



WORKERS' COMPENSATION FUND CONTROL BOARD



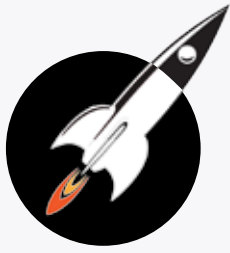
ANNUAL REPORT 2021



VISION



*“An innovative and reliable
employment injury scheme”.*



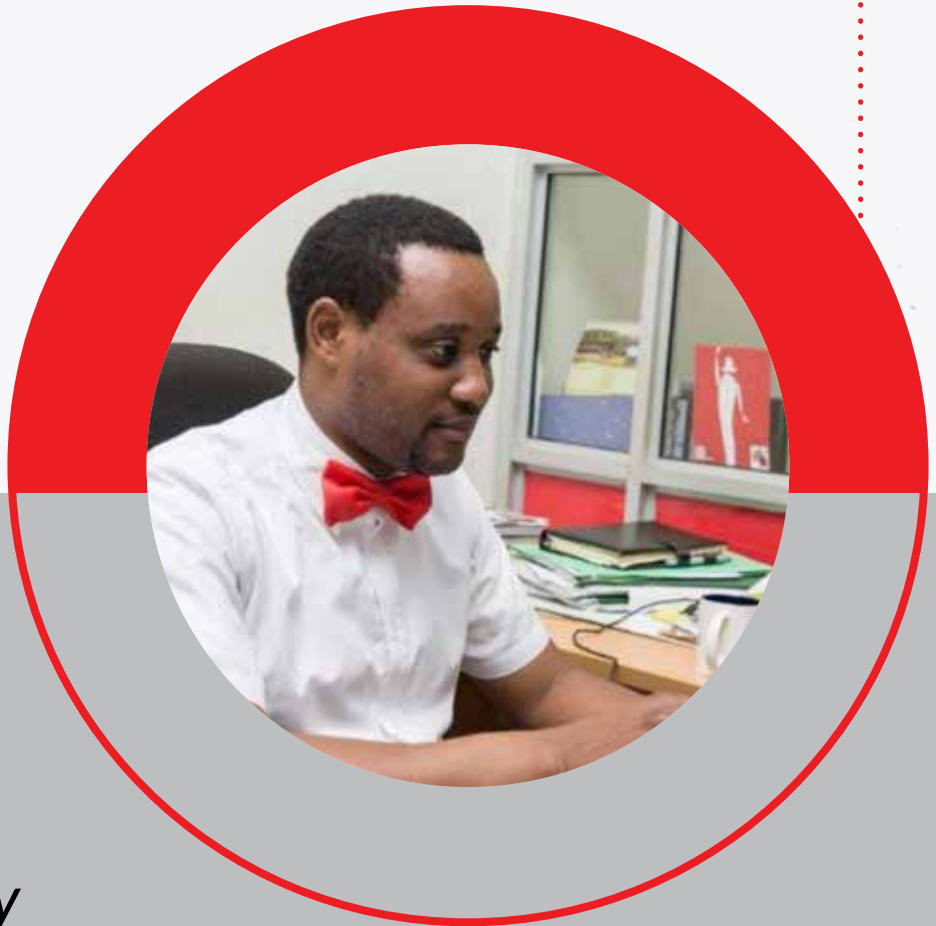
MISSION



“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. CHIKU-
TA** Director



MR. STEPHEN SIKOMBE
Director



MS. ESTHER K. CHISENGA
Director



MR. CHINGATI MSISKA
Director



MS. SOPHIE K. M. MUTEMBA
Director



MR. NKOLE CHISHIMBA
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
Ng'andu**
Member



STAFF COMMITTEE



**Ms. Sophie K.
M. Mutemba**

Chairperson



**Mrs. Mukamasole
M Kasanda**

Member



**Mr. Moffat
Nyirenda**

Member



**Mr. Nkole
Chishimba**

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



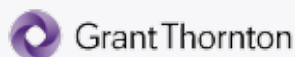
MR. PATRICK SIAMPWILI
Director Legal Services/
Board Secretary



MR. CHRISTOPHER CHILEMBO
Director Information
Communication Technology

AUDITORS

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



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15-17 Finlaison Street
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United Kingdom
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P.O. Box 71568
Ndola, Zambia

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P.O. Box 22760
Kitwe, Zambia

Messrs Isaacs & Partners
Plot 3792, Kwacha Road
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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.



BRANCHE OFFICES

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
Kawambwa

REGIONAL OFFICES

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



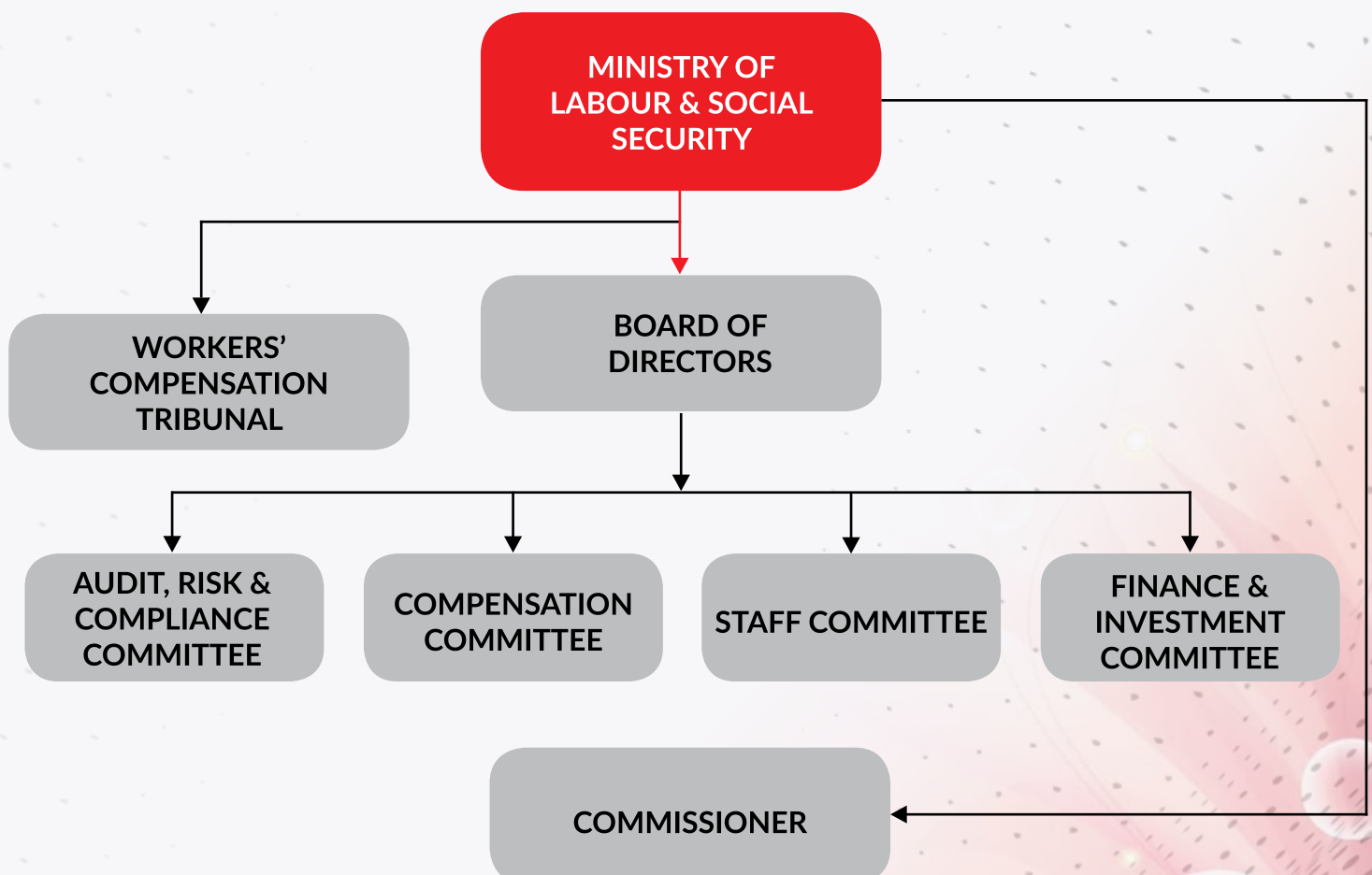
STATEMENT ON CORPORATE GOVERNANCE

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 or their dependants 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 overall responsibility for the administration of WCFCB lies with the Minister of Labour and Social Security who appoints the Board Chairperson, Members of the Board of Directors, Members of Board Committees, 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 representing stakeholders;
- 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 members of the Board of Directors represented the stakeholders and were dissolved on 21st October 2021 with the exception of Mr. Chanda Kaziya, who was disappointed on 17th September 2021:

- a) Mrs Regina M. Chilupula
Board Chairperson representing stakeholders;
- 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 provide leadership and oversight in formulating policies and to provide strategic direction to Management.

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	Nkole Chishimba	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 six (6) 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
6. Information Communication Technology.

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.



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 year ended 31st December 2021 together with our Annual Report on the activities of the Workers' Compensation Fund Control Board (the Board) pursuant to Section 109 (4) of the Workers' Compensation Act No.10 of 1999.

During the period under review, the Board continued to provide unparalleled services in the provision of rehabilitation and compensation to its beneficiaries whilst ensuring that employers adhered to zero accident production protocols in the new normal COVID-19 economic environment.

1.1 Economic Environment

According to the International Monetary Fund (IMF) World Economic outlook report of 2021, the Global economy grew by 5.9% in 2021 following a slump of 3.5% recorded in 2020. The global economic recovery was driven by earlier than projected recovery in China and the easing of restrictions in main major economies following the rollout of vaccinations against COVID-19.

The domestic economy grew by 3.6% in 2021 compared to a contraction of 3.1% in 2020 (Zambia Statistics Agency, 2021); underpinned by favourable performance in the agriculture, energy, construction, and Information and Communication Technology sectors. The mining sector was projected to record lower output compared to 2020, as open pit mines faced operational challenges due to heavy rains in the preceding season, coupled with reduced ore grades at some mines. Tourism activities were projected to remain low, on account of the resurgence in the COVID-19 pandemic which had led to low international tourist arrivals.



Credit: Copperbelt Energy Corporation



Credit: Zambeef

During the fourth quarter of 2021, Government announced that it had reached a staff-level agreement with the IMF subject to IMF's Management and Executive Board approval and receipt of the necessary financing assurances on a three-year program supported by an arrangement under the Extended Credit Facility (ECF) in the amount of SDR 980 million or \$1.4 billion. The economic program aims to restore macroeconomic stability and foster higher, more resilient, and inclusive growth. The Government of Zambia committed to an ambitious economic reform program aimed to re-establish fiscal sustainability through a shift in spending, away from inefficient public investment and poorly targeted subsidies, towards greater investment in health and education and the delivery of more social benefits.

Copper price on the London Metal Exchange (LME) moved up to close the year at US\$9,550.31 from US\$7,776 per ton in 2020. Inflation closed the year at 16.40%, a slowdown from 19.20% in the preceding year (Zambia Statistics Agency, 2021). The decrease in the annual rate of inflation was mainly attributed to price movements in both food and non-food items.

Further, shares on the Lusaka Stock Exchange (LuSE) tremendously improved in performance as the LuSE-All Share Index (LASI) went up by 52.21% to close at 5,954.82 as at 31st December 2021 from 3,912.33 in 2020.

Economic performance is expected to improve in 2022, although it will remain dependent on the roll-out of the COVID-19 vaccine in most countries and sustained high crop production in light of adequate rainfall.

1.2 Inflation

Annual overall inflation continued to trend downward in the second half of 2021, driven mainly by the appreciation of the Kwacha, and reduction in food prices. As a result, the annual inflation rate, as measured by all items Consumer Price Index (CPI), slowed down to 16.40% as of 31st December 2021 from 19.20% as at the end 31st December 2020.

1.3 Interest Rates

Interest rates generally declined during the year under review relative to 2020. This was broadly in line with the downward adjustment in the Policy Rate and the Government of the Republic of Zambia which had committed to reducing its borrowing from the markets in order to stimulate private sector spending.

The composite yield rate on Treasury bills declined to 15.00% at the end of December 2021 compared to 21.2% at end of December 2020 Bank of Zambia (BOZ, 2021). The downward movement in the yields in GRZ Treasury Bills was attributed to the accommodative monetary policy on the domestic money market reduction in Government borrowing which saw GRZ paper being oversubscribed in successive auctions held between September to November 2021.

Interest income for the year to 31st December 2021 was K418.29 million (K329.95 million, actual for the 9 months period to 31st December 2020), compared to K439.93 million for the 12 months extrapolated period to 31st December 2020.

This reflected a decrease of K21.64 million (-4.92%) for the year. The decrease was mainly on account of reduced interest income due to declining interest rates.

1.4 Exchange rates

At the close of 2021, the Kwacha had appreciated by 21.13% against the United States Dollar as compared to the previous year. Further, the local unit also appreciated by 20.76% and 27.15% 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 BOZ exchange rates.

		December 2021	December 2020
\$	United States Dollar	16.6931	21.1660
£	Pound Sterling	22.5057	28.4016
€	Euro	18.9150	25.9631

The sharp appreciation of the Kwacha partly reflects the improved business confidence in the new Government and reduced cases of the COVID-19 pandemic as sectors such as manufacturing and mining had started ramping up production.

1.5 Extractive Industry

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

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 23% to close at US\$9,550 per ton as of 31st December 2021 from US\$ 7,776 as at 31st December 2021 (Zambia Statistics Agency, 2021). The production disruptions at key mining operations in South America also contributed to the recovery in copper prices. The unanticipated recovery of the Chinese economy in 2021 and the increase in demand for electric vehicles spurred the demand for copper.

Copper production reduced by 10.0% to 800,696 metric tonnes compared to 888,061.46 metric tonnes produced in 2020. The volume of copper exports decreased by 2.96% to 903.40 thousand metric tonnes compared to 931.00 thousand metric tonnes exported in 2020. This decrease was largely on account of supply disruptions in the global commodity market occasioned by the Covid-19 pandemic.

Due to the lagging effect of COVID-19 pandemic that led to the reduction in copper production during the year under review, its contribution to the Board's assessment income reduced to K35.34 million (K64.39 million, actual for the 9 months period to 31st December 2020), from K85.85 million for the 12 months extrapolated period to 31st December 2020, reflecting a decrease of 58.84%.



