net current assets	<u>1,531,283</u>	<u>1,116,459</u>
Long term investments	<u>835,973</u>	<u>919,322</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 K13,908,000 (March 2020 : K11,151,000) and disposed off property, plant and equipment which had a cost of K3,225,000 (March 2020 : K11,000). The net revaluation surplus was K5,310,000 (March 2020 : K3,838,000). There were no transfers to or from investment property during the period (March 2020 : Knil).
- The Directors are of the opinion that the fair values of property, plant and equipment are not less than their carrying values.

## WORKERS' COMPENSATION FUND CONTROL BOARD

### REPORT OF THE DIRECTORS

#### 4. INVESTMENT PROPERTY

The fair value of investment properties in the year under review was K299,367,000 (March 2020 : K281,506,000). The valuation was conducted by an independent professional valuer, Sandridge Associates, with knowledge of market values and prices in the location of the properties.

	December 2020	March 2020
<b>Property description and location:</b>		
<b>Kitwe properties</b>	<b>K'000</b>	<b>K'000</b>
Flats - Plot 807, Lukasu Road, Parklands	8,420	8,078
House - Plot 2259, Nile Avenue, Riverside	1,450	1,294
Semi-detached houses - Plots 2046 to 2051 Fyalipwa close, Riverside	12,330	10,693
Houses – Plots 5677, 5776 & 5777 Mukuka Road, Riverside	2,217	2,020
Afcom House - Stand No. 384/516, Obote Avenue	21,800	19,799
Compensation House - Stand 28, Obote Avenue	47,125	46,153
<b>Ndola properties</b>		
Commercial land - Stand No. 5526 (Kafubu Mall)	6,180	5,301
Houses - Plots 36 & 37 of S/D 187, 12 Oval Road	1,580	1,200
Flats - Kabelenga Road	7,280	6,484
House – S/d 116 of S/d AZ of F748, Sheila Dare Avenue	640	623
Mambilima Flats – Sub. No. 2, 4 & 4 of Sub. J of Farm No. 748	13,020	12,564
Offices - Plot 1193, Buteko Avenue	7,260	7,059
Flats - Sidly Farm 74B, Dr Damie Road	3,910	3,077
House - Plot 26 Sheila Dare Avenue	2,360	1,903
<b>Lusaka properties</b>		
Ibex Housing Complex - Stand 100	28,600	28,459
The Mount, 34810 Thabo Mbeki Road	29,100	24,956
Compensation House - Stand No. 628, Cairo Road	34,700	34,196
Northgate Gardens – Plots 34872/L/111-20 & 34872/L/122	795	-
Compensation Villas, S/D1 of S/D K of S/D26 of Farm 377a, Mosi Road	14,050	13,765
<b>Kasama property</b>		
Compensation House - Plot 754, Zambia Way	15,490	14,671
<b>Chingola property</b>		
Compensation House - Plot 679/80, Kabundi Road	5,780	5,121
<b>Chipata properties</b>		
Commercial land – Plot L/18378/M	1,120	912
<b>Choma properties</b>		
Residential land – Plots LN68793/446-450, 537-546; plots 63960/407-415, 35-37, 41, 43, 45, 47, 49 & 51	675	712
<b>Mansa properties</b>		
Commercial land – Plot Nos. 7779-7788	185	102
<b>Mpika properties</b>		
Commercial land - Plot Nos. 3378 & 3379, Mpika/Kasama Road	155	113
Commercial land - Plot Nos. 6667, Mpika/Kasama Road	335	285
<b>Mufulira property</b>		
Commercial land – Plot 41153M & 41154M Rock View Area	6,270	5,723
<b>Samfya property</b>		
Commercial land – LN/100000858/31	1,850	1,334
<b>Chinsali properties</b>		
Residential land - Plot 3356	1,330	1,200
Commercial land - Plot No. 1970. Chinzale Main Road	330	314
<b>Kafue property</b>		
Commercial land - Plot Z26//9CS	405	395
<b>Kalumbila property</b>		
Residential houses – Plots Kalum/175 – 224, Plots 252791/139-165	22,625	23,000
	<u>299,367</u>	<u>281,506</u>

## WORKERS' COMPENSATION FUND CONTROL BOARD

### REPORT OF THE DIRECTORS

#### 5. ACTUARIAL VALUATION

The Board is required under Section 26 of the Workers' Compensation Act No. 10 of 1999 to carry out an Actuarial valuation of the Fund at intervals not exceeding three (03) years. The current Actuarial valuation is for financial year ended 31 March 2020. Summary of the last two (02) valuations is as follows:

	31 March 2020 K'000	31 March 2017 K'000
<b>Assets</b>		
From financial statements	<u>2,381,773</u>	<u>1,365,305</u>
<b>Accrued liabilities</b>		
Pensioners	375,400	318,478
Spouses	212,631	125,812
Children	10,026	6,925
IBNR reserve	5,726	5,223
Expenses of paying pensions	30,189	22,822
Data reserve	95,271	68,265
Disaster reserve	<u>4,476</u>	<u>4,000</u>
<b>Total liabilities</b>	<u>733,719</u>	<u>551,525</u>
<b>Surplus (assets – liabilities)</b>	<u>1,648,054</u>	<u>813,780</u>
<b>Funding level (assets/liabilities)</b>	<u>325%</u>	<u>248%</u>

The next Actuarial valuation is for financial year ending 31 December 2023.

#### 6. EMPLOYEES

The Board employed an average of 240 (March 2020 : 235) employees during the period out of the staff establishment of 486.

	December 2020	March 2020
Represented employees	118	117
Non-represented employees	<u>122</u>	<u>118</u>
	<u>240</u>	<u>235</u>
	<b>K'000</b>	<b>K'000</b>
Employee cost	<u>91,717</u>	<u>110,689</u>
The employee cost as a percentage of assessments raised	<u>44%</u>	<u>41%</u>

## WORKERS' COMPENSATION FUND CONTROL BOARD

### REPORT OF THE DIRECTORS (CONTINUED)

#### 7. 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.

#### 8. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The Board made donations during the period totaling K838,000 (March 2020 : K131,000).

#### 9. EXECUTIVE AND SENIOR MANAGEMENT

The following Executive and Senior Management served during the year:

Name	Position
Mrs. Priscilla C.C. Bwembya	Commissioner & Chief Executive Officer
Mr. Kingsley Kangwa	Director Compliance and Benefits
Mr. Frank Chanda	Director Investments
Mrs. Michelo H. Silungwe	Director Finance
Mr. Chalwe Mwale	Director Audit
Mr. Patrick Siampwili	Director Legal Services

#### 10. CORPORATE GOVERNANCE

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

#### 11. DIRECTORS

The Directors who held office during the period 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
Mr. Lumamba Mooya	Member	Mr. Chanda Kaziya	Member
Mr. Chingati Msiska	Member	Ms. Mara Myra S. Ngoma	Member
Mrs. Sophie K. M. Mutemba	Member	Ms. Gertrude N. Chikuta	Member

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

##### (a) Finance & Investments Committee

- i Mr. Stephen Sikombe-Chairperson
- ii Mr. Chanda Kaziya
- iii Ms. Annique K. Matipa
- iv Mr. Joseph Nonde
- v Mrs. Khetiwe N. Sizaliyo
- vi Mr. Percy H. Chinyama
- vii Mr. Jonathan Kampata

##### (b) Audit Committee

- i Mr. Chingati Msiska - Chairperson
- ii Ms. Esther K. Chisenga
- iii Ms. Edwina Mazunda
- iv Mr. Eunie Ngandu
- v Mr. Denstone Mukuku

##### (c) Staff Committee

- i Mrs. Sophie K. M. Mutemba-Chairperson
- ii Mrs. Gertrude N. Chikuta
- iii Mr. Nkole Chishimba
- iv Mrs. Mukamasole Mundale
- v Mr. Moffat Nyirenda

##### (d) Compensation Committee

- i Mr. Lumamba Mooya -
- ii Mrs. Mara M. S. Ngoma
- iii Mr. Anthony Dumingu
- iv Ms. Theresa M. Munako
- v Mr. Charles Kalima



## WORKERS' COMPENSATION FUND CONTROL BOARD

### REPORT OF THE DIRECTORS (CONTINUED)

#### 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 period.

#### 13. BOARD SECRETARY

The Board Secretary was Mr. Patrick Siampwili of:

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

#### 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. EVENTS AFTER THE REPORTING PERIOD

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

#### 16. IMPACT OF COVID - 19

On 11 March 2020, the World Health Organisation (WHO) officially declared COVID-19, the disease caused by novel coronavirus, a pandemic. Management is closely monitoring the evolution of this pandemic,

The impact of Covid – 19 was mainly evidenced in the reduced assessment income raised, which was attributed to loss of employment due to cancellation of contracts for contractors in the major mining companies and reductions in workforce in the hospitality industry.