Credit: Mopani Copper Mine

1.6 Manufacturing, retail and trade

In 2021, the manufacturing sector was estimated to have grown by 4.2 per cent from growth of 1.0 per cent in 2020. As the pandemic subsided and domestic economic activity increased, there was an improvement in supply chains resulting in favourable performance in most sub-sectors, except wood and wood products and fabricated metal products. Further, positive growth was recorded in the retail and trade sectors.

Assessments raised in the Manufacturing, retail and trade sectors decreased to K64.04 million (K65.51 million, actual for the 9 months period to 31st December 2020), from K87.35 million for the 12 months extrapolated period ended 31 December 2020, reflecting a decrease of 26.67%. The decrease was mainly attributable to the lagging effect of the COVID-19 pandemic despite the growth in the sectors.



Credit: Dangote Cement

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) 2019 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 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 financial year under review.

The Bargaining Unit convened to negotiate for improved conditions of service for Unionised members of staff and a 5% salary increment was awarded.

The Board continued providing subsidised health services to all employees and their families and sponsoring an in-house Pension Scheme as a second tier 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 retained as auditors of the Financial Statements for the year from 1st January 2021 to 31st December 2021.

The highlights of the financial performance include the Board's financial performance and financial position. The Board recorded a surplus of K471.82 million for the year ended 31st December 2021, (K407.42 million, actual for the 9 months period to 31st December 2020) compared to a surplus of K654.49 million for the 12 months extrapolated period ended 31st December 2020, reflecting a decrease of 27.91% due to the fair value losses on long term investments.

Total assets were K3,300.59 million as at 31st December 2021 compared to K2,810.65 million as at 31st December 2020, reflecting an increase of 17.43%. The increase was mainly attributed to additional investments in unlisted equity, property plant and equipment and in forest plantations.

Total liabilities were K81.98 million as at 31st December 2021 compared to K66.25 million as at 31st December 2020. This resulted into a net asset value of K3,218.61 million as at 31st December 2021 compared to K2,744.39 million as at 31st December 2020 reflecting an increase of 17.28%. This was on account of increased provisions and payables at the close of the period.

1.10 Outlook

After rebounding to an estimated 5.5 per cent in 2021, the World Bank projects growth to decelerate in 2022, reflecting continued COVID-19 flare-ups, diminished fiscal support, and lingering supply bottlenecks. The near-term outlook for global growth is somewhat weaker, and for global inflation notably higher, than previously envisioned, owing to pandemic resurgence, higher food and energy prices, and more pernicious supply disruptions. Global growth is projected to soften further in 2023.

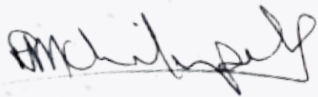
The major economic indicators point to a recovery domestic economy with growth projected at 3.5% (BOZ) in 2022. Growth in Mining output, cement production, consumer spending and tourist arrivals are projected to grow as the COVID-19 vaccine rollout gets momentum in the developed world and the easing 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 the 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 we shall build on the gains achieved in 2021 to build a strong and resilient organisation capable of exceeding stakeholder expectations.

1.12 Conclusion

I would like to thank members of the Board of Directors, Management and Staff and all stakeholders for their unwavering support, hard work and cooperation during this challenging year, 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. The Act provides for the compensation of workers disabled by accidents occurring or diseases contracted in the course of employment. It further provides for the payment of compensation to dependants of workers who die as a result of accidents or diseases. The establishment of functions of a Workers' Compensation Fund Board, Workers' Compensation Tribunal and Powers of the Workers' Compensation Commissioner are also provided. The report covers various aspects affecting the operations and Management of the Workers Compensation Fund Control Board for the period 1st January 2021 to 31st December 2021 and 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 K3,218.61 million (December 2020: K2,744.39

million), reflecting an increase of 17.28%. Assets under management amounted to 3,300.59 million (December 2020: K2,810.65 million), reflecting an increase of 17.43%. The increase was mainly attributable to additional investments in long-term financial assets.

Total Pensioners' and other beneficiaries' costs were K49.82 million (K40.65 million, actual for the 9 months period to 31st December 2020), compared to K54.20 million for the 12 months extrapolated period to 31st December 2020, reflecting a decrease of 8.09% due to actuarial arrears paid in the prior year.

The Board recorded a surplus of K471.82 million compared to K654.49 million in the 12 months extrapolated period to 31st December 2020 (K407.42 million, actual for the 9 months period to 31st December 2020), reflecting a decrease of 27.91%. The decrease is mainly attributed to the fair value losses on long term investments.

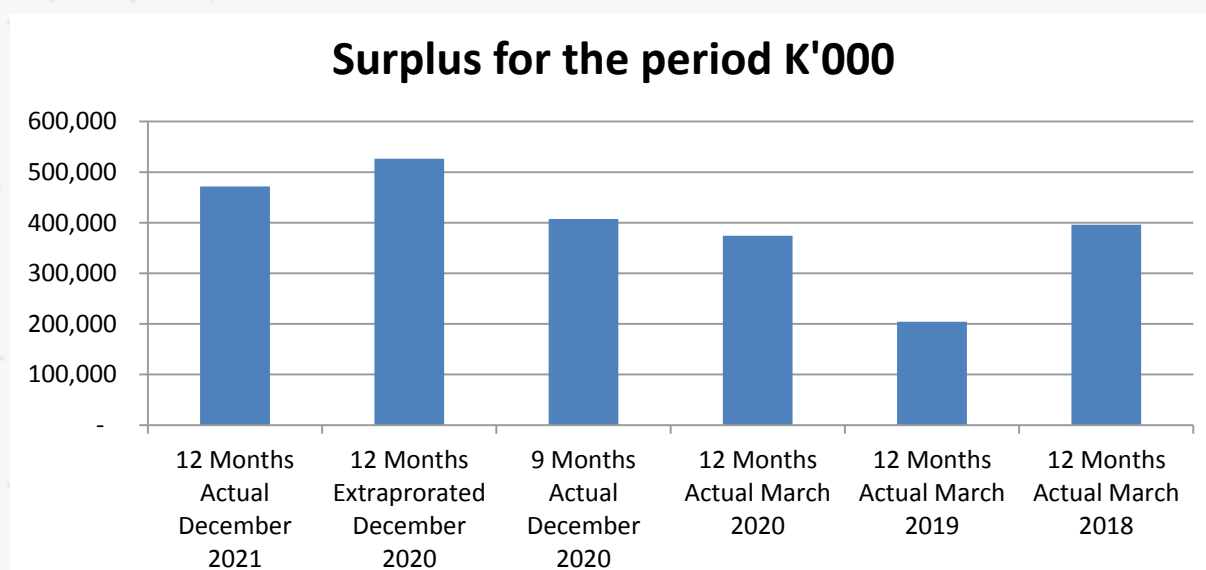


Table 2.1.1 highlights the actual performance of the Board for last five financial years.

Table 2.1.1 Last Five Summary Financial Performance

STATEMENT OF COMPREHENSIVE INCOME						
	12 Months Actual December 2021	12 Months Extrapolated December 2020	9 Months Actual December 2020	12 Months Actual March 2020	12 Months Actual March 2019	12 Months Actual March 2018
	K'000	K'000	K'000	K'000	K'000	K'000
Assessment income	269,237	275,920	206,940	271,362	264,148	240,368
Other income	473,213	630,951	377,237	359,339	148,549	395,502
Total income	742,450	906,871	584,177	630,701	412,697	635,870
Claims and Pension Payments	-49,820	-54,204	-40,653	-64,090	-33,981	-37,663
Administrative, Investment & Increase in data reserve expenditure	-220,809	-198,179	-136,108	-192,222	-174,551	-202,023
Actuarial Adjustment	-270,629	-252,383	-176,761	-256,312	-208,532	-239,686
Total expenditure	471,821	654,488	407,416	374,389	204,165	396,184
Surplus for the period	471,662	526,519	407,416	374,389	204,165	396,184

Table 2.1.2 Last Five Year Summary Financial Position December

STATEMENT OF FINANCIAL POSITION					
	December 2021	December 2020*	March 2020	March 2019	March 2018
	K'000	K'000	K'000	K'000	K'000
Fixed assets	121,995	79,546	68,052	62,160	66,519
Long term Investments	1,175,813	837,517	919,322	175,686	193,382
Investment properties	359,006	299,367	281,506	312,994	390,607
Current assets	1,643,775	1,594,215	1,184,228	1,514,136	1,225,944
Total Assets	3,300,589	2,810,645	2,453,108	2,064,976	1,876,452
FUNDS AND LIABILITIES					
Funds	3,218,611	2,744,393	2,381,773	2,003,546	1,812,891
Total liabilities	81,978	66,252	71,335	61,430	63,561
Total funds and liabilities	3,300,589	2,810,645	2,453,108	2,064,976	1,876,452

*Note that December 2020 was a nine-month period

2.1.2 Funds and Reserves

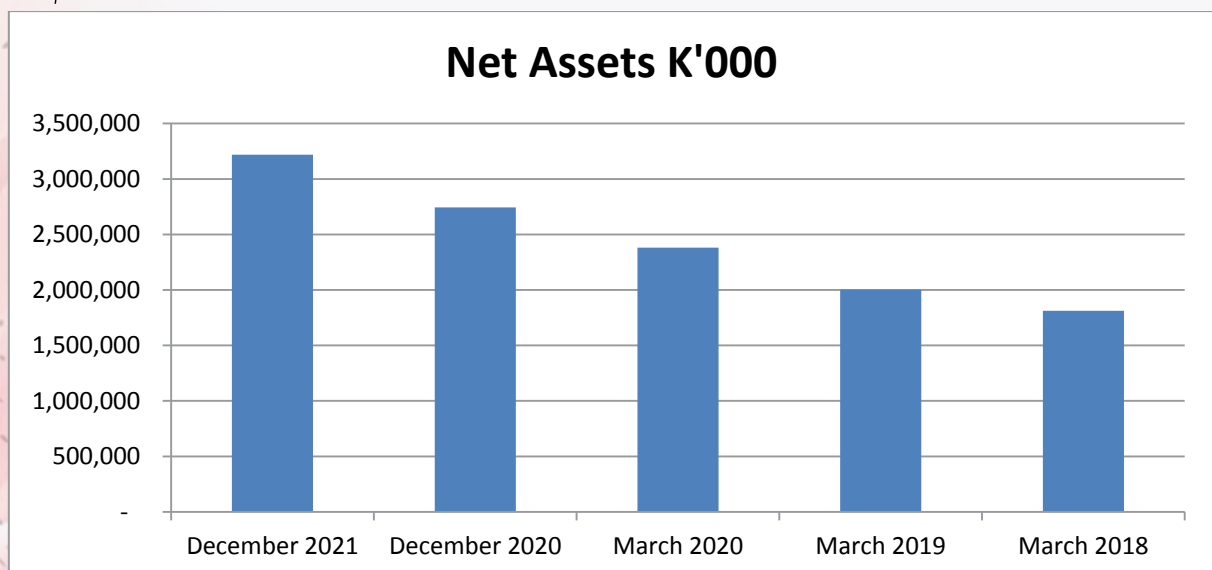
The accumulated funds and reserves increased by K474.22 million from K2,744.39 million as at 31st December 2020 to 3,218.61 million as at 31st December 2021, reflecting an increase of 17.28%. Table 2.1.2 below shows the movements in five years:

Table 2.1.2.1 Last Five Year Summary Funds and reserves

	December 2021	December 2020*	March 2020	March 2019	March 2018
	K ' Million	K ' Million	K ' Million	K ' Million	K ' Million
Funds & Reserves	3,218.61	2,744.39	2,381.77	2,003.55	1,812.89

*Note that December 2020 was a nine-month period

Graph 2.1.2.1 Five Year Net Assets



2.1.3 Property, Plant and Equipment

The Board's capital expenditure in the financial year amounted to K52.33 million compared to K13.91 million in the 12 months extrapolated period ended 31st December 2020. This was mainly incurred on the acquisition of Motor vehicles, Computer equipment and land.

2.1.4 Actuarial Valuation of the Fund

Under Section 25 of the Workers' Compensation Act, the Board is required to appoint an Actuary who values the Fund at intervals not exceeding three (3) years and prepares a report on the state of the Fund, stating any surplus or deficit in the Fund and makes necessary recommendations. The Triennial Actuarial valuation of the Fund as of 31 March 2020 was concluded during the year under review and the solvency results showed that the Fund had a funding position of 325% from 248% recorded in the last Valuation of the Fund as at 31st March 2017. The good performance was mainly attributed to positive results recorded in investments.

2.2 Strategy and Business Development

2.2.1 Implementation of the 2021-2025 Strategic Plan

During the year under review, the Board commenced the implementation of the Strategic Plan for the period 2021-2025. 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.



Invited guests and staff attending the launch of the WCFCB Strategic Plan for 2021-2025

Driven by three Strategic Themes, i.e. Occupational Injury Coverage; Occupational Safety and Health Promotion; and Operational Excellence, the Board has set itself to deliver exceptional service to our key customers composed of the workers and employers. Through improved organisational capacity that ensures improved human capital management anchored on improved infrastructure and internal processes, the Board is expected to be financially sustainable for many years to come.