Further, notable operational activities that were suspended during the year on account of Covid – 19 Ministry of Health guidelines on large gatherings included, open days for beneficiaries, employer workshops, establishment of safety clubs in schools and Vision Zero sector launches.

#### 17. INDEPENDENT AUDITOR

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

The audit fees for the period under review amounted to K415,000 (March 2020 : K396,000).

#### ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements set out on pages 12 to 57, were approved by the Board of Directors.

By order of the Board of Directors

Mr. Patrick Siampwili  
Board Secretary

Date: .....2021

## **WORKERS' COMPENSATION FUND CONTROL BOARD**

### **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 December 2020, 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 .....

**Board Chairperson**

**Director**

## **INDEPENDENT AUDITOR'S REPORT 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 December 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period 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 December 2020, 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.

## **INDEPENDENT AUDITOR'S REPORT 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.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORKERS' COMPENSATION FUND CONTROL BOARD (CONTINUED)**

### **Auditor's Responsibilities for the Audit of the Financial Statements (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 December 2020 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: .....

# WORKERS' COMPENSATION FUND CONTROL BOARD

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2020

	Note	9 months to 31 December 2020 K'000	12 months to 31 March 2020 K'000
<b>Revenue</b>			
Assessments raised	4	206,940	271,362
Other income	5	<u>377,237</u>	<u>359,339</u>
<b>Total income</b>		<u>584,177</u>	<u>630,701</u>
<b>Claims and pension paid</b>			
Claims paid – Accident Fund	6	(6,928)	(8,328)
Claims paid – Pension Fund	7	<u>(33,725)</u>	<u>(55,762)</u>
		<u>(40,653)</u>	<u>(64,090)</u>
<b>Total income after claims and pensions paid</b>		543,524	566,611
Administrative expenses	Schedule 1	(157,529)	(181,793)
Investment related expenses	Schedule 1	<u>(28,638)</u>	<u>(10,346)</u>
		357,357	374,472
Decrease in Investment reserve		<u>50,106</u>	<u>-</u>
		407,463	374,472
Finance costs		<u>(47)</u>	<u>(83)</u>
<b>Surplus for the period</b>		<u>407,416</u>	<u>374,389</u>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to income or expenditure:</b>			
Gains on property revaluation	10	5,310	3,838
Increase in disaster reserve	19	(476)	-
Increase in data reserve	22	<u>(27,006)</u>	<u>-</u>
<b>Total comprehensive income for the period</b>		<u>385,244</u>	<u>378,227</u>

The notes on pages 14 to 57 form an integral part of these Financial Statements.

Independent Auditor's report - pages 9 to 11.

# WORKERS' COMPENSATION FUND CONTROL BOARD

## STATEMENT OF CHANGES IN FUNDS FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2020

Period end 31 December 2020	Note	Revaluation reserve K'000	Disaster reserve K'000	Investment reserve K'000	Data reserve K'000	Total reserves K'000	Accumulated funds K'000	Total funds K'000
<b>At beginning of the period</b>		100,810	4,000	50,106	68,265	223,181	2,158,592	2,381,773
Total comprehensive income for the period:								
Surplus for the period		-	-	(50,106)	-	(50,106)	407,416	357,310
Other comprehensive income	19	5,310	476	-	27,006	32,792	(27,482)	5,310
Transfer from revaluation reserve	20	(1,018)	-	-	-	(1,018)	1,018	-
<b>At end of period</b>		<u>105,102</u>	<u>4,476</u>	<u>-</u>	<u>95,271</u>	<u>204,849</u>	<u>2,539,544</u>	<u>2,744,393</u>
<b>Year end 31 March 2020</b>								
<b>At beginning of the year</b>		99,065	4,000	50,106	68,265	221,436	1,782,110	2,003,546
Total comprehensive income for the year:								
Surplus for the year		-	-	-	-	-	374,389	374,389
Other comprehensive income	20	3,838	-	-	-	3,838	-	3,838
Transfer from revaluation reserve	20	(2,093)	-	-	-	(2,093)	2,093	-
<b>At end of year</b>		<u>100,810</u>	<u>4,000</u>	<u>50,106</u>	<u>68,265</u>	<u>223,181</u>	<u>2,158,592</u>	<u>2,381,773</u>

The notes on pages 16 to 57 form an integral part of these Financial Statements.

Independent Auditor's report - pages 9 to 11.

**WORKERS' COMPENSATION FUND CONTROL BOARD****STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2020**

	Note	31 December 2020 K'000	31 March 2020 K'000
<b>ASSETS</b>			
<b>Non –Current Assets</b>			
Property, plant and equipment	10	79,030	67,471
Forest plantation	11	1,544	-
Investment property	12	299,367	281,506
Intangible assets	13	516	581
Financial assets	14	<u>835,973</u>	<u>919,322</u>
		<u>1,216,430</u>	<u>1,268,880</u>
<b>Current assets</b>			
Financial assets	14	1,473,308	1,123,607
Assets held for sale	12	19,550	23,000
Inventories	15	2,050	2,282
Assessment and other receivables	16	16,432	19,430
Cash and cash equivalents	18	<u>82,875</u>	<u>15,909</u>
		<u>1,594,215</u>	<u>1,184,228</u>
<b>Total assets</b>		<u>2,810,645</u>	<u>2,453,108</u>
<b>FUNDS AND LIABILITIES</b>			
<b>FUNDS</b>			
Accumulated funds		2,539,544	2,158,592
Disaster reserve	19	4,476	4,000
Revaluation reserve	20	105,102	100,810
Investment reserve	21	-	50,106
Data reserve	22	<u>95,271</u>	<u>68,265</u>
		<u>2,744,393</u>	<u>2,381,773</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	23	327	527
Provisions	24	<u>2,993</u>	<u>3,039</u>
		<u>3,320</u>	<u>3,566</u>
<b>Current liabilities</b>			
Lease liabilities	23	274	274
Provisions	24	12,024	11,095
Payables	25	<u>50,634</u>	<u>56,400</u>
		<u>62,932</u>	<u>67,769</u>
<b>Total Funds and Liabilities</b>		<u>2,810,645</u>	<u>2,453,108</u>

The Financial Statements on pages 12 to 57  
were approved by the Board of Directors  
on ..... were signed on its  
behalf by: -


) **CHAIRPERSON**

) **DIRECTOR**



# WORKERS' COMPENSATION FUND CONTROL BOARD

## STATEMENT OF CASH FLOWS FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2020

		9 months to 31 December 2020 K'000	12 months to 31 March 2020 K'000
	Note		
<b>Operating activities</b>			
Cash generated by operations	27	19,502	76,004
Interest income	5	<u>330,155</u>	<u>358,425</u>
<b>Net cash from operating activities</b>		<u>349,657</u>	<u>434,429</u>
<b>Investing activities</b>			
Cash paid for purchase of property, plant and equipment	10	(13,908)	(11,151)
Cash paid for purchase of investment properties	12	(6,855)	(10,968)
Net decrease in held for sale assets	12	3,450	-
Net cash (paid)/received from/for (purchase)/sale of financial assets	26	139,397	(325,940)
Net cash paid for purchase of shares	26	(426,149)	(110,219)
Net cash paid for forest plantation		(1,544)	-
Cash paid for purchase of intangible assets	13	(115)	(675)
Proceeds from disposal of property, plant and equipment		252	-
Dividends received	5	<u>23,028</u>	<u>4,897</u>
<b>Net cash used in investing activities</b>		<u>(282,444)</u>	<u>(454,056)</u>
<b>Financing activities</b>			
Finance costs		(47)	(83)
(Payment)/proceeds (of)/from leases		<u>(200)</u>	<u>801</u>
<b>Net cash (used in)/from financing activities</b>		<u>(247)</u>	<u>718</u>
<b>Increase/(decrease) in cash and cash equivalents</b>		<u>66,966</u>	<u>(18,909)</u>
<b>Movement in cash and cash equivalents</b>			
At start of the period		15,909	34,818
Increase/(decrease) in cash and cash equivalents		<u>66,966</u>	<u>(18,909)</u>
<b>At end of the period</b>	18	<u>82,875</u>	<u>15,909</u>

The notes on pages 16 to 57 form an integral part of these Financial Statements.