2.2.2 Informal sector Coverage

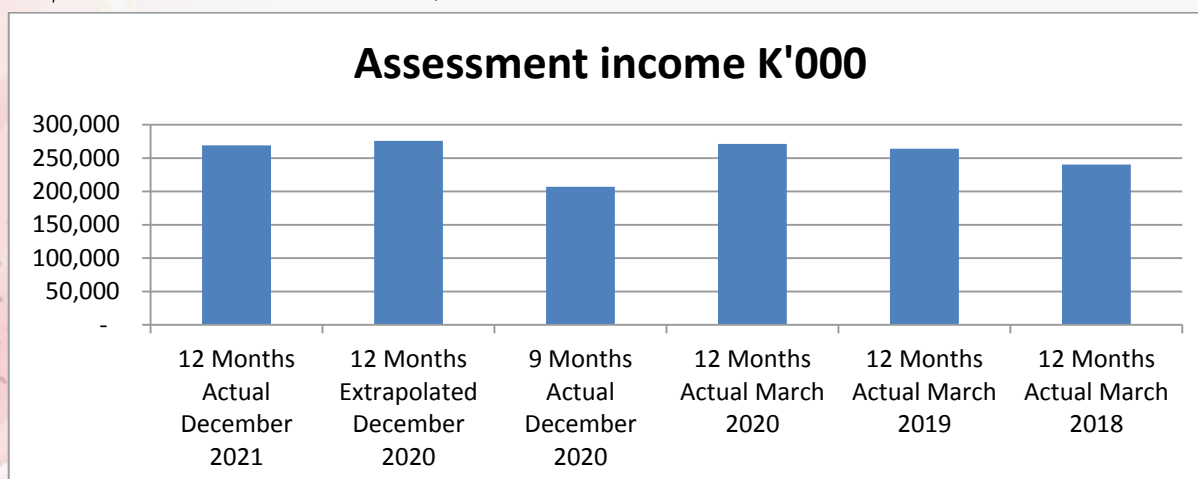
- 2.2.2.1 The Board signed MoUs with Zambia National Marketeers Credit Association (ZANAMACA) and the Zambia Micro and Small Traders Foundation Cooperative Society in a bid to foster universal coverage of the employment injury scheme, especially in the informal sector.
- 2.2.2.2 During the period under review the Statutory Instrument No. 197 of 1973 was replaced with SI No. 13 of 2021(Domestic Workers Regulations).
- 2.2.2.3 Domestic Employers and Workers Association were engaged with the view to establishing entry points for the implementation of the Statutory Instrument (SI) on Domestic Workers. Further, the Market and Artisanal Association were engaged with the view to establishing linkage with the informal economy workers in their respective spaces.
- 2.2.2.4 A total of 387 informal entities employing 1,409 informally workers were successfully registered as at 31st December 2021.

2.3 Assessment and Employer Registration

2.3.1 Assessment Income

The Board registered 1,643 new employers during the year under review compared to 1,699 registered in the previous financial year, bringing the total number of registered employers under the Workers' Compensation Scheme to 41,246. Registration of new employers was largely hampered by the COVID-19 pandemic.

Graph 2.3.1 Assessment Income for the Five Years to 31 December 2021



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

2.3.2 Assessments Raised

K269.24 million was raised as assessments income from 15,771 employers during the financial year. The Board further recorded revenue collections in the sum of K250.11 million against the assessments raised posting a performance rate of 92.89%.

2.3.3 Branch Expansion

To further spread the Board's footprint and enhance service delivery, Kawambwa Branch was opened during the period under review. This milestone will enable the Board to bring services closer to its customers who live in Kawambwa and the nearby districts such as Mwansabombwe.

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:

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

The Fund size as at 31st December 2021 stood at K3,218.36 million as compared to K2,744.24 million as at 31st December 2020, reflecting an increase of 17.28%. The portfolio of the fund size was as illustrated below:

Table No. 2.4.1: Fund Size

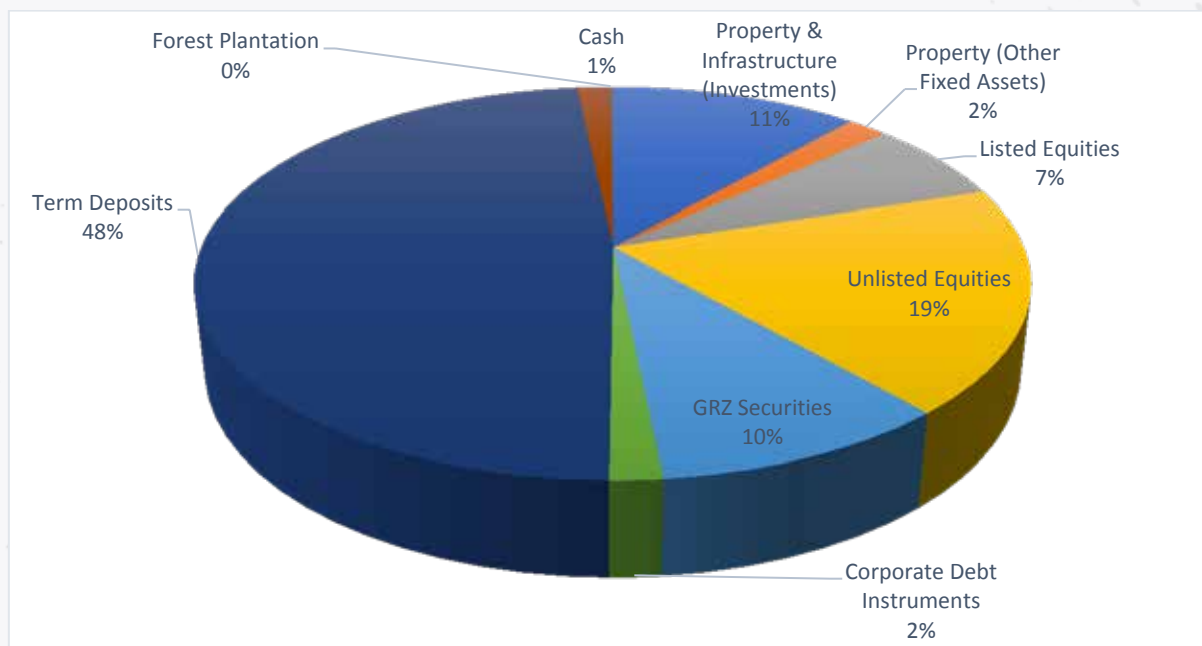
Description	31 st December 2021		31 st December 2020*	
	K' Million	%	K' Million	%
Property & Infrastructure(Investments)	367.06	11.41%	314.53	12.17%
Property (Other Fixed Assets)	60.92	1.89%	52.46	1.20%
Listed Equities	216.55	6.73%	150.07	5.47%
Unlisted Equities	597.77	18.57%	517.09	18.84%
GRZ Securities	316.08	9.82%	473.21	17.24%

*Note that December 2020 was a nine-month period

Corporate Debt Instruments	54.99	1.71%	35.78	1.30%
Term Deposits	1,551.73	48.21%	1,136.22	41.40%
Cash	48.47	1.51%	62.04	2.26%
Forest Plantation	4.79	0.15%	2.84	0.10%
Total	3,218.36	100.00%	2,744.24	100.00%

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

Chart 2.4.1 Investment portfolio as at 31 December 2021



The growth in the Portfolio was principally due to the investment of fresh funds collected from Assessments as well as accrued and earned interest on Fixed Income Securities. The Board had prioritised investments in Fixed Income Securities to preserve value, sustain growth, and provide investment income to finance the Board's projects and contingencies.

2.4.2 Property

The average return on investment property 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%).

As of 31st December 2021, the Property portfolio was valued at K427.98 Million. Property value consisting of K367.06 million investment properties and K60.92 million Depreciable property.



Renovated of double storey block of flats at Kola Court Kitwe



Compensation House Kasama varnished face bricks under renovation works for phase II

2.4.3 Equity

The total equity portfolio increased from K670.89 million as of 31st December 2020 to K814.32 million as of 31st December 2021. The increase was principally due to the investment made in the SPV and capital gains recorded during the reporting period. The Equity portfolio was as illustrated in table 2.3.1 above.

2.4.3.1 Listed equity

The year 2021 saw the LuSE All Share Index (LASI) tremendously improve in performance as it went up by 52.21% to close at 5,954.82 as at 31st December 2021 from 3,912.33 in 2020.

However, despite the increased activity on the market compared to 2020, the local exchange continued to be faced with constrained liquidity due to lop-sided trading patterns. During the year, the Board disposed of 15,275,127 CEC Shares while 498,452.00 Zambia Sugar Shares that had been approved for disposal remained unsold as of 31st December 2021. The highlighted constraints hindered the Board's efforts to offload all Shares that were approved for disposal.

Table 2.4.3.1: Listed Equity portfolio

SECURITY	31 st December 2021		31 st December 2020*	
	K' Million	%	K' Million	%
CEC	40,925	18.90%	26,103	17.39%
REIZ	5,258	2.43%	1,640	1.09%
ZAMBEEF	1,191	.55%	814	0.54%
PUMA ZAMBIA	3,885	1.79%	2,568	1.71%
NAT BREW PLC	7,181	3.32%	7,190	4.79%
ZANACO PLC	38,635	17.84%	9,557	6.37%
ZAMBIA SUGAR	14,455	6.68%	2,542	1.69%
AEL ZAMBIA	36,169	16.70%	25,237	16.82%
FQM	14,246	6.58%	15,060	10.04%
ZAFFICO	54,600	25.21%	59,360	39.55%
TOTAL	216,545	100.00%	150,071	100.00%

*Note that December 2020 was a nine-month period

2.4.3.2 Unlisted equity

During the year, the Board incorporated Emporium Partners Limited, a Special Purpose Vehicle set up for the construction and management of a Shopping Mall and Hotel Property in Kasama District of Zambia. The Board holds 51% Shareholding in the Company and retains Chairmanship.

Table 2.4.3.2: Unlisted Equity portfolio

SECURITY	31 st December 2021		31 st December 2020*	
	K' Million	%	K' Million	%
KAFUBU MALL LTD	55,467	9.28%	54,026	9.88%
ZAMBIA INDUSTRIAL COMMERCIAL BANK	18,860	3.16%	4,000	0.77%
MARCOPOLO TILES COMPANY LIMITED	153,313	25.65%	166,395	32.02
WONDERFUL INDUSTRY (Z) COMPANY LIMITED	242,841	40.62%	296,400	57.32
EMPORIUM PARTNERS LIMITED	127,290	21.29%	-	-
TOTAL	597,771	100.00%	520,821	100.00%

*Note that December 2020 was a nine-month period

2.4.3.3 Dividends

A total of K30.71 million in dividends were received from the following companies during the year under review compared to K18.66 million for the previous year:

- AEL Zambia Plc
- Kafubu Mall Limited
- First Quantum Minerals
- Copperbelt Energy Corporation
- Zambia National Commercial Bank
- Zambia Sugar
- Zambia Forestry and Forest Company
- Marcopolo Tiles Company Limited
- Puma Energy

2.4.4 Term Deposits

Term Deposits increased by 41.63% to K1,551.73 million as of 31st December 2021 from K1,136.22 million in the year ended 31st December 2020. The increase was a result of fresh funds from assessments and matured deposits that were reinvested together with interest.

2.4.5 GRZ Securities

GRZ Securities decreased to K316.08 million as at 31st December 2021 from K473.21 million in the year ended 31st December 2020. This was as a result of the 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 53.69% from K35.78 million to K54.99 million at the end of the year. In addition, the Board did not invest in any Collective investment schemes to take advantage of the high-interest rates offered on Term deposits.

2.4.7 Asset and Liability Management

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

2.5 Compensation Claims and Benefits

2.5.1 Compensation Claims

During the 2021 financial year, **1,110** accident and disease claims were received compared to the **1,209** accident and disease claims received in the 2020 Financial Year, reflecting an overall decrease in accident claims of 8%.

The highest number of employment injuries and disease claims by industry were reported in the Mining industry where a total number of 168 accident notifications were received followed by the Agriculture category where 144 accident claim notifications were received. Table 2.5.1 below shows the top five industry categories with reported accidents.

Table 2.5.1: Top Five Accidents received by Industry

Business Classification	No. of Accidents
Mining and Quarrying	168
Agriculture, Forestry	144
Building, Construction	121
Food, Drink, Tobacco	111
Iron and Steel Industry	104

2.5.2 Received Claims by Nature of Injury

During the period under review, a total of **1,110** accident reports were received compared to **1,209** in the previous period. **1,020** out of **1,110** were non-fatal cases (not resulting in death) while **90** were fatal (resulting in death). In addition, the **1,020** non-fatal incidences accounted for **932** cases involving physical injury while 88 were disease (Tuberculosis and Pneumoconiosis) notifications. This contrasts the previous year in which **1,209** (i.e **1,138** non-fatal and **71** fatal). The **1,138** non-fatal cases consisted of **991** physical injury cases and **147** diseases in the period ended 31st December 2020.

A summary of the received accident and disease claims as per Table 2.5.2.1 below:

Table 2.5.2.1 Accidents received by industry

BUSINESS CLASSIFICATION	Financial Year 2021	Financial Year 2020*	CHANGE (%)
Agriculture, Forestry, etc.	144	147	0%
Banking, Finance, Insurance etc.	22	12	83%
Building Constructions, etc.	121	158	-23%
Charitable, Religious, Political and Trade Organizations, etc.	11	24	-54%
Chemical Industry etc.	72	68	6%
Educational Services etc.	11	11	0%
Entertainment, Sport etc.	6	6	0%
Food, Drink, Tobacco, etc.	111	144	-23%
Glass, Brick, Tiles, Asbestos etc.	25	18	39%
Iron and Steel Industry, etc.	104	102	2%
Leather Industry etc.	3	2	50%
Local Authorities	13	2	550%
Medical Services	2	3	-33%
Mining (Coal and Metals) Scheduled Mines	168	187	-10%
Personal Services, Hotels, etc.	79	95	-17%
Printing, Publishing & Paper Industry etc.	8	1	700%
Professional Services	23	25	-8%
Textile Industry, etc.	17	21	-19%
Trade, Commerce, etc.	85	91	-7%
Transport, Communication, etc.	44	53	-17%
Wood and Furniture Industry	41	42	-2%
TOTAL CASES RECEIVED	1,110	1,209	-8%

Note: * represents the figures for the nine (9) month period from April-December 2020 adjusted by adding the figures for the 4th quarter of 2019/20 FY to make a complete year.

Table 2.5.2.2 gives the details of accidents received by nature of injury.

Table 2.5.2.2 - Accidents classified according to type

NATURE OF INJURY	Financial Year 2021	Financial Year 2020*	CHANGE (%)
Fatal	90	71	27%
Non-Fatal	932	991	-6%
Diseases (T.B & Pneumoconiosis)	88	147	-40%
TOTAL	1,110	1209	-8%

Note: * represents the figures for the nine (9) month period from April-December 2020 adjusted by adding the figures for the 4th quarter of 2019/20 FY to make a complete year.

There was a general decrease of 8% in the number of reported accidents in the year under review compared to the same period last year. Non-fatal accidents and disease cases recorded a decrease in the accident notifications of 6% and 40% respectively, while fatal cases recorded an increase of 27% as shown in Table 2.5.2.2 above.

2.5.3 Accepted Claims

During the 2021 financial year, a total of 1,285 claims were accepted compared to 1,516 claims accepted in 2020 financial year.

1,079 of the total accepted claims were non-fatal cases, while fatal and disease cases accounted for 98 and 108, respectively.

There was an overall decrease of 15% 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	Financial Year 2021	Financial Year 2020*	CHANGE (%)
Fatal	98	114	-14%
Non-Fatal	1,079	1,254	-24%
Diseases (T.B & Pneumoconiosis)	108	148	-27%
Total	1,285	1,516	-15%

Note: * represents the figures for the nine (9) month period from April-December 2020 adjusted by adding the figures for the 4th quarter of 2019/20 FY to make a complete year.

2.5.4 Compensation Benefit Payments

There were 11,070 active registered beneficiaries in receipt of monthly pensions during the period under review compared to the 10,114 that were receiving monthly pension in the previous financial year; translating into a 9.5% increase as at 31st December 2021. In addition, K31.90 million was paid as pension and dependant allowances in the period under review compared to K33.73 million paid in the previous financial year; translating into a 5.73% decrease as at 31st December 2021.

2.5.5 Other Cash Benefits

Other cash benefits paid during the financial year ending 31st December 2021 amounted to K0.61 million compared to K0.35 million paid in the year to 31st December 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



The Rehabilitation Officer Mr Wisdom Katutwa providing nursing care services

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	Financial Year 2021		Financial Year 2020*	
	No. of Beneficiaries	Amount (K)	No. of Beneficiaries	Amount (K)
Medical Treatment-Local	120	895,927.00	174	722,355.90
Medical Treatment-Abroad	1	67,805.00	2	298,332.12
Medical Aid Items Purchased	313	409,537.00	177	169,651.02
Medical Aid Items Provided	537	957,187.00	490	1,139,657.88
Domiciliary Nursing Care Services	47	141,070.00	10	121,550.00
Orthopaedic services (Artificial Limbs)	175	3,890,883.00	62	623,889.70
Return-To-Work (RTW) Scholarships	111	326,111.00	28	302,866.60
Surgical Shoes	46	38,251.00	86	48,708.26
Outreach Activities	5	4,220.00	31	42,386.79
Funeral Assistance	13	65,000.00	3	15,000.00
Sub Total	1,368	6,795,991.00	1,063	3,484,378.27
Periodical examinations expenses:				
Medical examination	568	229,504.00	549	175,680.00
Transport Refund		126,778.00		151,199.66
Subsistence Allowance		251,200.00		24,030.00
Sub Total	568	607,482.00	549	350,909.66
Total	1,936	7,403,473.00	1,612	3,835,287.93

Note: * represents the figures for the nine (9) month period from April-December 2020 adjusted by adding the figures for the 4th quarter of 2019/20 FY to make a complete year.



Mr. Nelson Kabesha of Nchelenge showing appreciation to Mrs Regina M. Chilupula, the Board Chairperson after handing over a walking AID



Pensioner Kirk Zaloumis undergoing hip replacement surgery at Beit Cure Treatment

2.5.7 Medical Treatment, Other Medical Items and Periodical Expenses

The Board spent a total of **K7.4 Million** on **1,936** beneficiaries on non-cash benefits in the period under review compared to **K3.8 Million** on **1,612** beneficiaries in the previous year. The **K7.4 Million** comprised **K6.79 Million** spent on various medical aid assistance for **1,368** beneficiaries and **K0.61 Million** for **568** beneficiaries who attended the periodical medical examinations compared to **K3.83 Million** (i.e **K 3.48 Million** on **1,063** beneficiaries for medical aid and **K0.35 Million** on periodical examination for **549** beneficiaries) in the previous year.



Mr. Charles Chabu, a beneficiary from Mpulungu

2.6 Occupational Health and Safety

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

2.6.1 Employer Site Safety Inspections

Two hundred and nineteen (219) health and safety inspections were carried out during the year under review. In addition, sixty-six (66) joint inspections were done with the Factories Inspectorate of the Ministry of Labour and Social Security and the Mines Safety Department in Southern, North Western, Copperbelt and Central Provinces.

2.6.2 Vision Zero Activities

The COVID-19 pandemic continued to negatively affect the Vision Zero Activities during the year 2021. However, a lot of interest was shown by a number of companies who made enquiries on how they can come on board as Vision Zero partners. These companies were registered as Vision Zero partner.

2.6.2.1 Sectoral Launches

No launches were done during the period owing to COVID-19 restrictions imposed by the Ministry of Health.

2.6.2.2 Safe Workers of Tomorrow (SWOT) Campaign

Four (04) Safety Clubs were launched in Muchinga Province at Primary School level. Ideally, twenty (20) Safety Clubs had been planned to be launched had it not been for the disturbed school calendar owing to the COVID-19 pandemic.

2.6.3 Medical Surveillance Activities

A total of eighty-eight (88) new certifications for Tuberculosis and Pneumoconiosis were recorded. In addition, K 0.61 Million was spent on the annual medical examinations.

2.6.4 Sensitization Workshops.

Sensitisation workshop for Ex-Miners under the SATBHSS World Bank Project. In addition, employer sensitization workshop were conducted in Chingola, Ndola, Mpika, Chinsali and Kasama.



Senior Branch Manager Chingola Ms. Nalishebo Mubiana presenting at an employer seminar in Chingola



Chingola Employers listening to the presentation by Senior Branch Manager Ms. Nalishebo Mubiana

2.6.5 Commemorations

The Board attended the World Day for Safety and Health at the Workplace at Mulungushi International Conference Centre auspices of the Ministry of Labour & Social Security.



The Minister of Labour and Social Security, Hon Brenda Tambatamba MP during the commemoration World Day for the Safety and Health Day which is observed annually

2.7 Human Resource Management and Administration

2.7.1 Staff Establishment

The Board's staff had a total of 250 members of staff conducting various activities in its behalf as at 31st December 2021. This was against the targeted staff establishment of 264 for the Financial Year 2021. The 14 vacancies shall be filled in the next Financial Year.

2.7.2 Staff Development and Training

The Board continued to capacitate its staff through various training avenues as a way of helping achieve the strategic direction set by the Board of Directors.

During the year under review, 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.

Foreign workshops and conferences organised by the International Social Security Association (ISSA), East and Central Africa Social Security Association (ECASSA), International Labour Organization (ILO) were mainly held virtually and only one was held physically in Lagos, Nigeria and two (2) members of staff attended. Forty-three (43) members of staff attended six (6) ISSA/ILO workshops both physically and virtually. Over 130 members of staff attended virtual sensitizations programmes on Corporate Culture, Core Values and Code of Ethics, 45 members of staff attended virtual training on Guidance and Counselling, Service Delivery, Pension Administration System (PAS) and Compliance and Benefits.



East and Central Africa Social Security Association (ECASSA) Capacity Building

2.7.3 Staff Welfare and Industrial Relations Atmosphere

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 2021 salary increment for unionised members of staff and was concluded on 22nd November 2021 and 5% salary increment was awarded to unionised members of staff with effect from 1st January 2021.



Commissioner and Chief Executive Officer with ZUFFIAW Representative at the collective agreement signing ceremony

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. The Board also engaged and participated in employee health and wellness programs as a way of enhancing staff productivity.



WCFCB Team that participated in the 3rd Samfya Summer Fest which was held on 13th November 2021 in Samfya.

In order to improve the healthy lifestyle choices, welfare, and productivity of members of staff, the Board participated in the 3rd Samfya Summer Fest, which was held on 13th November 2021 in Samfya, Luapula Province. The Gym was mostly closed in view of Covid-19 guidelines.



Commissioner and Chief Executive Officer – Mrs Priscilla Bwembya, Ndola District Commissioner, Mr Anthony Katongo and other participants in the 3rd WCFCB Gymnasium anniversary held on 27th March 2021 in Ndola.

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 members of staff for the period 1st April 2020 to 31st December 2020.

2.8 Risk Management

2.8.1 Setting of the Appetite

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 to meet its strategic objectives. The Board of Directors set the Risk Appetite during the period under review. The Board's risk appetite was set with the aim of aligning risk-taking with statutory requirements, strategic objectives, and capital planning. The purpose of the Risk Appetite Statement (RAS) is to clearly state the general principles for WCFCB's risk-taking, to raise risk awareness across the institution, and to guide staff regarding acceptable and unacceptable behaviour.

The RAS considers the most significant risks to which WCFCB is exposed and provides an outline of the approach to manage the identified risks. The RAS was crafted so as

to be consistent the Strategic Plan objectives, the operational and work plans for all functional areas. The RAS will be implemented through the Board's operational policies and procedures, risk monitoring and internal controls. The RAS will therefore be embedded in the Board's core processes.

2.8.2 Updating the consolidated Risk Register

During the period under review the process of updating the consolidated Risk Register and establishing the Strategic Risk Register was initiated. This followed on from the head office directorate and departmental sensitisation sessions that were undertaken, on risk management, to enhance the risk culture within the Board.

The operational Risk Registers are in place while the Strategic Risk Register awaits Board approval.

2.8.3 Business Continuity

To ensure business continuity on the Network Infrastructure layer, the organization implemented redundancy in Data and Internet Service Provision using two service providers:- primary being ZAMTEL and MTN secondary. The configuration deployed was load balancing making both links active. This helped ensure almost 100 percent Network availability for the institution as during the times one provider would experience link failure the other provider would manage the traffic.

On the Application layer, the organization embarked on high availability implementation for all business systems and in the year under review, the database for the core system was set up at Disaster Recovery Site with daily automatic updates. The same implementation was done for Payroll and exchange (emails). The high availability was planned to be fully implemented in the year 2022 using the Nutanix Virtualization Solution.

At the Database Layer, the organization contracted Infratel for backup as a Service and daily backups were shipped to the Infratel server to ensure data protection and security. The Covid-19 pandemic continued to disrupt normal working operation throughout 2021. The business continuity plan was activated to ensure that there was minimal disruption in service delivery to beneficiaries, employers and other stakeholders. Operating systems, laptops and other resources were made available to staff required to work offsite during intervals of increased national positivity rates. This was also intended to limit infections rates among staff members as there was increased exposure and infection rates among staff members across the Branch network.

2.8.4 Risk Culture Sensitisation

During the period under review, sensitisation on risk management was undertaken at Seven (7) Branch Offices 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 year under review, Internal audit provided objective and independent assurance to the Board of Directors and Management on the adequacy of Internal Control Systems, processes, and procedures at Head Office and all the Branches spread throughout the country.

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 its Branches across the country.

2.10 Information Technology

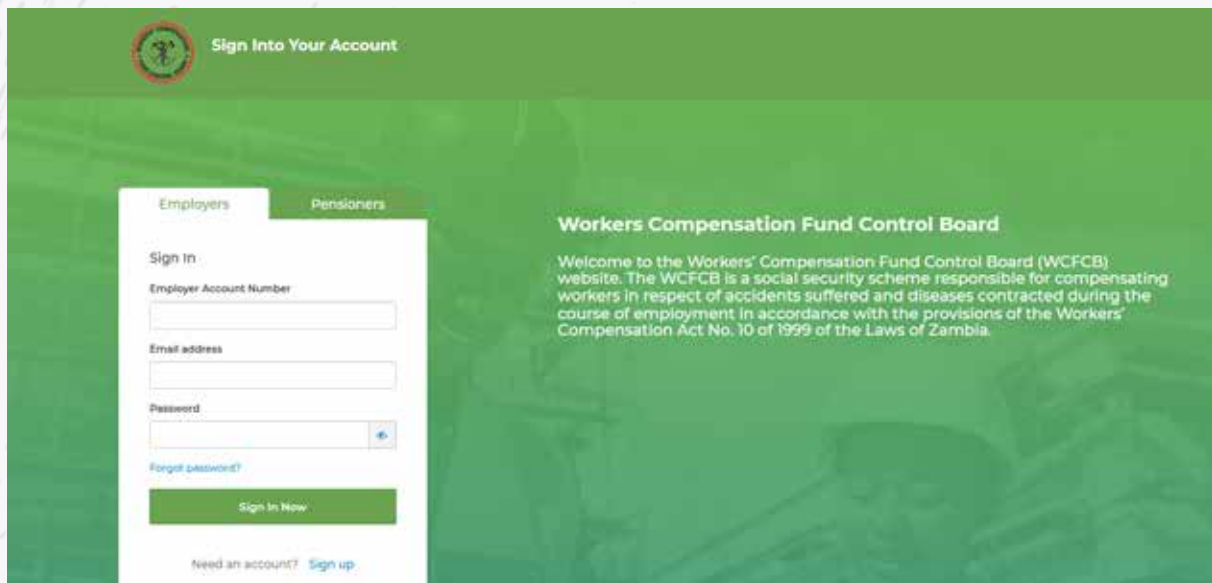
During the year under review, the Board continued to invest and maintain an exceptionally reliable and robust ICT System across the Branch network.

2.10.1 Web-Portal

In the quest to provide access to WCFCB services through electronic/digital platforms, the Board commenced with the development of the Web-Portal and e-Services during the year 2021. The first phase of the Web-Portal development was Compliance and Benefits modules. The development, testing and quality assurance of the Compliance and Benefits modules was completed at the end of the year and training was provided to various critical User groups across the organization.

Further, sensitization and familiarization sessions were offered to various Employers in preparation for the launch

The Web Portal went Live and published on the Website for access by the public. Employers were able to sign-up, register, do self-assessments and submit Assessments. The Web-Portal is accessible to the public from the website on www.workers.com.zm by clicking e-Services or through the web link <https://eworkers.workers.com.zm>



2.10.2 Online Job Application Portal (Internal Development)

As part of innovation, the department embarked on an In-House development of an Online Job Application portal using internal resources. The development, testing and quality assurance was completed by December 2021. The system is expected to Go-Live in the first quarter of 2022. The System will ease the advertising and application process of job vacant positions.

2.10.3 CISCO Voice Over IP (VOIP) Telephone System

To improve and ease internal communication with modern technology in the Organization, the department completed the Implementation of phase one of the Voice Over IP telephone System at HQ and across the Branch Network. The initiative is envisaged to reduce the cost of communication for the Board.



2.10.4 HQ Data Centre modernization

To be in conformity with Data centre international standards, the Board implemented the Construction and installation of anti-static false floor in the HQ data Centre.



To efficiently manage contracts, the Contract Management module on the service desk was enable and customized.

2.10.6 Network Upgrade

During the year under review, Local Area Networks for HQ, Southern Regional office, Lusaka Cairo, Lusaka Mount, Kabwe and Kafue were upgraded from CAT 5 to CAT 6 to better the performance of the Network.