Independent Auditor's report - pages 9 and 11.

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 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 presentation 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 provisions and accruals
- vi) recoverability of Assessment and other receivables
- vii) determination of capitalised values
- viii) fair value measurement and valuation process
- ix) accidents Incurred But Not Reported (IBNR).

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 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.

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 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.



## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

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

##### d) **Property, plant and equipment (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) **Forest plantation**

The Board's Forest plantations are classified as consumable biological assets. These assets are measured at cost in the initial developmental stages, and at their fair value less estimated costs to sell when the assets reach a salable stage. Gains and losses arising from changes in the fair value of the assets less estimated costs to sell are recorded in other operating income in profit or loss.

##### (f) **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.

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

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

##### f) Financial instruments (continued)

##### Financial assets (continued)

##### Classification (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:

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

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

##### f) 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.

##### 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.

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

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

##### g) 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.

##### h) 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.

##### i) 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.

##### j) Impairment of other non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to recognised 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.



## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 4. Significant Accounting Policies (continued)

##### j) 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 grouped 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.

##### k) 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.

##### l) 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.

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

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

##### l) Employee benefit obligation (continued)

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 32.

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 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.

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 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.



## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 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, and legally possible. In measuring the fair value of non-financial asset, the Board shall take into account its highest and best use by the market.

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 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) New standards adopted as at 1 April 2020

Some accounting pronouncements which have become effective from 1 April 2020 and have therefore, been adopted, do not have a significant impact on the Board's results or financial position include:

- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8); and
- COVID-19 Rent Related Concessions (Amendments to IFRS 16).

#### **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 Authority's financial statements.

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

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

##### u) New standards adopted as at 1 April 2020 (continued)

**Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Board (continued):**

Other standards and amendments that are not yet effective and have not been adopted early by the Board include:

- Conceptual Framework for financial reporting;
- Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41); and
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1).

These amendments are not expected to have a significant impact on the financial statements in the period to initial application and therefore the disclosures have not been made.

	9 months to 31 December 2020 K'000	12 months to 31 March 2020 K'000
<b>4. Assessments raised</b>		
Extractive industry	64,387	110,617
Manufacturing, retail and trade	65,511	60,771
Societies	5,868	5,739
Transport, communication and hospitality	24,909	41,694
Financial institutions	5,398	4,794
Professional services and health	7,975	8,986
Education and sport	6,534	10,068
Construction	24,928	26,395
Utility companies	<u>1,430</u>	<u>2,298</u>
	<u>206,940</u>	<u>271,362</u>
<b>5. Other income</b>		
Interest income	329,945	358,168
Interest on staff loans	210	257
Rental income	12,576	15,689
Levies on employers' assessments	16,356	13,948
Dividend income	23,028	4,897
Gain on disposal of assets	252	(1)
Gain on exchange differences	-	574
Provision written off	1,604	-
Sundry income	1,934	684
Gains from fair value adjustments of assets**	<u>(8,668)</u>	<u>(34,877)</u>
	<u>377,237</u>	<u>359,339</u>
<b>** Net fair value (losses)/gains on assets</b>		
Net fair value loss – financial assets (Level 1)	(19,674)	(26,703)
Net fair value loss – investment property	<u>11,006</u>	<u>(8,174)</u>
	<u>(8,668)</u>	<u>(34,877)</u>

# WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

	9 months to 31 December 2020 K'000	12 months to 31 March 2020 K'000
<b>6. Claims paid – Accident funds</b>		
Periodic payments	52	61
Medical aid	3,411	3,529
Lump-sum payments	1,508	1,827
Transport and sundries	427	663
Constant attendance allowance	825	1,078
Rehabilitation expenses	468	1,170
Claims IBNR	<u>237</u>	<u>-</u>
	<u>6,928</u>	<u>8,328</u>
<b>7. Pensions paid – Pensions Fund</b>		
Current pension paid	<u>33,725</u>	<u>55,762</u>
	<u>33,725</u>	<u>55,762</u>
<b>8. Surplus for the period</b>		
The following items have been charged/(credited) in arriving at surplus/(deficit) for the period:		
Operating lease charges:		
- Rent and rates	777	1,097
Auditor's remuneration	415	396
Directors' emoluments	4,054	4,346
Impairment - receivables	15,755	14,447
Impairment – other assets	726	8,777
Amortisation – intangible assets	180	205
Depreciation on property, plant and equipment	7,659	9,566
Staff costs (note 9)	91,717	110,689
Net losses from fair value adjustments of assets	(19,674)	(26,703)
<b>9. Staff costs</b>		
Salaries and wages	76,630	92,177
Provision for leave and long-term service dues:		
- Leave accrual	3,907	4,160
- Gratuity	3,837	4,877
- Pension employer contributions	6,386	7,657
Other staff costs	<u>957</u>	<u>1,818</u>
	<u>91,717</u>	<u>110,689</u>



# WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

### 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
<b>Period ended 31 December 2020</b>							
<b>Cost or valuation</b>							
At start of the period	53,501	42,371	9,857	10,092	38	-	115,859
Additions	1,313	9,364	667	1,764	-	800	13,908
Disposals	-	(3,225)	-	-	-	-	(3,225)
Revaluation	3,693	-	-	-	-	-	3,693
At end of the period	58,507	48,510	10,524	11,856	38	800	130,235
<b>Comprising</b>							
Cost	7,294	48,510	10,524	11,856	38	800	79,022
Valuation	51,213	-	-	-	-	-	51,213
	58,507	48,510	10,524	11,856	38	800	130,235
<b>Depreciation</b>							
At start of the period	(296)	(33,379)	(6,342)	(8,333)	(38)	-	(48,388)
Disposals	-	3,225	-	-	-	-	3,225
Revaluation	1,617	-	-	-	-	-	1,617
Charge for the period	(1,861)	(4,361)	(482)	(955)	-	-	(7,659)
At end of the period	(540)	(34,515)	(6,824)	(9,288)	(38)	-	(51,205)
<b>Net book value</b>							
At 31 December 2020	57,967	13,995	3,700	2,568	-	800	79,030

## WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

## 10. Property, plant and equipment (continued)

	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
<b>Year ended 31 March 2020</b>							
<b>Cost or valuation</b>							
<b>At start of the year</b>	50,211	36,073	7,792	8,957	38	-	103,071
Additions	1,642	6,298	2,065	1,146	-	-	11,151
Disposals	-	-	-	(11)	-	-	(11)
Revaluation	1,648	-	-	-	-	-	1,648
<b>At end of the year</b>	<u>53,501</u>	<u>42,371</u>	<u>9,857</u>	<u>10,092</u>	<u>38</u>	<u>-</u>	<u>115,859</u>
<b>Comprising</b>							
<b>Cost</b>	4,939	42,371	9,857	10,092	38	-	67,297
<b>Valuation</b>	<u>48,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,562</u>
	<u>53,501</u>	<u>42,371</u>	<u>9,857</u>	<u>10,092</u>	<u>38</u>	<u>-</u>	<u>115,859</u>
<b>Depreciation</b>							
<b>At start of the year</b>	-	(27,687)	(5,824)	(7,473)	(38)	-	(41,022)
Disposals	-	-	-	10	-	-	10
Revaluation	2,190	-	-	-	-	-	2,190
Charge for the year	<u>(2,486)</u>	<u>(5,692)</u>	<u>(518)</u>	<u>(870)</u>	<u>-</u>	<u>-</u>	<u>(9,566)</u>
<b>At end of the year</b>	<u>(296)</u>	<u>(33,379)</u>	<u>(6,342)</u>	<u>(8,333)</u>	<u>(38)</u>	<u>-</u>	<u>(48,388)</u>
<b>Net book value</b>							
<b>At 31 March 2020</b>	<u>53,205</u>	<u>8,992</u>	<u>3,515</u>	<u>1,759</u>	<u>-</u>	<u>-</u>	<u>67,471</u>

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

- Property, plant and equipment (continued)**

Included in the above balances are right of use assets over the following:

	31 December 2020 K'000	31 March 2020 K'000
Leasehold building	<u>3,662</u>	<u>746</u>

Leasehold buildings were professionally valued by Platinum Consulting Ltd on 31 December 2020 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's assets were acquired through cash payments.