2.10.7 High Availability – Business Continuity

In ensuring Business Continuity, secondary platform was set up for email, Core systems database and Payroll with daily updates at the Disaster recovery site.

2.10.8 Upgraded Security End Points.

To protect the Board from intrusions, the security endpoint was upgraded to the latest version of Sophos.

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 as follows;
- ii. Sponsorship of thirty-nine (39) episodes of the weekly Safety News on the Zambia National Broadcasting Corporation (ZNBC) television;
- iii. Placement of commercial messages in the print and electronic media on compliance, service delivery and other general messages of goodwill;
- iv. Print publications included calendars, diaries and pamphlets including the annual report for the previous year and the claims procedure posters;
- v. All exhibition activities were postponed to the following year due to the Covid-19 pandemic;
- vi. 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.
- vii. The Customer Service Centre was launched during the period under review to enhance service delivery and customer service especially in the new normal.



National Call Centre staff at WCFCB Head office

2.12 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 the Covid-19 pandemic will continue having on 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 beneficiaries and members of staff as well as our stakeholders for the continued support during the year under review. The guidance and support from the Board of Directors and Ministry of Labour and Social Security was invaluable throughout the year and we look forward to delivering great value and better results under their direction in 2022.



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



WORKERS' COMPENSATION FUND CONTROL BOARD

Financial Statements
31 December 2021

WORKERS' COMPENSATION FUND CONTROL BOARD

FINANCIAL STATEMENTS – 31 DECEMBER 2021

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WORKERS' COMPENSATION FUND CONTROL BOARD

INFORMATION ABOUT THE BOARD

COUNTRY OF ESTABLISHMENT	Zambia
PRINCIPAL CONTROLLING PARTY	Government of the Republic of Zambia – through the Ministry of Labour and Social Security.
PRINCIPAL ACTIVITIES	Levying assessments on employers and providing compensation to workers for disabilities suffered or diseases contracted during the course of employment.
BOARD OF DIRECTORS	<ul style="list-style-type: none">• Mrs. Regina M. Chilupula – retired 21 October 2021• Mr. Nkole Chishimba – retired 21 October 2021• Mr. Mooya Lumamba – retired 21 October 2021• Mr. Chingati Msiska – retired 21 October 2021• Mrs. Sophie K. M. Mutemba – retired 21 October 2021• Mr. Stephen Sikombe – retired 21 October 2021• Ms. Esther K. Chisenga – retired 21 October 2021• Mr. Chanda Kaziya – disapointed 17 September 2021• Ms. Mara Myra S. Ngoma – retired 21 October 2021• Mrs. Getrude N. Chikuta – retired 21 October 2021• Mr. Emmanuel M. Mbambiko – appointed 14 February 2022• Mr. Harrington Chibanda – appointed 14 February 2022• Mrs. Mobwa F. Sitenta – appointed 14 February 2022• Mr. Laurian H. Haangala – appointed 14 February 2022• Mrs. Joy Beene – appointed 14 February 2022• Mr. Chingati Msiska – appointed 14 February 2022• Ms. Caroline Chiyooowa – appointed 14 February 2022• Mr. Anthony Dumingo – appointed 14 February 2022• Mr. Chisampa J. Kasanda – appointed 14 February 2022• Ms. Catherine N. Kantumoya – appointed 14 February 2022• Mrs. Marian C. Tembo – appointed 14 February 2022
CHIEF OFFICERS	<ul style="list-style-type: none">• Mrs. Priscilla C. C. Bwembya - Commissioner & Chief Executive Officer• Mrs. Michelo H. Silungwe - Director Finance• Mr. Kingsley Kangwa - Director Compliance & Benefits• Mr. Patrick Siampwili - Director Legal Services• Mr. Frank Chanda - Director Investments• Mr. Chalwe Mwale - Director Audit• Mr. Christopher Chilembo – Director Information Communication Technology.
HEAD OFFICE	<p>Compensation House Corner Broadway/Moffat Roads P O Box 71534 Ndola</p> <p>Tel: 260 212 610481/8 Fax: 260 212 612072 Email: compensation@workers.com.zm</p>

WORKERS' COMPENSATION FUND CONTROL BOARD

INFORMATION ABOUT THE BOARD (CONTINUED)

INDEPENDENT AUDITORS	Grant Thornton Chartered Accountants Lusaka
BOARD SECRETARY	Mr. Patrick Siampwili Ndola
PRINCIPAL BANKERS	Zambia National Commercial Bank PLC Standard Chartered Bank PLC Atlas Mara Bank Zambia Limited National Savings and Credit Bank Zambia National Building Society
LEGAL ADVISORS	Messrs J Kabuka & Company Ndola Messrs Isaacs & Partners Lusaka Messrs Reagan Blankfein Gates Legal Practitioners Lusaka Messrs Isaacs & Partners Lusaka Messrs LM Matibini & Company Ndola Messrs Freddie & Company Kitwe
ACTUARIES	Government Actuaries Department (GAD) United Kingdom

WORKERS' COMPENSATION FUND CONTROL BOARD

REPORT OF THE DIRECTORS

The Directors submit their report and the audited financial statements for the year ended 31 December 2021, 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 year of K471,821,000 (2020 : K407,416,000).

	12 months to 31 December 2021 K'000	9 months to 31 December 2020 K'000
Results		
Income	742,450	584,177
Claims and pension paid	(49,820)	(40,653)
Other expenditure	<u>(215,981)</u>	<u>(169,686)</u>
Surplus before impairment losses	476,649	373,838
Impairment on receivables	-	(15,755)
Impairment on other assets	(4,772)	(726)
Decrease in Investment reserves	-	50,106
Finance costs	<u>(56)</u>	<u>(47)</u>
Surplus for the year	<u>471,821</u>	<u>407,416</u>
Net current assets	<u>1,565,117</u>	<u>1,531,283</u>
Long term investments	<u>1,171,025</u>	<u>835,973</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 K52,333,000 (2020: K13,908,000) and disposed-off property, plant and equipment which had a cost of K942,000 (2020: K3,225,000). The net revaluation surplus was K2,397,000 (2020 : K5,310,000). There were no transfers to or from investment property during the year (2020 : Nil).
- 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 K359,006,000 (2020 : K299,367,000). The valuation was conducted by an independent professional valuer, Sandridge Associates, with knowledge of market values and prices in the location of the properties.

	2021 K'000	2020 K'000
Property description and location:		
Kitwe properties		
Flats - Plot 807, Lukasu Road, Parklands	8,780	8,420
House - Plot 2259, Nile Avenue, Riverside	1,490	1,450
Semi-detached houses - Plots 2046 to 2051 Fyalipwa close, Riverside	12,701	12,330
Houses – Plots 5677, 5776 & 5777 Mukuka Road, Riverside	2,360	2,217
Afcom House - Stand No. 384/516, Obote Avenue	22,980	21,800
Compensation House - Stand 28, Obote Avenue	49,480	47,125
Ndola properties		
Commercial land - Stand No. 5526 (Kafubu Mall)	6,670	6,180
Houses - Plots 36 & 37 of S/D 187, 12 Oval Road	1,640	1,580
Flats - Kabelenga Road	7,600	7,280
House – S/d 116 of S/d AZ of F748, Sheila Dare Avenue	655	640
Mambilima Flats – Sub. No. 2, 4 & 4 of Sub. J of Farm No. 748	13,760	13,020
Offices - Plot 1193, Buteko Avenue	7,380	7,260
Flats - Sidly Farm 74B, Dr Damie Road	4,205	3,910
House - Plot 26 Sheila Dare Avenue	2,490	2,360
Lusaka properties		
Abacus House	45,830	-
Ibex Housing Complex - Stand 100	29,550	28,600
The Mount, 34810 Thabo Mbeki Road	30,430	29,100
Compensation House - Stand No. 628, Cairo Road	36,325	34,700
Northgate Gardens – Plots 34872/L/111-20 & 34872/L/122	850	795
Compensation Villas, S/D1 of S/D K of S/D26 of Farm 377a, Mosi Road	14,810	14,050
Kasama property		
Compensation House - Plot 754, Zambia Way	16,030	15,490
Kazungula property		
Kazungula land	170	-
Chingola property		
Compensation House - Plot 679/80, Kabundi Road	5,945	5,780
Chipata properties		
Commercial land – Plot L/18378/M	1,190	1,120
Choma properties		
Residential land – Plots LN68793/446-450, 537-546; plots 63960/407-415, 35-37, 41, 43, 45, 47, 49 & 51	700	675
Mansa properties		
Commercial land – Plot Nos. 7779-7788	195	185
Mongu property		
Mongu land	270	-
Mpika properties		
Commercial land - Plot Nos. 3378 & 3379, Mpika/Kasama Road	165	155
Commercial land - Plot Nos. 6667, Mpika/Kasama Road	355	335
Mufulira property		
Commercial land – Plot 41153M & 41154M Rock View Area	6,675	6,270
Samfya property		
Commercial land – LN/100000858/31	1,935	1,850
Chinsali properties		
Residential land - Plot 3356	1,380	1,330
Commercial land - Plot No. 1970. Chinzale Main Road	340	330
Solwezi property		
Residential land – Plot No. 3944M, Mitukutuku Area	115	-
Kafue property		
Commercial land - Plot Z26//9CS	430	405
Kalumbila property		
Residential houses – Plots Kalum/175 – 224, Plots 252791/139-165	23,125	22,625
	<u>359,006</u>	<u>299,367</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
Assets		
From financial statements	<u>2,381,773</u>	<u>1,365,305</u>
Accrued liabilities		
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>
Total liabilities	<u>733,719</u>	<u>551,525</u>
Surplus (assets – liabilities)	<u>1,648,054</u>	<u>813,780</u>
Funding level (assets/liabilities)	<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 250 (2020: 240) employees during the year out of the staff establishment of 486.

	2021	2020
Represented employees	119	118
Non-represented employees	<u>131</u>	<u>122</u>
	<u>250</u>	<u>240</u>
	K'000	K'000
Employee cost	<u>127,417</u>	<u>91,717</u>
The employee cost as a percentage of assessments raised	<u>47%</u>	<u>44%</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

REPORT OF THE DIRECTORS (CONTINUED)

7. EMPLOYEE SAFETY AND HEALTH

The Board is committed to ensuring the safety and health 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 year totaling K1,354,000 (2020 : K838,000).

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
Mr. Christopher Chilembo	Director Information Communication Technology

10. CORPORATE GOVERNANCE

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

11. DIRECTORS

The Board of Directors was dissolved on 21 October 2021 and a new Board of Directors was appointed on 14 February 2022 as follows:

Mr. Emmanuel M. Mbambiko	Chairperson	Ms. Caroline Chiyooowa	Member
Mr. Harrington Chibanda	Member	Mr. Anthony Dumingo	Member
Mrs. Mobwa F. Sitenta	Member	Mr. Chisampa Jethro Kasanda	Member
Mr. Laurian H. Haangala	Member	Ms. Catherine Nyamuyechi Kantumoya	Member
Mrs. Joy Beene	Member	Mrs. Marian Chisunka Tembo	Member
Mr Chingati Msiska	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 M. Kasanda
- v Mr. Moffat Nyirenda

(d) Compensation Committee

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

WORKERS' COMPENSATION FUND CONTROL BOARD

REPORT OF THE DIRECTORS (CONTINUED)

12. DIRECTORS INTEREST AND EMOLUMENTS

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

13. BOARD SECRETARY

The Board Secretary was 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 year 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 closely monitored 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

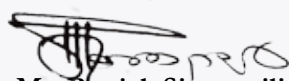
In accordance with the provisions of the Workers' Compensation Act No. 10 of 1999, the auditors, Messers Grant Thornton, will retire at the forthcoming Board meeting. They have expressed their willingness to continue in office.

The audit fees for the period under review amounted to K495,000(2020 : K415,000).

ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements set out on pages 13 to 59, were approved by the Board of Directors.

By order of the Board of Directors



Mr. Patrick Siampwili

Board Secretary

Date:13/09/.....2022

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 2021, 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 13/09/2022



Board Chairperson



Director

Grant Thornton

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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 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Financial Statements give a true and fair view of the financial position of Workers' Compensation Fund Control Board as of 31 December 2021, 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA), together 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.

Partners

Edgar Hamuwele (Managing)
Christopher Mulenga
Wesley Beene
Rodia Milumbe Musonda
Chilala Banda

Chartered Accountants

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

Key audit matters

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

Description of matter	How matter was addressed
<p>Classification, measurement and impairment of financial assets</p> <p>The Fund classified, measured and assessed impairment of the Board's assets in accordance with IFRS 9 "financial instruments" The financial assets are disclosed in note 14.</p> <p>The Directors are required to review the classifications of assets and align the classifications to the requirements of the reporting standards. The Directors also reviewed the fair valuations and impairment models.</p> <p>Due to the complex and subjective judgements required in estimating the timing and valuation of impairment and in estimating the fair value of assets, this was considered a key audit matter.</p>	<p>We reviewed the classification of the financial assets to ensure compliance with the reporting standards.</p> <p>We reviewed the valuation and verified the calculation of the net values. We also verified the inputs used in the valuations.</p> <p>In considering the reasonableness of the impairment provision, we reviewed the assumptions used in impairment calculations.</p>

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

WORKERS' COMPENSATION FUND CONTROL BOARD (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material 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.
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

WORKERS' COMPENSATION FUND CONTROL BOARD (CONTINUED)

Report on Other Legal and Regulatory Requirements

In our opinion, the Financial Statements of Workers' Compensation Fund Control Board as of 31 December 2021 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: 13.09.2022

WORKERS' COMPENSATION FUND CONTROL BOARD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	12 months to 31 December 2021 K'000	9 months to 31 December 2020 K'000
Revenue			
Assessments raised	4	269,237	206,940
Other income	5	<u>473,213</u>	<u>377,237</u>
Total income		<u>742,450</u>	<u>584,177</u>
Claims and pension paid			
Claims paid – Accident Fund	6	(11,556)	(6,928)
Pension paid – Pension Fund	7	<u>(38,264)</u>	<u>(33,725)</u>
		<u>(49,820)</u>	<u>(40,653)</u>
Total income after claims and pensions paid		692,630	543,524
Administrative expenses	Schedule 1	(197,013)	(157,529)
Investment related expenses	Schedule 1	<u>(23,740)</u>	<u>(28,638)</u>
		471,877	357,357
Decrease in Investment reserve		<u>-</u>	<u>50,106</u>
		471,877	407,463
Finance costs		<u>(56)</u>	<u>(47)</u>
Surplus for the year		<u>471,821</u>	<u>407,416</u>
Other comprehensive income:			
Items that will not be reclassified to income or expenditure:			
Gains on property revaluation	10	2,397	5,310
Increase in disaster reserve	19	-	(476)
Increase in data reserve	22	<u>-</u>	<u>(27,006)</u>
Total comprehensive income for the year		<u>474,218</u>	<u>385,244</u>

The notes on pages 17 to 59 form an integral part of these Financial Statements.

WORKERS' COMPENSATION FUND CONTROL BOARD

STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 DECEMBER 2021

Year end 31 December 2021	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
At beginning of the year		105,102	4,476	-	95,271	204,849	2,539,544	2,744,393
Total comprehensive income for the year:								
Surplus for the year		-	-	-	-	-	471,821	471,821
Other comprehensive income	10	2,397	-	-	-	2,397	-	2,397
Transfer from revaluation reserve	10	(825)	-	-	-	(825)	825	-
At end of year		<u>106,674</u>	<u>4,476</u>	<u>-</u>	<u>95,271</u>	<u>206,421</u>	<u>3,012,190</u>	<u>3,218,611</u>
Period end 31 December 2020								
At beginning of the period		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	10	5,310	476	-	27,006	32,792	(27,482)	5,310
Transfer from revaluation reserve	20	(1,018)	-	-	-	(1,018)	1,018	-
At end of period		<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>

The notes on pages 16 to 59 form an integral part of these Financial Statements.

WORKERS' COMPENSATION FUND CONTROL BOARD

STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2021

	Note	2021 K'000	2020 K'000
ASSETS			
Non –Current Assets			
Property, plant and equipment	10	121,663	79,030
Forest plantation	11	4,789	1,544
Investment property	12	359,006	299,367
Intangible assets	13	332	516
Financial assets	14	<u>1,171,025</u>	<u>835,973</u>
		<u>1,656,815</u>	<u>1,216,430</u>
Current assets			
Financial assets	14	1,526,666	1,473,308
Assets held for sale	12	8,050	19,550
Inventories	15	1,775	2,050
Assessment and other receivables	16	58,816	16,432
Cash and cash equivalents	18	<u>48,468</u>	<u>82,875</u>
		<u>1,643,775</u>	<u>1,594,215</u>
Total assets		<u>3,300,590</u>	<u>2,810,645</u>
FUNDS AND LIABILITIES			
FUNDS			
Accumulated funds		3,012,190	2,539,544
Disaster reserve	19	4,476	4,476
Revaluation reserve	20	106,674	105,102
Investment reserve	21	-	-
Data reserve	22	<u>95,271</u>	<u>95,271</u>
		<u>3,218,611</u>	<u>2,744,393</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities	23	366	327
Provisions	24	<u>2,955</u>	<u>2,993</u>
		<u>3,321</u>	<u>3,320</u>
Current liabilities			
Lease liabilities	23	278	274
Provisions	24	12,271	12,024
Payables	25	<u>66,109</u>	<u>50,634</u>
		<u>78,658</u>	<u>62,932</u>
Total Funds and Liabilities		<u>3,300,590</u>	<u>2,810,645</u>

The Financial Statements on pages 13 to 59
were approved by the Board of Directors
on13.10.2022 were signed on its
behalf by: -




CHAIRPERSON

DIRECTOR

WORKERS' COMPENSATION FUND CONTROL BOARD

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

		12 months to 31 December 2021 K'000	9 months to 31 December 2020 K'000
	Note		
Operating activities			
Cash generated by operations	27	37,959	19,502
Interest income	5	<u>419,105</u>	<u>330,155</u>
Net cash from operating activities		<u>457,064</u>	<u>349,657</u>
Investing activities			
Cash paid for purchase of property, plant and equipment	10	(52,333)	(13,908)
Cash paid for purchase of investment properties	12	(84,346)	(6,855)
Net decrease in held for sale assets	12	11,500	3,450
Net cash (paid)/received from/for (purchase)/sale of financial assets	26	(225,583)	139,397
Net cash paid/received from/for purchase/sale of shares	26	(168,131)	(426,149)
Net cash paid for forest plantation	11	(3,245)	(1,544)
Cash paid for purchase of intangible assets	13	(92)	(115)
Proceeds from disposal of property, plant and equipment		22	252
Dividends received	5	<u>30,750</u>	<u>23,028</u>
Net cash used in investing activities		<u>(491,458)</u>	<u>(282,444)</u>
Financing activities			
Finance costs		(56)	(47)
Proceeds/(payment) from/(of) leases		<u>43</u>	<u>(200)</u>
Net cash (used in)/from financing activities		<u>(13)</u>	<u>(247)</u>
(Decrease)/increase in cash and cash equivalents		<u>(34,407)</u>	<u>66,966</u>
Movement in cash and cash equivalents			
At start of the period		82,875	15,909
Increase/(decrease) in cash and cash equivalents		<u>(34,408)</u>	<u>66,966</u>
At end of the period	18	<u>48,468</u>	<u>82,875</u>

The notes on pages 17 to 59 form an integral part of these Financial Statements.

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 xpenses

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 amortisation and are tested annually for impairment. Assets that are not subject to assessment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

The Board assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Board estimates the recoverable amount of the asset. An impairment loss is recognized 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 2021

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.

Pension Contribution Plans

Payments for retirement benefits pension plans are charged as an expense as they fall due.

The Board contributes to National Pension Scheme Authority (NAPSA), a statutory defined benefit 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 2021

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 2021

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 2021

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 2021

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 2021

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 and Revised Standards that are effective for annual periods beginning on or after 1 January 2021

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the Company's financial results or position.

Number	Effective Date	Executive Summary
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 7 'Financial Instruments: Disclosures', IFRS 4 'Insurance Contracts' and IFRS 16 'Leases' – interest rate benchmark (LIBOR) reform (Phase 2)	Annual periods beginning on or after 1 January 2021 (Published August 2020)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

3. Significant Accounting Policies (continued)

u) New and Revised Standards that are effective for annual periods beginning on or after 1 January 2021

Number	Effective Date	Executive Summary
IFRS 16, 'Leases' COVID-19-Related Rent Concessions Amendment	Annual periods beginning on or after 1 June 2020 (early adoption is permitted) (Published June 2020)	The IASB has provided lessees (but not lessors) with relief in the form of an optional exemption from assessing whether a rent concession related to COVID-19 is a lease modification, provided that the concession meets certain conditions. Lessees can elect to account for qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concession as a variable lease payment.

(v) 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.

Number	Effective Date
Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022 (Published May 2020)
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non- current	Annual periods beginning on or after 1 January 2022 (Published Jan 2020)

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 not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Board's financial statements.

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

	12 months to 31 December 2021 K'000	9 months to 31 December 2020 K'000
4. Assessments raised		
Extractive industry	35,337	64,387
Manufacturing, retail and trade	64,044	65,511
Societies	23,748	5,868
Transport, communication and hospitality	22,027	24,909
Financial institutions	2,290	5,398
Professional services and health	12,587	7,975
Education and sport	27,138	6,534
Construction	81,898	24,928
Utility companies	168	1,430
	<u>269,237</u>	<u>206,940</u>
5. Other income		
Interest income	418,288	329,945
Interest on staff loans	817	210
Rental income	17,205	12,576
Levies on employers' assessments	15,722	16,356
Dividend income	30,750	23,028
Gain on disposal of assets	22	252
Gain on exchange differences	1,386	-
Provision written off	10,582	1,604
Sundry income	3,680	1,934
Gains from fair value adjustments of assets**	<u>(25,239)</u>	<u>(8,668)</u>
	<u>473,213</u>	<u>377,237</u>
** Net fair value gains/(losses) on assets		
Net fair value gains/(loss) – financial assets (Level 1)	(532)	(19,674)
Net fair value gains/(loss) – investment property	<u>(24,707)</u>	<u>11,006</u>
	<u>(25,239)</u>	<u>(8,668)</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

	12 months to 31 December 2021 K'000	9 months to 31 December 2020 K'000
6. Claims paid – Accident fund		
Periodic payments	62	52
Medical aid	5,929	3,411
Lump-sum payments	1,952	1,508
Transport and sundries	621	427
Constant attendance allowance	1,714	825
Rehabilitation expenses	1,278	468
Claims IBNR	-	237
	<u>11,556</u>	<u>6,928</u>
7. Pensions paid – Pension Fund		
Current pension paid	<u>38,264</u>	<u>33,725</u>
	<u>38,264</u>	<u>33,725</u>
8. Surplus for the period		
The following items have been charged/(credited) in arriving at surplus/(deficit) for the period:		
Operating lease charges:		
- Rent and rates	1,440	777
Auditor's remuneration	495	415
Directors' emoluments	5,513	4,054
Impairment - receivables	-	15,755
Impairment – other assets	4,772	726
Amortisation – intangible assets	276	180
Depreciation on property, plant and equipment	12,097	7,659
Staff costs (note 9)	127,417	91,717
Net losses from fair value adjustments of assets	(691)	(19,674)
	<u>151,319</u>	<u>101,609</u>
9. Staff costs		
Salaries and wages	103,216	76,630
Provision for leave and long-term service dues:		
- Leave accrual	4,335	3,907
- Gratuity	5,423	3,837
- Pension employer contributions	8,634	6,386
Other staff costs	<u>5,809</u>	<u>957</u>
	<u>127,417</u>	<u>91,717</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

10. Property, plant and equipment

Year ended 31 December 2021	Leasehold Land & Buildings K'000	Motor vehicles K'000	Furniture and fittings K'000	Computer equipment K'000	Loose Tools K'000	Capital work in progress K'000	Total K'000
Cost or valuation							
At start of the year	58,507	48,510	10,524	11,856	38	800	130,235
Additions	2,743	41,738	398	7,368	22	64	52,333
Transfers	-	-	2	798	-	(800)	-
Disposals	-	(729)	-	(213)	-	-	(942)
Revaluation	985	-	-	-	-	-	985
At end of the year	<u>62,235</u>	<u>89,519</u>	<u>10,924</u>	<u>19,809</u>	<u>60</u>	<u>64</u>	<u>182,611</u>
Comprising							
Cost	10,037	89,519	10,924	19,809	60	64	130,413
Valuation	<u>52,198</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,198</u>
	<u>62,235</u>	<u>89,519</u>	<u>10,924</u>	<u>19,809</u>	<u>60</u>	<u>64</u>	<u>182,611</u>
Depreciation							
At start of the year	(540)	(34,515)	(6,824)	(9,288)	(38)	-	(51,205)
Disposals	-	729	-	213	-	-	942
Revaluation	1,412	-	-	-	-	-	1,412
Charge for the year	<u>(1,728)</u>	<u>(7,310)</u>	<u>(615)</u>	<u>(2,436)</u>	<u>(8)</u>	<u>-</u>	<u>12,097</u>
At end of the year	<u>(856)</u>	<u>(41,096)</u>	<u>(7,439)</u>	<u>(11,511)</u>	<u>(46)</u>	<u>-</u>	<u>(60,948)</u>
Net book value							
At 31 December 2021	<u>61,379</u>	<u>48,423</u>	<u>3,485</u>	<u>8,298</u>	<u>14</u>	<u>64</u>	<u>121,663</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

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
Period ended 31 December 2020							
Cost or valuation							
At start of the year	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 year	58,507	48,510	10,524	11,856	38	800	130,235
Comprising							
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
Depreciation							
At start of the year	(296)	(33,379)	(6,342)	(8,333)	(38)	-	(48,388)
Disposals	-	3,225	-	-	-	-	3,225
Revaluation	1,617	-	-	-	-	-	1,617
Charge for the year	(1,861)	(4,361)	(482)	(955)	-	-	(7,659)
At end of the year	(540)	(34,515)	(6,824)	(9,288)	(38)	-	(51,205)
Net book value							
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 2021

- **Property, plant and equipment (continued)**

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

	2021 K'000	2020 K'000
Leasehold building	<u>464</u>	<u>3,662</u>

Leasehold buildings were professionally valued by Platinum Consulting Limited on 31 December 2021 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 cost of fully depreciated property, plant and equipment amounted to K42,794,000. If Leasehold buildings were stated on historical cost basis, the amounts would be as follows:

Year ended 31 December 2021	Leasehold Buildings K'000	Total K'000
Cost		
Accident fund	2,620	2,620
Pension fund	<u>7,417</u>	<u>7,417</u>
	<u>10,037</u>	<u>10,037</u>
Accumulated Depreciation		
Accident fund	(99)	(99)
Pension fund	<u>(969)</u>	<u>(969)</u>
	<u>(1,068)</u>	<u>(1,068)</u>
Net book value	<u>8,969</u>	<u>8,969</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

10. Property, plant and equipment (continued)

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

Property, plant & equipment - Accident Fund

Year ended 31 December 2021

	Leasehold Building K'000	Motor vehicles K'000	Furniture & fittings K'000	Computer equipment K'000	Loose Tools K'000	Capital work in progress K'000	Total K'000
Cost or valuation							
At start of the year	4,202	48,510	8,815	11,856	38	800	74,221
Additions	278	41,738	398	7,368	22	64	49,868
Revaluation	200	-	-	-	-	-	200
Transfers	-	-	2	798	-	(800)	-
Disposals	<u>-</u>	<u>(729)</u>	<u>-</u>	<u>(213)</u>	<u>-</u>	<u>-</u>	<u>(942)</u>
At end of the year	<u>4,680</u>	<u>89,519</u>	<u>9,215</u>	<u>19,809</u>	<u>60</u>	<u>64</u>	<u>123,347</u>
Comprising							
Cost	2,620	89,519	9,215	19,809	60	64	121,287
Valuation	<u>2,060</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,060</u>
	<u>4,680</u>	<u>89,519</u>	<u>9,215</u>	<u>19,809</u>	<u>60</u>	<u>64</u>	<u>123,347</u>
Depreciation							
At start of the year	(540)	(34,515)	(5,303)	(9,288)	(38)	-	(49,684)
Disposals	-	729	-	213	-	-	942
Charge for the year	<u>(316)</u>	<u>(7,310)</u>	<u>(576)</u>	<u>(2,436)</u>	<u>(8)</u>	<u>-</u>	<u>(10,646)</u>
At end of the year	<u>(856)</u>	<u>(41,096)</u>	<u>(5,879)</u>	<u>(11,511)</u>	<u>(46)</u>	<u>-</u>	<u>(59,388)</u>
Net book value							
At 31 December 2021	<u>3,824</u>	<u>48,423</u>	<u>3,336</u>	<u>8,298</u>	<u>14</u>	<u>64</u>	<u>63,959</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