The gross carrying amount of fully depreciated property, plant and equipment amounted to Knil. If Leasehold buildings were stated on historical cost basis, the amounts would be as follows:

	Leasehold Buildings K'000	Total K'000
<b>Period ended 31 December 2020</b>		
<b>Cost</b>		
Accident fund	1,300	1,300
Pension fund	<u>4,952</u>	<u>4,952</u>
	<u>6,252</u>	<u>6,252</u>
<b>Accumulated Depreciation</b>		
Accident fund	(33)	(33)
Pension fund	<u>(784)</u>	<u>(784)</u>
	<u>(817)</u>	<u>(817)</u>
<b>Net book value</b>	<u>5,435</u>	<u>5,435</u>

## WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

## 10. Property, plant and equipment (continued)

Year ended 31 March 2020	Leasehold Buildings K'000	Total K'000					
<b>Cost</b>							
Accident fund	-	-					
Pension fund	<u>4,939</u>	<u>4,939</u>					
	<u>4,939</u>	<u>4,939</u>					
<b>Accumulated Depreciation</b>							
Accident fund	-	-					
Pension fund	<u>(660)</u>	<u>(660)</u>					
	<u>(660)</u>	<u>(660)</u>					
<b>Net book value</b>	<u>4,279</u>	<u>4,279</u>					
<b>Property, plant &amp; equipment - Accident Fund</b>							
<b>Period ended 31 December 2020</b>							
	<b>Leasehold Building K'000</b>	<b>Motor vehicles K'000</b>	<b>Furniture &amp; fittings K'000</b>	<b>Computer equipment K'000</b>	<b>Loose Tools K'000</b>	<b>Capital work in progress K'000</b>	<b>Total K'000</b>
<b>Cost or valuation</b>							
At start of the period	1,042	42,371	8,148	10,092	38	-	61,691
Additions	1,300	9,364	667	1,764	-	800	13,895
Revaluation	1,860	-	-	-	-	-	1,860
Disposals	<u>-</u>	<u>(3,225)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,225)</u>
At end of the period	<u>4,202</u>	<u>48,510</u>	<u>8,815</u>	<u>11,856</u>	<u>38</u>	<u>800</u>	<u>74,221</u>
<b>Comprising</b>							
Cost	2,342	48,510	8,815	11,856	38	800	72,361
Valuation	<u>1,860</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,860</u>
	<u>4,202</u>	<u>48,510</u>	<u>8,815</u>	<u>11,856</u>	<u>38</u>	<u>800</u>	<u>74,221</u>
<b>Depreciation</b>							
At start of the period	(296)	(33,379)	(4,936)	(8,333)	(38)	-	(46,982)
Disposals	-	3,225	-	-	-	-	3,225
Charge for the period	<u>(244)</u>	<u>(4,361)</u>	<u>(367)</u>	<u>(955)</u>	<u>-</u>	<u>-</u>	<u>(5,927)</u>
At end of the period	<u>(540)</u>	<u>(34,515)</u>	<u>(5,303)</u>	<u>(9,288)</u>	<u>(38)</u>	<u>-</u>	<u>(49,684)</u>
<b>Net book value</b>							
<b>At 31 December 2020</b>	3,662	13,995	3,512	2,568	-	800	24,537



## WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

## 10. Property, plant and equipment (continued)

## Year ended 31 March 2020

	Leasehold Buildings	Motor vehicles	Furniture & fittings	Computer equipment	Loose tools	Capital work in progress	Total
At start of the year	-	36,073	6,083	8,957	38	-	51,151
Additions	1,042	6,298	2,065	1,146	-	-	10,551
Disposals	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11)</u>	<u>-</u>	<u>-</u>	<u>(11)</u>
At end of the year	<u>1,042</u>	<u>42,371</u>	<u>8,148</u>	<u>10,092</u>	<u>38</u>	<u>-</u>	<u>61,691</u>
<b>Comprising</b>							
Cost	<u>1,042</u>	<u>42,371</u>	<u>8,148</u>	<u>10,092</u>	<u>38</u>	<u>-</u>	<u>61,691</u>
	<u>1,042</u>	<u>42,371</u>	<u>8,148</u>	<u>10,092</u>	<u>38</u>	<u>-</u>	<u>61,691</u>
<b>Depreciation-</b>							
At start of the year	-	(27,687)	(4,578)	(7,473)	(38)	-	(39,776)
Disposals	-	-	-	10	-	-	10
Charge for the year	<u>(296)</u>	<u>(5,692)</u>	<u>(358)</u>	<u>(870)</u>	<u>-</u>	<u>-</u>	<u>(7,216)</u>
At end of the year	<u>(296)</u>	<u>(33,379)</u>	<u>(4,936)</u>	<u>(8,333)</u>	<u>(38)</u>	<u>-</u>	<u>(46,982)</u>
<b>Net book value</b>							
At 31 March 2020	<u>746</u>	<u>8,992</u>	<u>3,212</u>	<u>1,759</u>	<u>-</u>	<u>-</u>	<u>14,709</u>

## WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

## 10. Property, plant and equipment (continued)

## Property, plant &amp; equipment – Pension Fund

Period ended 31 December 2020

	Leasehold buildings K'000	Furniture and fittings K'000	Capital work in progress K'000	Total K'000
<b>Cost or valuation</b>				
At start of the period	52,459	1,709	-	54,168
Additions	13	-	-	13
Revaluation	<u>1,833</u>	<u>-</u>	<u>-</u>	<u>1,833</u>
<b>At end of the period</b>	<u>54,305</u>	<u>1,709</u>	<u>-</u>	<u>56,014</u>
<b>Comprising</b>				
Cost	4,952	1,709	-	6,661
Valuation	<u>49,353</u>	<u>-</u>	<u>-</u>	<u>49,353</u>
	<u>54,305</u>	<u>1,709</u>	<u>-</u>	<u>56,014</u>
<b>Depreciation</b>				
At start of the period	-	(1,406)	-	(1,406)
Revaluation	1,617	-	-	1,617
Charge for the period	<u>(1,617)</u>	<u>(115)</u>	<u>-</u>	<u>(1,732)</u>
<b>At end of the period</b>	<u>-</u>	<u>(1,521)</u>	<u>-</u>	<u>(1,521)</u>
<b>Net book value</b>				
<b>At 31 December 2020</b>	<u>54,305</u>	<u>188</u>	<u>-</u>	<u>54,493</u>
<b>Year ended 31 March 2020</b>				
<b>Cost or valuation</b>				
At start of the year	50,211	1,709	-	51,920
Additions	600	-	-	600
Revaluation	<u>1,648</u>	<u>-</u>	<u>-</u>	<u>1,648</u>
<b>At end of the year</b>	<u>52,459</u>	<u>1,709</u>	<u>-</u>	<u>54,168</u>
<b>Comprising</b>				
Cost	3,897	1,709	-	5,606
Valuation	<u>48,562</u>	<u>-</u>	<u>-</u>	<u>48,562</u>
	<u>52,459</u>	<u>1,709</u>	<u>-</u>	<u>54,168</u>
<b>Depreciation</b>				
At start of the year	-	(1,246)	-	(1,246)
Revaluation	2,190	-	-	2,190
Charge for the year	<u>(2,190)</u>	<u>(160)</u>	<u>-</u>	<u>(2,350)</u>
<b>At end of the year</b>	<u>-</u>	<u>(1,406)</u>	<u>-</u>	<u>(1,406)</u>
<b>Net book value</b>				
<b>At 31 March 2020</b>	<u>52,459</u>	<u>303</u>	<u>-</u>	<u>52,762</u>

## WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

## 11. Forest plantation

## (i) Forest plantation - Immature

## Period ended 31 December 2020

	31 December 2020 K'000	31 March 2020 K'000
<b>Cost or valuation</b>		
Cost	-	-
Revaluation	<u>1,544</u>	<u>-</u>
	<u>1,544</u>	<u>-</u>
<b>Depreciation</b>		
At start of period	-	-
Charge for the period	-	-
Loss or gain from thinning or volume gain	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
<b>Net book value</b>	<u>1,544</u>	<u>-</u>

## (ii) Reconciliation of cost

	31 December 2020 K'000	31 March 2020 K'000
At start of period:		
Expenditure capitalized during the period	1,544	-
Elimination in respect of:		
- Thinning	-	-
- Volume gain	<u>-</u>	<u>-</u>
	<u>1,544</u>	<u>-</u>

IAS 41 – Agriculture requires an entity to use fair value approach in measuring its biological assets. Fair value is the value that can be obtained from selling the biological assets in the market place less any selling costs. In this regard, the forest plantation has been measured at cost as it is at initial development stage and the trees are not yet salable. There is no depreciation that has been charged during the year.

## WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

## 12. Investment property

	31 December 2020			31 March 2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
At start of the period	39,031	242,475	281,506	34,791	278,203	312,994
Fair value gains/(losses)	(647)	11,653	11,006	(2,532)	(5,642)	(8,174)
Reclassifications	-	-	-	-	(385)	(385)
Additions	2,916	3,939	6,855	6,772	4,196	10,968
Transfer to held for sale	-	-	-	-	(33,897)	(33,897)
<b>At end of the period</b>	<b><u>41,300</u></b>	<b><u>258,067</u></b>	<b><u>299,367</u></b>	<b><u>39,031</u></b>	<b><u>242,475</u></b>	<b><u>281,506</u></b>
<b>Assets held for sale:</b>						
Fair value	-	23,000	23,000	-	33,897	33,897
Fully disposed assets	-	(3,450)	(3,450)	-	-	-
Impairment provision	-	-	-	-	(10,897)	(10,897)
<b>At end of the period</b>	<b><u>-</u></b>	<b><u>19,550</u></b>	<b><u>19,550</u></b>	<b><u>-</u></b>	<b><u>23,000</u></b>	<b><u>23,000</u></b>

The assets held for sale comprise 40 Northgate housing units that are being sold following Board approval over a payment period of up to 12 months for each unit.

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 Sandridge Associates, 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:

	9 months to 31 December 2020 K'000	12 months to 31 March 2020 K'000
Rental income	12,576	15,689
Less: direct rental expenses arising from investment properties that generate rental income	(6,917)	(9,587)
Less: direct rental expenses arising from investment properties that do not generate rental income	(18,485)	(406)
	<u>(12,826)</u>	<u>5,696</u>

Some investment property recorded fair value losses amounting to K4,786,000 (March 2020 : K16,168,000).



## WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

## 13. Intangible assets

Period ended 31 December 2020	Computer software K'000	Internally generated software K'000	Total K'000
<b>Cost</b>			
At start of the period	3,498	983	4,481
Additions	<u>115</u>	<u>-</u>	<u>115</u>
At end of the period	<u>3,613</u>	<u>983</u>	<u>4,596</u>
<b>Amortisation</b>			
At start of the period	(2,917)	(983)	(3,900)
Charge for the period	<u>(180)</u>	<u>-</u>	<u>(180)</u>
At end of period	<u>(3,097)</u>	<u>(983)</u>	<u>(4,080)</u>
<b>Net book value</b>	<u>516</u>	<u>-</u>	<u>516</u>
<b>Year ended 31 March 2020</b>			
<b>Cost</b>			
At start of the year	2,823	983	3,806
Additions	<u>675</u>	<u>-</u>	<u>675</u>
At end of the year	<u>3,498</u>	<u>983</u>	<u>4,481</u>
<b>Amortisation</b>			
At start of the year	(2,712)	(983)	(3,695)
Charge for the year	<u>(205)</u>	<u>-</u>	<u>(205)</u>
At end of year	<u>(2,917)</u>	<u>(983)</u>	<u>(3,900)</u>
<b>Net book value</b>	<u>581</u>	<u>-</u>	<u>581</u>

There are no impairment losses recognized in the statement of comprehensive income during the period relating to intangible assets (March 2020 : Knil). The internally generated software is still in use.

## WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

## 14. Financial assets

	31 December 2020			31 March 2020		
	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						
Market value	612,154	58,738	670,892	156,734	78,515	235,249
Impairment	-	-	-	(1,155)	(357)	(1,512)
	<u>612,154</u>	<u>58,738</u>	<u>670,892</u>	<u>155,579</u>	<u>78,158</u>	<u>233,737</u>
b) At amortised cost:						
Bonds	501,693	-	501,693	41,553	-	41,553
Term deposits	771,689	41,183	812,872	1,171,252	29,192	1,200,444
Treasury bills	<u>315,219</u>	<u>8,605</u>	<u>323,824</u>	<u>561,874</u>	<u>5,321</u>	<u>567,195</u>
	<u>1,588,601</u>	<u>49,788</u>	<u>1,638,389</u>	<u>1,774,679</u>	<u>34,513</u>	<u>1,809,192</u>
<b>Total</b>	<u>2,200,755</u>	<u>108,526</u>	<u>2,309,281</u>	<u>1,930,258</u>	<u>112,671</u>	<u>2,042,929</u>

	31 December 2020			31 March 2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Classified as:						
<b>Current assets</b>						
At amortised cost	<u>1,423,520</u>	<u>49,788</u>	<u>1,473,308</u>	<u>1,089,700</u>	<u>33,907</u>	<u>1,123,607</u>
<b>Non current assets</b>						
At fair value through profit or loss	612,154	58,738	670,892	155,579	78,158	233,737
At amortised cost	<u>165,081</u>	<u>-</u>	<u>165,081</u>	<u>684,979</u>	<u>606</u>	<u>685,585</u>
	<u>777,235</u>	<u>58,738</u>	<u>835,973</u>	<u>840,558</u>	<u>78,764</u>	<u>919,322</u>
<b>Total</b>	<u>2,200,755</u>	<u>108,526</u>	<u>2,309,281</u>	<u>1,930,258</u>	<u>112,671</u>	<u>2,042,929</u>
Financial assets at amortised cost can be analysed as follows:						
Maturity within 91 days	1,150,478	49,788	1,200,266	1,493,204	4,445	1,497,649
Maturity after 91 days	<u>438,123</u>	<u>-</u>	<u>438,123</u>	<u>281,475</u>	<u>30,068</u>	<u>311,543</u>
	<u>1,588,601</u>	<u>49,788</u>	<u>1,638,389</u>	<u>1,774,679</u>	<u>34,513</u>	<u>1,809,192</u>

**WORKERS' COMPENSATION FUND CONTROL BOARD****NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020****14. Financial assets (continued)****a) Investment in shares**

(i) The table below shows details at fair value through profit or loss:

	<b>31 December 2020</b>			<b>31 March 2020</b>		
		<b>Fair value gains/(losses) /(disposals)/</b>			<b>Fair value gains/(losses) /(disposals)/</b>	
	<b>Opening balance K'000</b>	<b>Additions/ impairment K'000</b>	<b>Closing balance K'000</b>	<b>Opening balance K'000</b>	<b>additions/ impairment K'000</b>	<b>Closing balance K'000</b>
Puma Energy Zambia Plc	3,147	(579)	2,568	3,178	(31)	3,147
National Breweries Plc	7,190	-	7,190	7,206	(16)	7,190
Real Estate Investment Zambia	18,720	(17,080)	1,640	25,198	(6,478)	18,720
Copperbelt Energy Corporations	37,184	(11,081)	26,103	46,096	(8,912)	37,184
Zambeef Products Plc	814	-	814	2,220	(1,406)	814
Marcopolo Tiles	-	166,395	166,395	-	-	-
Wonderful Industry (Z) Co. Limited	-	296,400	296,400	-	-	-
African Explosives (Z) Plc	23,390	1,847	25,237	28,314	(4,924)	23,390
First Quantum Minerals Plc	15,060	-	15,060	15,060	-	15,060
Zambia National Commercial Bank	10,167	(610)	9,557	16,267	(6,100)	10,167
Zambia Sugar Plc	2,492	50	2,542	2,682	(190)	2,492
CEC Africa	3,933	(3,933)	-	-	3,933	3,933
Ndola Investments Limited	48,000	6,026	54,026	-	48,000	48,000
Zambia Forestry & Forest Industries	59,640	(280)	59,360	-	59,640	59,640
Zambia Industrial Commercial Bank	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>4,000</u>
	<u>233,737</u>	<u>437,155</u>	<u>670,892</u>	<u>150,221</u>	<u>83,516</u>	<u>233,737</u>

## WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

## 14. Financial Assets (continued)

## (b) At amortised cost

Term deposits	31 December 2020			31 March 2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Industrial Development Corporation	-	-	-	6,159	-	6,159
ZANACO	106,553	492	107,045	149,288	-	149,288
Absa Bank (Z) Plc	70,660	-	70,660	176,484	7,155	183,639
Intermarket Bank	202	-	202	202	-	202
Stanbic Bank (Z) Limited	132,067	-	132,067	230,333	-	230,333
Standard Chartered Bank	5,167	8,599	13,766	109,086	-	109,086
First Alliance Bank	46,510	6,553	53,063	19,905	5,436	25,341
First National Bank	128,632	10,836	139,468	197,045	8,989	206,034
First Capital Bank	4,658	-	4,658	-	-	-
ZNBS	105,185	15,713	120,898	69,534	8,606	78,140
ECO Bank	17,914	-	17,914	18,339	-	18,339
IZWE loans	-	-	-	2,502	-	2,502
Indo Zambia Bank	179,055	-	179,055	216,505	-	216,505
PABS	2,097	4,033	6,130	2,097	4,033	6,130
<b>Sub-total</b>	798,700	46,226	844,926	1,197,479	34,219	1,231,698
Impairment	(27,011)	(5,043)	(32,054)	(26,227)	(5,027)	(31,254)
<b>Total term deposit</b>	<u>771,689</u>	<u>41,183</u>	<u>812,872</u>	<u>1,171,252</u>	<u>29,192</u>	<u>1,200,444</u>
Bonds	503,451	-	503,451	41,872	-	41,872
Impairment	(1,758)	-	(1,758)	(319)	-	(319)
<b>Total Bonds</b>	<u>501,693</u>	<u>-</u>	<u>501,693</u>	<u>41,553</u>	<u>-</u>	<u>41,553</u>
Treasury Bills	315,219	8,605	323,824	561,874	5,321	567,195
Impairment	-	-	-	-	-	-
<b>Total Treasury bills</b>	<u>315,219</u>	<u>8,605</u>	<u>323,824</u>	<u>561,874</u>	<u>5,321</u>	<u>567,195</u>
<b>Total at amortised cost</b>	<u>1,588,601</u>	<u>49,788</u>	<u>1,638,389</u>	<u>1,774,679</u>	<u>34,513</u>	<u>1,809,192</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.

# WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

### 14. Financial Assets (continued)

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

#### Period ended 31 December 2020

	Level 1	Level 2	Level 3	Total
	K'000	K'000	K'000	K'000
Other financial assets – amortised cost	-	-	99,307	99,307
At fair value through profit or loss	670,892	-	-	670,892
At amortised cost:				
- Within 91 days	-	-	1,200,266	1,200,266
- After 91 days	-	-	438,123	438,123
	<u>670,892</u>	<u>-</u>	<u>1,737,696</u>	<u>2,408,588</u>

#### Year ended 31 March 2020

	Level 1	Level 2	Level 3	Total
	K'000	K'000	K'000	K'000
Other financial assets – amortised cost	-	-	35,339	35,339
At fair value through profit or loss	233,737	-	-	233,737
At amortised cost:				
- Within 91 days	-	-	1,497,649	1,497,649
- After 91 days	-	-	311,543	311,543
	<u>233,737</u>	<u>-</u>	<u>1,844,531</u>	<u>2,078,268</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, was the carrying value of the financial assets as disclosed above.

	31 December 2020 K'000	31 March 2020 K'000
Reconciliation of level 3 fair valuation		
At start of the year	1,844,531	1,537,431
Purchase/increase	2,247,503	1,574,038
Disposal/settlements/decrease	(2,354,338)	(1,266,938)
At end of the period	<u>1,737,696</u>	<u>1,844,531</u>

### 15. Inventories

	31 December 2020			31 March 2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Properties inventories	-	1	1	-	1	1
Stationery and consumables	2,085	-	2,085	2,317	-	2,317
Less: Impairment provisions	<u>(36)</u>	<u>-</u>	<u>(36)</u>	<u>(36)</u>	<u>-</u>	<u>(36)</u>
	<u>2,049</u>	<u>1</u>	<u>2,050</u>	<u>2,281</u>	<u>1</u>	<u>2,282</u>



# WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

### 16. Assessment and other receivables

	31 December 2020			31 March 2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Assessment receivables	202,086	-	202,086	187,867	-	187,867
Rental receivables	860	21,524	22,384	4,131	19,064	23,195
<b>Less: Impairment provisions</b>						
Assessment receivables	(199,326)	-	(199,326)	(186,524)	-	(186,524)
Rental receivables	(585)	(19,862)	(20,447)	(700)	(16,794)	(17,494)
Net receivable	3,035	1,662	4,697	4,774	2,270	7,044
Prepayments	-	-	-	1,082	57	1,139
Deposits	628	119	747	606	32	638
Staff pension advance	944	-	944	944	-	944
Other receivables	1,156	887	2,043	1,064	895	1,959
Staff loan advance	7,997	4	8,001	7,695	11	7,706
<b>Total assessment and other receivables</b>	<u>13,760</u>	<u>2,672</u>	<u>16,432</u>	<u>16,165</u>	<u>3,265</u>	<u>19,430</u>

### Movement in impairment provisions

	9 months to 31 December 2020			12 months to 31 March 2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
At start of period	187,224	16,794	204,018	189,488	11,304	200,792
Effect of change in accounting policy for IFRS 9	-	-	-	-	-	-
Additions	-	3,068	3,068	8,957	5,490	14,447
Recoveries/write offs	12,687	-	12,687	(11,221)	-	(11,221)
At end of period	<u>199,911</u>	<u>19,862</u>	<u>219,773</u>	<u>187,224</u>	<u>16,794</u>	<u>204,018</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 5% Unionised staff (March 2020 : 5%) on both Management and Unionised staff 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 period.

	31 December 2020 K'000	31 March 2020 K'000
<b>Days</b>		
0-30	935	296
31 to 60 days	1,163	599
61 to 90 days	662	448
Over 90 days	199,326	186,524
Total assessment receivable	202,086	187,867
Impairment amount at period end	(199,326)	(186,524)
<b>Net assessment receivables</b>	<u>2,760</u>	<u>1,343</u>

# WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

### 17. 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 provision 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.