10. Property, plant and equipment (continued)

Period ended 31 December 2020

	Leasehold Buildings K'000	Motor vehicles K'000	Furniture & fittings K'000	Computer equipment K'000	Loose tools K'000	Capital work in progress K'000	Total K'000
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	-	(3,225)	-	-	-	-	(3,225)
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>
Comprising							
Cost	2,342	48,510	8,815	11,856	38	800	72,361
Valuation	<u>1,860</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>
Depreciation							
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>(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>(49,684)</u>
Net book value							
At 31 December 2020	<u>3,662</u>	<u>13,995</u>	<u>3,512</u>	<u>2,568</u>	-	<u>800</u>	<u>24,537</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

10. Property, plant and equipment (continued)

Property, plant & equipment – Pension Fund

Year ended 31 December 2021

	Leasehold buildings K'000	Furniture and fittings K'000	Capital work in progress K'000	Total K'000
Cost or valuation				
At start of the year	54,305	1,709	-	56,014
Additions	2,465	-	-	2,465
Revaluation	<u>785</u>	<u>-</u>	<u>-</u>	<u>785</u>
At end of the year	<u>57,555</u>	<u>1,709</u>	<u>-</u>	<u>59,264</u>
Comprising				
Cost	7,417	1,709	-	9,126
Valuation	<u>50,138</u>	<u>-</u>	<u>-</u>	<u>50,138</u>
	<u>57,555</u>	<u>1,709</u>	<u>-</u>	<u>59,264</u>
Depreciation				
At start of the year	-	(1,521)	-	(1,521)
Revaluation	1,412	-	-	1,412
Charge for the year	<u>(1,412)</u>	<u>(39)</u>	<u>-</u>	<u>(1,451)</u>
At end of the year	<u>-</u>	<u>(1,560)</u>	<u>-</u>	<u>(1,560)</u>
Net book value				
At 31 December 2021	<u>57,555</u>	<u>149</u>	<u>-</u>	<u>57,704</u>

Period ended 31 December 2020

Cost or valuation				
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>
At end of the period	<u>54,305</u>	<u>1,709</u>	<u>-</u>	<u>56,014</u>
Comprising				
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>
Depreciation				
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>
At end of the period	<u>-</u>	<u>(1,521)</u>	<u>-</u>	<u>(1,521)</u>
Net book value				
At 31 December 2020	<u>54,305</u>	<u>188</u>	<u>-</u>	<u>54,493</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

11. Forest plantation

(i) Forest plantation - Immature

	2021 K'000	2020 K'000
Cost or valuation		
Cost	-	-
Revaluation	<u>4,789</u>	<u>1,544</u>
	<u>4,789</u>	<u>1,544</u>
Depreciation		
At start of year	-	-
Charge for the year	-	-
Loss or gain from thinning or volume gain	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
Net book value	<u>4,789</u>	<u>1,544</u>

(ii) Reconciliation of cost

	2021 K'000	2020 K'000
At start of year:	1,544	-
Expenditure capitalized during the year	3,245	1,544
Elimination in respect of:		
- Thinning	-	-
- Volume gain	<u>-</u>	<u>-</u>
	<u>4,789</u>	<u>1,544</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 2021

12. Investment property

	2021			2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
At start of the year/period	41,300	258,067	299,367	39,031	242,475	281,506
Fair value gains/(losses)	(29,200)	4,493	(24,707)	(647)	11,653	11,006
Reclassifications	-	-	-	-	-	-
Additions	<u>79,302</u>	<u>5,044</u>	<u>84,346</u>	<u>2,916</u>	<u>3,939</u>	<u>6,855</u>
At end of the year/period	<u>91,402</u>	<u>267,604</u>	<u>359,006</u>	<u>41,300</u>	<u>258,067</u>	<u>299,367</u>
Assets held for sale:						
Fair value	-	19,550	19,550	-	23,000	23,000
Fully disposed assets	-	(11,500)	(11,500)	-	(3,450)	(3,450)
Impairment provision	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At end of the year/period	<u>-</u>	<u>8,050</u>	<u>8,050</u>	<u>-</u>	<u>19,550</u>	<u>19,550</u>

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:

	2021 K'000	2020 K'000
Rental income	17,205	12,576
Less: direct rental expenses arising from investment properties that generate rental income	(9,519)	(6,917)
Less: direct rental expenses arising from investment properties that do not generate rental income	<u>(12,673)</u>	<u>(18,485)</u>
	<u>(4,987)</u>	<u>(12,826)</u>

Some investment property recorded fair value losses amounting to K36,635,000 (2020 : K4,786,000).

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

13. Intangible assets

Year ended 31 December 2021	Computer software K'000	Internally generated software K'000	Total K'000
Cost			
At start of the year	3,613	983	4,596
Additions	<u>92</u>	<u>-</u>	<u>92</u>
At end of the year	<u>3,705</u>	<u>983</u>	<u>4,688</u>
Amortisation			
At start of the year	(3,097)	(983)	(4,080)
Charge for the year	<u>(276)</u>	<u>-</u>	<u>(276)</u>
At end of year	<u>(3,373)</u>	<u>(983)</u>	<u>(4,356)</u>
Net book value as at 31 December 2021	<u>332</u>	<u>-</u>	<u>332</u>
Period ended 31 December 2020			
Cost			
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>
Amortisation			
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>
Net book value as at 31 December 2020	<u>516</u>	<u>-</u>	<u>516</u>

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

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

14. Financial assets

	2021			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	742,881	71,436	814,317	612,154	58,738	670,892
Impairment	-	-	-	-	-	-
	<u>742,881</u>	<u>71,436</u>	<u>814,317</u>	<u>612,154</u>	<u>58,738</u>	<u>670,892</u>
b) At amortised cost:						
Bonds	705,220	-	705,220	501,693	-	501,693
Term deposits	1,002,068	161,311	1,163,379	771,689	41,183	812,872
Treasury bills	14,775	-	14,775	315,219	8,605	323,824
	<u>1,722,063</u>	<u>161,311</u>	<u>1,883,374</u>	<u>1,588,601</u>	<u>49,788</u>	<u>1,638,389</u>
Total	<u>2,464,944</u>	<u>232,747</u>	<u>2,697,691</u>	<u>2,200,755</u>	<u>108,526</u>	<u>2,309,281</u>

	2021			2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Classified as:						
Current assets						
At amortised cost	<u>1,365,355</u>	<u>161,311</u>	<u>1,526,666</u>	<u>1,423,520</u>	<u>49,788</u>	<u>1,473,308</u>
Non current assets						
At fair value through profit or loss	742,881	71,436	814,317	612,154	58,738	670,892
At amortised cost	<u>356,708</u>	<u>-</u>	<u>356,708</u>	<u>165,081</u>	<u>-</u>	<u>165,081</u>
	<u>1,099,589</u>	<u>71,436</u>	<u>1,171,025</u>	<u>777,235</u>	<u>58,738</u>	<u>835,973</u>
Total	<u>2,464,944</u>	<u>232,747</u>	<u>2,697,691</u>	<u>2,200,755</u>	<u>108,526</u>	<u>2,309,281</u>
Financial assets at amortised cost can be analysed as follows:						
Maturity within 91 days	230,003	37,091	267,094	1,150,478	49,788	1,200,266
Maturity after 91 days	<u>1,492,060</u>	<u>124,220</u>	<u>1,616,280</u>	<u>438,123</u>	<u>-</u>	<u>438,123</u>
	<u>1,722,063</u>	<u>161,311</u>	<u>1,883,374</u>	<u>1,588,601</u>	<u>49,788</u>	<u>1,638,389</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

14. Financial assets (continued)

a) Investment in Shares

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

Year ended 31 December 2021

	Opening balance K'000	Additions K'000	Disposals K'000	Fair value Gain/(loss) K'000	Closing balance K'000
Puma Energy Zambia Plc	2,568	-	-	1,317	3,885
National Breweries Plc	7,190	-	-	(9)	7,181
Real Estate Investment Zambia	1,640	-	-	3,618	5,258
Copperbelt Energy Corporations	26,103	-	(11,516)	26,338	40,925
Zambeef Products Plc	814	-	-	377	1,191
Marcopolo Tiles	166,395	-	-	(13,082)	153,313
Wonderful Industry (Z) Co. Limited	296,400	-	-	(53,559)	242,841
African Explosives (Z) Plc	25,237	-	-	10,932	36,169
First Quantum Minerals Plc	15,060	-	-	(814)	14,246
Zambia National Commercial Bank	9,557	-	-	29,078	38,635
Zambia Sugar Plc	2,542	-	-	11,913	14,455
Ndola Investments Limited	54,026	-	-	1,441	55,467
Emporium Partners	-	127,290	-	-	127,290
Zambia Forestry & Forest Industries	59,360	-	-	(4,760)	54,600
Zambia Industrial Commercial Bank	4,000	28,182	-	(13,322)	18,860
	<u>670,892</u>	<u>155,472</u>	<u>(11,516)</u>	<u>(532)</u>	<u>814,316</u>

Period ended 31 December 2020

	Opening balance K'000	Additions K'000	Disposals K'000	Fair value Gain/(loss) K'000	Closing balance K'000
Puma Energy Zambia Plc	3,147	-	-	(579)	2,568
National Breweries Plc	7,190	-	-	-	7,190
Real Estate Investment Zambia	18,720	-	-	(17,080)	1,640
Copperbelt Energy Corporations	37,184	-	(7,000)	(4,081)	26,103
Zambeef Products Plc	814	-	-	-	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
First Quantum Minerals Plc	15,060	-	-	-	15,060
Zambia National Commercial Bank	10,167	-	-	(610)	9,557
Zambia Sugar Plc	2,492	-	-	50	2,542
CEC Africa	3,933	-	(3,933)	-	-
Ndola Investments Limited	48,000	4,967	-	1,059	54,026
Zambia Forestry & Forest Industries	59,640	-	-	(280)	59,360
Zambia Industrial Commercial Bank	4,000	-	-	-	4,000
	<u>233,737</u>	<u>467,762</u>	<u>(10,933)</u>	<u>(19,674)</u>	<u>670,892</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

14. Financial Assets (continued)

b) At amortised cost

Term deposits	2021			2020		
	Accident	Pension	Total	Accident	Pension	Total
	K'000	K'000	K'000	K'000	K'000	K'000
NATSAVE	170,733	19,735	190,468	-	-	-
Microfinance Zambia	10,917	1,321	12,238	-	-	-
ZICB	65,475	1,061	66,536	-	-	-
ZANACO	43,562	36,215	79,777	106,553	492	107,045
Absa Bank (Z) Plc	-	-	-	70,660	-	70,660
Intermarket Bank	202	-	202	202	-	202
Stanbic Bank (Z) Limited	131,408	34,857	166,265	132,067	-	132,067
Standard Chartered Bank	-	-	-	5,167	8,599	13,766
First Alliance Bank	41,709	8,049	49,758	46,510	6,553	53,063
First National Bank	-	-	-	128,632	10,836	139,468
First Capital Bank	-	-	-	4,658	-	4,658
ZNBS	92,125	56,640	148,765	105,185	15,713	120,898
ECO Bank	64,997	-	64,997	17,914	-	17,914
Investrust Bank	216,720	6,416	223,136	-	-	-
Indo Zambia Bank	190,632	-	190,632	179,055	-	179,055
PABS	2,097	4,033	6,130	2,097	4,033	6,130
Sub-total	1,030,577	168,327	1,198,904	798,700	46,226	844,926
Impairment	(28,509)	(7,016)	(35,525)	(27,011)	(5,043)	(32,054)
Total term deposit	<u>1,002,068</u>	<u>161,311</u>	<u>1,163,379</u>	<u>771,689</u>	<u>41,183</u>	<u>812,872</u>
 Bonds	708,279	-	708,279	503,451	-	503,451
Impairment	(3,059)	-	(3,059)	(1,758)	-	(1,758)
Total Bonds	<u>705,220</u>	<u>-</u>	<u>705,220</u>	<u>501,693</u>	<u>-</u>	<u>501,693</u>
 Treasury Bills	14,775	-	14,775	315,219	8,605	323,824
Impairment	-	-	-	-	-	-
Total Treasury Bills	<u>14,775</u>	<u>-</u>	<u>14,775</u>	<u>315,219</u>	<u>8,605</u>	<u>323,824</u>
Total at Amortised Cost	<u>1,722,063</u>	<u>161,311</u>	<u>1,883,374</u>	<u>1,588,601</u>	<u>49,788</u>	<u>1,638,389</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 2021

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.

Year ended 31 December 2021

	Level 1	Level 2	Level 3	Total
	K'000	K'000	K'000	K'000
Other financial assets – amortised cost	-	-	107,284	107,284
At fair value through profit or loss	814,157	-	-	814,157
At amortised cost:				
- Within 91 days	-	-	267,094	267,094
- After 91 days	-	-	1,616,280	1,616,280
	<u>814,157</u>	<u>-</u>	<u>1,990,658</u>	<u>2,804,815</u>

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>

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.

Reconciliation of level 3 fair valuation

	2021	2020
	K'000	K'000
At start of the year/period	1,737,696	1,844,531
Purchase/increase	1,881,394	2,247,503
Disposal/settlements/decrease	(1,628,432)	(2,354,338)
At end of the year/period	<u>1,990,658</u>	<u>1,737,696</u>

15. Inventories

	2021			2020		
	Accident	Pension	Total	Accident	Pension	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Properties inventories	-	1	1	-	1	1
Stationery and consumables	1,810	-	1,810	2,085	-	2,085
Less: Impairment provisions	(36)	-	(36)	(36)	-	(36)
	<u>1,774</u>	<u>1</u>	<u>1,775</u>	<u>2,049</u>	<u>1</u>	<u>2,050</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

16. Assessment and Other Receivables

	2021			2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Assessment receivables	195,098	-	195,098	202,086	-	202,086
Rental receivables	483	25,291	25,774	860	21,524	22,384
Less: Impairment provisions:						
Assessment receivables	(190,060)	-	(190,060)	(199,326)	-	(199,326)
Rental receivables	(298)	(19,079)	(19,377)	(585)	(19,862)	(20,447)
Net receivable	5,223	6,212	11,435	3,035	1,662	4,697
Prepayments	-	-	-	-	-	-
Deposits	450	131	581	628	119	747
VAT recoverable	-	153	153	-	-	-
Staff pension advance	944	-	944	944	-	944
Other receivables	2,589	850	3,439	1,156	887	2,043
Staff loan advance	42,246	18	42,264	7,997	4	8,001
Total assessment and other receivables	<u>51,452</u>	<u>7,364</u>	<u>58,816</u>	<u>13,760</u>	<u>2,672</u>	<u>16,432</u>

Movement in impairment provisions

	2021			2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
At start of year/period	199,911	19,862	219,773	187,224	16,794	204,018
Additions	-	-	-	-	3,068	3,068
Recoveries/write offs	(9,553)	(783)	(10,336)	12,687	-	12,687
At end of year/period	<u>190,358</u>	<u>19,079</u>	<u>209,437</u>	<u>199,911</u>	<u>19,862</u>	<u>219,773</u>

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

The effective interest rate on loans to staff was 5% on both Management and Unionised staff (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 year.