	9 months to 31 December 2020 K'000	12 months to 31 March 2020 K'000
The total contribution to NAPSA during the period	<u>4,286</u>	<u>5,398</u>
The total contribution to Workcom Pension Scheme during the period	<u>8,321</u>	<u>9,977</u>

### 18. Cash and cash equivalents

	31 December 2020			31 March 2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Cash on hand	57	29	86	37	39	76
Cash at bank	<u>78,708</u>	<u>4,081</u>	<u>82,789</u>	<u>14,403</u>	<u>1,430</u>	<u>15,833</u>
	<u>78,765</u>	<u>4,110</u>	<u>82,875</u>	<u>14,440</u>	<u>1,469</u>	<u>15,909</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>78,765</u>	<u>4,110</u>	<u>82,875</u>	<u>14,440</u>	<u>1,469</u>	<u>15,909</u>
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The carrying amounts of the Board's cash and cash equivalents are denominated in the following currencies:

	31 December 2020			31 March 2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Zambian Kwacha	78,761	4,110	82,871	13,950	1,469	15,419
US Dollar	<u>4</u>	<u>-</u>	<u>4</u>	<u>490</u>	<u>-</u>	<u>490</u>
	<u>78,765</u>	<u>4,110</u>	<u>82,875</u>	<u>14,440</u>	<u>1,469</u>	<u>15,909</u>

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 19. Disaster Reserve

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

	Accident K'000	Pension K'000	31 December 2020 K'000	31 March 2020 K'000
At 1 April 2020	4,000	-	4,000	4,000
Increase during the period	<u>476</u>	<u>-</u>	<u>476</u>	<u>-</u>
At 31 December 2020	<u>4,476</u>	<u>-</u>	<u>4,476</u>	<u>4,000</u>

#### 20. Revaluation Reserve

The revaluation reserve 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.

	Accident K'000	Pension K'000	31 December 2020 K'000	31 March 2020 K'000
At 1 April 2020	-	100,810	100,810	99,065
Transfer to accumulated funds	(185)	(833)	(1,018)	(2,093)
Recognized in other comprehensive income:				
Gains during the period	<u>1,860</u>	<u>3,450</u>	<u>5,310</u>	<u>3,838</u>
At 31 December 2020	<u>1,675</u>	<u>103,427</u>	<u>105,102</u>	<u>100,810</u>

#### 21. 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.

	Accident K'000	Pension K'000	31 December 2020 K'000	31 March 2020 K'000
At 1 March 2020	-	50,106	50,106	50,106
Transfer to accumulated funds	<u>-</u>	<u>(50,106)</u>	<u>(50,106)</u>	<u>-</u>
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,106</u>

Based on the Actuarial valuation of the Fund for the Tri-annual year ended 31 March 2020, the notional value of the assets was taken at its fair value.

# WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

### 22. 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:

			31 December 2020 K'000	31 March 2020 K'000
At 1 March 2020	68,265	-	68,265	68,265
Movement during the period	<u>27,006</u>	<u>-</u>	<u>27,006</u>	<u>-</u>
At 31 December 2020	<u>95,271</u>	<u>-</u>	<u>95,271</u>	<u>68,265</u>

### 23. Leases

#### (i) Right of use of asset as at 31 December 2020

	Carrying amount K'000	Additions K'000	Depreciation K'000	Impairment K'000
Leasehold building	<u>3,662</u>	<u>1,300</u>	<u>(540)</u>	<u>-</u>

#### (ii) Right of use of asset as at 31 March 2020

	Carrying Amount K'000	Additions K'000	Depreciation K'000	Impairment K'000
Leasehold building	<u>746</u>	<u>1,042</u>	<u>(296)</u>	<u>-</u>

#### Lease liabilities

	31 December 2020 K'000	31 March 2020 K'000
Current	274	274
Non-current	<u>327</u>	<u>527</u>
	<u>601</u>	<u>801</u>

## WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

## 24. Provisions

## Reconciliation of provision – December 2020

	Gratuity K'000	Leave days K'000	Claims IBNR K'000	Total K'000
At start of the period	3,039	5,606	5,489	14,134
Charges during the period	<u>(46)</u>	<u>692</u>	<u>237</u>	<u>883</u>
At end of the period	<u>2,993</u>	<u>6,298</u>	<u>5,726</u>	<u>15,017</u>

## Reconciliation of provision – March 2020

	Gratuity K'000	Leave days K'000	Claims IBNR K'000	Total K'000
At start of the year	3,300	5,531	5,489	14,320
Charges during the year	<u>(261)</u>	<u>75</u>	<u>-</u>	<u>(186)</u>
At end of the year	<u>3,039</u>	<u>5,606</u>	<u>5,489</u>	<u>14,134</u>

	31 December 2020 K'000	31 March 2020 K'000
Analysed as:		
Current portion	12,024	11,095
Non-current portion	<u>2,993</u>	<u>3,039</u>
	<u>15,017</u>	<u>14,134</u>



# WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

### 25. Payables

	31 December 2020			31 March 2020		
	Accident	Pension	Total	Accident	Pension	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Payable to suppliers	5,790	3,156	8,946	4,555	3,137	7,692
Assessment and other amounts received in advance	13,944	5,387	19,331	14,285	4,594	18,879
Accrued audit fees	415	-	415	396	-	396
Amounts due to pensioners	77	13,306	13,383	-	13,155	13,155
Accrued NAPSA contributions	-	-	-	84	-	84
Accrued PAYE contributions	4,739	-	4,739	-	-	-
Ministry of Finance	-	3,081	3,081	-	3,081	3,081
Other payables	384	355	739	13,457	(344)	13,113
	<u>25,349</u>	<u>25,285</u>	<u>50,634</u>	<u>32,777</u>	<u>23,623</u>	<u>56,400</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:

	31 December 2020 K'000	31 March 2020 K'000
Zambian Kwacha	50,620	56,387
British Pounds	14	13
	<u>50,634</u>	<u>56,400</u>

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

	31 December 2020 K'000	31 March 2020 K'000
<b>Maturity months</b>		
0 to 1	43,504	49,270
2 to 3	455	455
4 to 12	<u>6,675</u>	<u>6,675</u>
	<u>50,634</u>	<u>56,400</u>

### 26. Net cash paid for purchase of financial assets

	31 December 2020 K'000	31 March 2020 K'000
As at 31 December 2020	(2,309,281)	(2,042,929)
Fair value loss	(19,674)	(26,703)
Impairment	(726)	2,120
Net cash (paid)/received (for)/from (purchase)/sale of shares	426,149	110,219
As at 1 March 2020	<u>2,042,929</u>	<u>1,631,353</u>
Net cash paid for purchase of financial assets	<u>139,397</u>	<u>(325,940)</u>

**WORKERS' COMPENSATION FUND CONTROL BOARD****NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020****27. Cash generated from operations**

	<b>31 December 2020 K'000</b>	<b>31 March 2020 K'000</b>
Reconciliation of cash generated from operations		
Surplus for the period before tax	407,416	374,389
Adjustments for:		
Depreciation on property, plant and equipment (Note 10)	7,659	9,566
Amortisation of intangible assets	180	205
Impairment of investments	726	(2,120)
Impairment of held for sale financial assets	-	10,897
(Profit)/loss on sale of property, plant and equipment	(252)	1
Dividend received	(23,028)	(4,897)
Interest received	(330,155)	(358,425)
Finance cost	47	83
Fair value loss on financial assets at FVTPL	19,674	26,703
Fair value loss on investment property	(11,006)	8,174
Reduction in Investment reserves	(50,106)	-
Movement in provisions	883	(186)
Changes in working capital:		
- inventories	232	(112)
- assessment and other receivables	2,998	2,436
- payables	<u>(5,766)</u>	<u>9,290</u>
<b>Cash from operations</b>	<b><u>19,502</u></b>	<b><u>76,004</u></b>

**28. 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.

## WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

## 28. Risk management objectives and policies (continued)

## Period ended 31 December 2020

	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
<b>Financial assets</b>					
Cash and bank equivalents	82,875	-	-	-	82,875
Investments	1,473,308	835,973	-	-	2,309,281
Other receivables	<u>13,672</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,672</u>
<b>Total financial assets</b>	<u>1,569,855</u>	<u>835,973</u>	<u>-</u>	<u>-</u>	<u>2,405,828</u>
<b>Financial liabilities</b>					
Payables	<u>(50,634)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,634)</u>
<b>Total financial liabilities</b>	<u>(50,634)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,634)</u>
-					
<b>Net liquidity gap</b>	<u>1,519,221</u>	<u>835,973</u>	<u>-</u>	<u>-</u>	<u>2,355,194</u>

## Year ended 31 March 2020

	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
<b>Financial assets</b>					
Cash and bank equivalents	15,909	-	-	-	15,909
Investments	1,123,607	919,322	-	-	2,042,929
Other receivables	<u>18,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,087</u>
<b>Total financial assets</b>	<u>1,157,603</u>	<u>919,322</u>	<u>-</u>	<u>-</u>	<u>2,076,925</u>
<b>Financial liabilities</b>					
Payables	<u>(56,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,400)</u>
<b>Total financial liabilities</b>	<u>(56,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,400)</u>
<b>Net liquidity gap</b>	<u>1,101,203</u>	<u>919,322</u>	<u>-</u>	<u>-</u>	<u>2,020,525</u>

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 28. 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 not known with certainty.

##### **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.

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 28. Risk management objectives and policies (continued)

##### 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:

	31 December 2020 K'000	31 March 2020 K'000
<b>Financial instruments</b>		
Bank balances	82,789	15,833
Term deposits	812,872	1,200,444
Other receivables	13,672	18,087
Bonds	501,693	41,553
Treasury bills	323,824	567,195

##### 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 <u>Zambian Kwacha</u>		Impact on component of equity for the <u>Year in Zambian Kwacha</u>	
	31 December 2020	31 March 2020	31 December 2020	31 March 2020
LuSE index	<u>433</u>	<u>1,744</u>	<u>—</u>	<u>—</u>



## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 28. Risk management objectives and policies (continued)

##### Price risk (continued)

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:

## WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

## 28. Risk management objectives and policies (continued)

## Period ended 31 December 2020

	Classified as amortised cost K'000	Classified as FVTPL K'000	Total fair value for each class K'000
<b>Financial assets</b>			
Investments	1,638,389	670,892	2,309,281
Other receivables	13,672	-	13,672
Cash & cash equivalent	<u>82,875</u>	<u>-</u>	<u>82,875</u>
<b>Total financial assets</b>	<u>1,734,936</u>	<u>670,892</u>	<u>2,405,828</u>
<b>Financial liabilities</b>			
Payables	<u>(50,634)</u>	<u>-</u>	<u>(50,634)</u>
<b>Net position</b>	<u>1,684,302</u>	<u>670,892</u>	<u>2,355,194</u>

## Year ended 31 March 2020

	Classified as amortised cost K'000	Classified as FVTPL K'000	Total fair value for each class K'000
<b>Financial assets</b>			
Investments	1,809,192	233,737	2,042,929
Other receivables	18,087	-	18,087
Cash & cash equivalent	<u>15,909</u>	<u>-</u>	<u>15,909</u>
<b>Total financial assets</b>	<u>1,843,188</u>	<u>233,737</u>	<u>2,076,925</u>
<b>Financial liabilities</b>			
Payables	<u>(56,400)</u>	<u>-</u>	<u>(56,400)</u>
<b>Net position</b>	<u>1,786,788</u>	<u>233,737</u>	<u>2,020,525</u>

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 29. 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:

- Mrs Priscilla C. C. Bwembya – Commissioner & Chief Executive Officer
- Mr. Chalwe Mwale – Director Audit
- Mrs. Michelo H. Silungwe – Director Finance
- Mr. Kingsley Kangwa – Director Compliance and Benefits
- Mr. Patrick Siampwili – Director Legal Services
- Mr. Frank Chanda – Director Investments

The following transactions were carried out with related parties:

##### i) Key management personnel compensation

	December 2020 K'000	March 2020 K'000
Salaries and benefits paid	9,450	10,479
Directors expenses – Board meetings	<u>4,054</u>	<u>4,346</u>
	<u>13,504</u>	<u>14,825</u>

##### ii) Outstanding balances arising from transactions

	31 December 2020 K'000	31 March 2020 K'000
<b>Receivable from related parties</b>		
Ministry of Labour & Social Security	37	37
Directors and key management	<u>1,170</u>	<u>441</u>
	<u>1,207</u>	<u>478</u>
<b>Payable to related parties</b>		
Ministry of Finance	<u>3,081</u>	<u>3,081</u>
	<u>3,081</u>	<u>3,081</u>

## WORKERS' COMPENSATION FUND CONTROL BOARD

### NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

#### 30. Capital Commitments

As of end of year the Board had three (03) contracted projects that were still in progress. A total contract sum of K13,563,000 had been committed of which K9,813,000 had been certified and paid out leaving a balance of K3,750,000.

Project	Cost K'000	Billed K'000	Balance K'000
i) Rehabilitation of Compensation House in Kasama	1,589	1,432	157
ii) Construction of two Blocks of Double Storey Flats at Kola Court	8,533	7,693	840
iii) Proposed Renovation works of one Double Storey Flats at Kola	<u>3,441</u>	<u>688</u>	<u>2,753</u>
	<u>13,563</u>	<u>9,813</u>	<u>3,750</u>

#### 31. Comparative figures

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

#### 32. Contingencies

The Board had a case in which the Complainants challenged deduction of advance pension from their terminal benefits upon reaching retirement age of 55 years. There is a contingent liability in the region of K1,000,000.00, in the event an adverse judgement is determined.

Further, the Board had a case in which the Complainant was seeking leave to appeal the ruling of the Workers' Compensation Tribunal following judgement in favor of the Board. There is a contingent liability in the region of K2,500,000.00, in the event of adjustment against the Board, following appeal.

Judgement is being awaited in each of these cases.

#### 33. Period of reporting

The Financial Statements have been prepared for a period of 9 months (March 2020: 12 months)

#### 34. 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 period end.

# WORKERS' COMPENSATION FUND CONTROL BOARD

## NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020

### SCHEDULE OF EXPENDITURE

	9 months to 31 December 2020 K'000	12 months to 31 March 2020 K'000
<b>ADMINISTRATIVE EXPENSES</b>		
<b>Employment:</b>		
Salaries and wages	76,630	92,177
Provision for leave and long-term service dues	14,130	16,694
Other staff costs	957	1,818
<b>Total employment costs</b>	<u>91,717</u>	<u>110,689</u>
<b>Other administration expenses</b>		
Advertising and publications	4,189	4,493
Audit fees	415	396
Impairment-Receivables	15,755	14,447
Impairment-Financial assets	726	8,777
Bank charges and commissions	482	746
Commemoration	12	253
Communication	2,059	1,676
Computer	169	125
Conference and Seminar	863	1,074
Depreciation, amortization and impairments	7,838	9,770
Directors expenses	4,054	4,346
Donations	838	131
Electricity and water	174	165
Entertainment	94	46
Exhibition and show	1	1,026
Exchange losses	1,680	-
General cleaning	431	559
Insurance and Licences	3,630	2,960
Labour day	143	189
Legal and professional fees	5,419	1,942
Medical expenses	882	1,497
Motor vehicle running and maintenance	3,529	4,195
Union negotiations	224	220
Office	2,703	1,031
Printing and stationery	<u>2,020</u>	<u>1,646</u>
Balance c/f	58,330	61,710



**WORKERS' COMPENSATION FUND CONTROL BOARD****NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2020****SCHEDULE OF EXPENDITURE (CONTINUED)**

	<b>9 months to 31 December 2020 K'000</b>	<b>12 months to 31 March 2020 K'000</b>
<b>ADMINISTRATIVE EXPENSES</b>		
<b>Other administration expenses (continued)</b>		
Balance b/f	58,330	61,710
Recruitment	20	173
Rent and rates	532	530
Repairs and maintenance	187	92
Security	2,194	1,145
Staff welfare and training	1,352	2,024
Subscriptions and newspapers	170	762
Tender committee meetings	58	24
Tools	69	14
Travel and Subsistence	<u>2,900</u>	<u>4,630</u>
<b>Total other administrative expenses</b>	<u>65,812</u>	<u>71,104</u>
<b>Total administrative expenses</b>	<u>157,529</u>	<u>181,793</u>
<b>INVESTMENT RELATED EXPENSES</b>		
Cleaning	1,337	1,653
Electricity and water	1,480	2,373
Handling fees	3,236	64
Property expenses	267	491
Property repairs and maintenance	1,390	1,971
Property security	1,203	1,546
Property valuation	325	243
Rent and rates	245	567
Withholding tax	<u>19,155</u>	<u>1,438</u>
<b>Total investment related expenses</b>	<u>28,638</u>	<u>10,346</u>

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