	2021 K'000	2020 K'000
Days		
0-30	78	935
31 to 60 days	274	1,163
61 to 90 days	338	662
Over 90 days	194,408	199,326
Total assessment receivable	195,098	202,086
Impairment amount at period end	(190,060)	(199,326)
Net assessment receivables	<u>5,038</u>	<u>2,760</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

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.

	2021 K'000	2020 K'000
The total contribution to NAPSA during the year/period	<u>6,062</u>	<u>4,286</u>
The total contribution to Workcom Pension Scheme during the year/period	<u>11,250</u>	<u>8,321</u>

18. Cash and Cash Equivalents

	2021			2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Cash on hand	60	14	74	57	29	86
Cash at bank	<u>47,255</u>	<u>1,139</u>	<u>48,394</u>	<u>78,708</u>	<u>4,081</u>	<u>82,789</u>
	<u>47,315</u>	<u>1,153</u>	<u>48,468</u>	<u>78,765</u>	<u>4,110</u>	<u>82,875</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>47,315</u>	<u>1,153</u>	<u>48,468</u>	<u>78,765</u>	<u>4,110</u>	<u>82,875</u>
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The carrying amounts of the Board's cash and cash equivalents are denominated in the following currencies:

	2021			2020		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Zambian Kwacha	46,240	1,153	47,393	78,761	4,110	82,871
US Dollar	<u>1,075</u>	<u>—</u>	<u>1,075</u>	<u>4</u>	<u>—</u>	<u>4</u>
	<u>47,315</u>	<u>1,153</u>	<u>48,468</u>	<u>78,765</u>	<u>4,110</u>	<u>82,875</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

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	2021 K'000	2020 K'000
At 1 January	4,476	-	4,476	4,000
Increase during the year/period	<u>-</u>	<u>-</u>	<u>-</u>	<u>476</u>
At 31 December	<u>4,476</u>	<u>-</u>	<u>4,476</u>	<u>4,476</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	2021 K'000	2020 K'000
At beginning of the period	1,675	103,427	105,102	100,810
Transfer to accumulated funds	(382)	(443)	(825)	(1,018)
Recognized in other comprehensive income:				
Gains during the year/period	<u>200</u>	<u>2,197</u>	<u>2,397</u>	<u>5,310</u>
At 31 December	<u>1,493</u>	<u>105,181</u>	<u>106,674</u>	<u>105,102</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	2021 K'000	2020 K'000
At 1 January	-	-	-	50,106
Transfer to accumulated funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>(50,106)</u>
At 31 December	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Based on the Actuarial valuation of the Fund for the Tri-annual year ended 31 December 2023, the notional value of the assets was taken at its fair value.

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

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:

	Accident K'000	pension K'000	2021 K'000	2020 K'000
At 1 January	95,271	-	95,271	68,265
Movement during the year/period	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,006</u>
At 31 December	<u>95,271</u>	<u>-</u>	<u>95,271</u>	<u>95,271</u>

23. Leases

(i) Right of use of asset as at 31 December 2021

	Carrying amount K'000	Additions K'000	Depreciation K'000	Impairment K'000
Leasehold building	<u>464</u>	<u>278</u>	<u>(856)</u>	<u>-</u>

(ii) 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>502</u>	<u>1,300</u>	<u>(540)</u>	<u>-</u>

Lease liabilities

	2021 K'000	2020 K'000
Current	278	274
Non-current	<u>366</u>	<u>327</u>
	<u>644</u>	<u>601</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

24. Provisions

Reconciliation of provision – 2021

	Gratuity K'000	Leave days K'000	Claims IBNR K'000	Total K'000
At start of the year	2,993	6,298	5,726	15,017
Charges during the year	<u>(38)</u>	<u>247</u>	<u>-</u>	<u>209</u>
At end of the year	<u>2,955</u>	<u>6,545</u>	<u>5,726</u>	<u>15,226</u>

Reconciliation of provision – 2020

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

	2020 K'000	2020 K'000
Analysed as:		
Current portion	12,271	12,024
Non-current portion	<u>2,955</u>	<u>2,993</u>
	<u>15,226</u>	<u>15,017</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

25. Payables

	2021			2020		
	Accident	Pension	Total	Accident	Pension	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Payable to suppliers	21,861	1,205	23,067	5,790	3,156	8,946
Assessment and other						
Amounts received in advance	24,607	(6,435)	18,172	13,944	5,387	19,331
Accrued audit fees	575	-	575	415	-	415
Actuarial fees	-	1,703	1,703	-	-	-
Amounts due to pensioners	12	12,740	12,752	77	13,306	13,383
Accrued NAPSA contributions	631	-	631	-	-	-
Accrued PAYE contributions	4,872	-	4,872	4,739	-	4,739
Ministry of Finance	-	3,081	3,081	-	3,081	3,081
Other payables	880	376	1,256	384	355	739
	<u>53,438</u>	<u>12,670</u>	<u>66,109</u>	<u>25,349</u>	<u>25,285</u>	<u>50,634</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:

	2021 K'000	2020 K'000
Zambian Kwacha	66,095	50,620
British Pounds	<u>14</u>	<u>14</u>
	<u>66,109</u>	<u>50,634</u>

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

	2021 K'000	2020 K'000
Maturity months		
0 to 1	57,276	43,504
2 to 3	455	455
4 to 12	<u>8,378</u>	<u>6,675</u>
	<u>66,109</u>	<u>50,634</u>

26. Net cash paid for purchase of financial assets

	2021 K'000	2020 K'000
As at 31 December	(2,697,691)	(2,309,281)
Fair value gain/(loss)	(532)	(19,674)
Impairment	(4,772)	(726)
Net cash received/(paid) (for)/from sale/(purchase) of shares	168,131	426,149
As at 1 January/1 April	<u>2,309,281</u>	<u>2,042,929</u>
Net cash paid for purchase of financial assets	<u>(225,583)</u>	<u>139,397</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

27. Cash Generated from Operations

	2021 K'000	2020 K'000
Reconciliation of cash generated from operations		
Surplus for the period before tax	471,662	407,416
Adjustments for:		
Depreciation on property, plant and equipment (Note 10)	12,097	7,659
Amortisation of intangible assets	276	180
Impairment of investments	4,772	726
Impairment of held for sale financial assets	-	-
(Profit)/loss on sale of property, plant and equipment	(22)	(252)
Dividend received	(30,750)	(23,028)
Interest received	(419,105)	(330,155)
Finance cost	56	47
Fair value (gains)/loss on financial assets at FVTPL	691	19,674
Fair value (gains)/loss on investment property	24,707	(11,006)
Reduction in Investment reserves	-	(50,106)
Movement in provisions	209	883
Changes in working capital:		
- inventories	275	232
- assessment and other receivables	(42,384)	2,998
- payables	15,475	(5,766)
Cash from operations	37,959	19,502

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 2021

28. Risk Management Objectives and Policies (continued)

Year ended 31 December 2021

	Less than 1 year K'000	Between 1-3 years K'000	Between 3-5 years K'000	More than 5 years K'000	Total K'000
Financial assets					
Cash and bank equivalents	48,468	-	-	-	48,468
Investments	1,526,666	1,171,025	-	-	2,697,691
Other receivables	53,778	-	-	-	53,778
Total financial assets	<u>1,628,912</u>	<u>1,171,025</u>	<u>-</u>	<u>-</u>	<u>2,799,937</u>
Financial liabilities					
Payables	(66,108)	-	-	-	(66,108)
Total financial liabilities	<u>(66,108)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(66,108)</u>
-					
Net liquidity gap	<u>1,562,804</u>	<u>1,171,025</u>	<u>-</u>	<u>-</u>	<u>2,733,829</u>

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

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

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 2021

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:

	2021 K'000	2020 K'000
Financial instruments		
Bank balances	48,394	82,789
Term deposits	1,163,529	812,872
Other receivables	53,778	13,672
Bonds	705,220	501,693
Treasury bills	14,775	323,824

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>	
	2021	2020	2021	2020
LuSE index	<u>1,262</u>	<u>433</u>	<u>=</u>	<u>=</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

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 2021

28. Risk Management Objectives and Policies (continued)

Year ended 31 December 2021

	Classified as amortised cost K'000	Classified as FVTPL K'000	Total fair value for each class K'000
Financial assets			
Investments	1,883,374	814,317	2,697,691
Other receivables	53,778	-	53,778
Cash & cash equivalent	<u>48,468</u>	<u>-</u>	<u>48,468</u>
Total financial assets	<u>1,985,620</u>	<u>814,317</u>	<u>2,799,937</u>
Financial liabilities			
Payables	<u>(66,108)</u>	<u>-</u>	<u>(66,108)</u>
Net position	<u>1,919,512</u>	<u>814,317</u>	<u>2,733,829</u>

Period ended 31 December 2020

	Classified as amortised cost K'000	Classified as FVTPL K'000	Total fair value for each class K'000
Financial assets			
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>
Total financial assets	<u>1,734,936</u>	<u>670,892</u>	<u>2,405,828</u>
Financial liabilities			
Payables	<u>(50,634)</u>	<u>-</u>	<u>(50,634)</u>
Net position	<u>1,684,302</u>	<u>670,892</u>	<u>2,355,194</u>

WORKERS' COMPENSATION FUND CONTROL BOARD

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2021

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
- Mr. Christopher Chilembo – Director Information communication Technology

The following transactions were carried out with related parties:

i) Key Management Personnel Compensation

	12 months to 31 December 2021 K'000	9 months to 31 December 2020 K'000
Salaries and benefits paid	13,974	9,450
Directors expenses – Sitting allowances	1,068	921
Directors expenses – Other board expenses	<u>4,445</u>	<u>3,133</u>
	<u>19,487</u>	<u>13,504</u>

ii) Outstanding Balances Arising from Transactions

	2021 K'000	2020 K'000
Receivable from related parties		
Ministry of Labour & Social Security	-	37
Directors and key management	<u>324</u>	<u>1,170</u>
	<u>324</u>	<u>1,207</u>
Payable to related parties		
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 2021

30. Capital Commitments

As of end of year the Board had four (04) contracted projects that were still in progress. A total contract sum of K40,348,000 had been committed of which K11,347,000 had been certified and paid out leaving a balance of K29,001,000.

Project	Cost K'000	Billed K'000	Cost K'000
i) Renovation of Compensation Kasama Phase II	2,682	1,241	1,441
ii) Construction of Samfya Council Beach Lodge	32,422	6,484	25,938
iii) Renovation of 15 Mungule	1,803	1,241	562
iv) Renovation of one double storey flat at Kola Court	<u>3,441</u>	<u>2,381</u>	<u>1,060</u>
	<u>40,348</u>	<u>11,347</u>	<u>29,001</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. Year of Reporting

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

34. Events After the Reporting Year

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

WORKERS' COMPENSATION FUND CONTROL BOARD

SCHEDULE OF EXPENDITURE

31 DECEMBER 2021

	12 months to 31 December 2021 K'000	9 months to 31 December 2020 K'000
ADMINISTRATIVE EXPENSES		
Employment:		
Salaries and wages	103,216	76,630
Provision for leave and long-term service dues	18,392	14,130
Other staff costs	<u>5,809</u>	<u>957</u>
Total employment costs	<u>127,417</u>	<u>91,717</u>
Other administration expenses		
Advertising and publications	3,977	4,189
Audit fees	495	415
Impairment-Receivables	-	15,755
Impairment-Financial assets	4,772	726
Bank charges and commissions	629	482
Commemoration	152	12
Communication	2,790	2,059
Computer	525	169
Conference and Seminar	1,048	863
Depreciation, amortization and impairments	12,373	7,838
Directors expenses	5,513	4,054
Donations	1,354	838
Electricity and water	211	174
Entertainment	111	94
Exhibition and show	52	1
Exchange losses	-	1,680
General cleaning	656	431
Insurance and Licences	7,462	3,630
Labour day	149	143
Legal and professional fees	5,183	5,419
Medical expenses	2,177	882
Motor vehicle running and maintenance	5,092	3,529
Union negotiations	274	224
Office	2,369	2,703
Printing and stationery	<u>2,859</u>	<u>2,020</u>
Balance c/f	<u>60,223</u>	<u>58,330</u>

WORKERS' COMPENSATION FUND CONTROL BOARD**SCHEDULE OF EXPENDITURE (CONTINUED)****31 DECEMBER 2021**

	12 months to 31 December 2021 K'000	9 months to 31 December 2020 K'000
ADMINISTRATIVE EXPENSES		
Other administration expenses (continued)		
Balance b/f	60,223	58,330
Recruitment	99	20
Rent and rates	1,005	532
Repairs and maintenance	223	187
Security	1,701	2,194
Staff welfare and training	1,569	1,352
Subscriptions and newspapers	926	170
Tender committee meetings	7	58
Tools	25	69
Travel and Subsistence	<u>3,818</u>	<u>2,900</u>
Total other administrative expenses	<u>69,596</u>	<u>65,812</u>
Total administrative expenses	<u>197,013</u>	<u>157,529</u>
INVESTMENT RELATED EXPENSES		
Cleaning	1,657	1,337
Electricity and water	1,988	1,480
Handling fees	1,548	3,236
Property expenses	738	267
Property repairs and maintenance	2,116	1,390
Property security	1,589	1,203
Property valuation	830	325
Rent and rates	435	245
Withholding tax	<u>12,839</u>	<u>19,155</u>
Total investment related expenses	<u>23,740</u>	<u>28,638</u>



Prevention

Care

Support

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