WORKERS' COMPENSATION FUND CONTROL BOARD

ANNUAL REPORT

2022

WORKERS' COMPENSATION
FUND CONTROL BOARD
JUSTITIA ET HUMANITATE

WORKERS' COMPENSATION FUND CONTROL BOARD

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

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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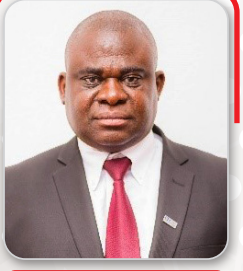
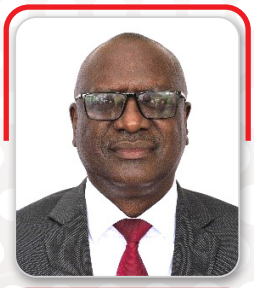
MEMBERS OF THE BOARD OF DIRECTORS

Mr. Emmanuel M. Mbambiko
Board Chairperson

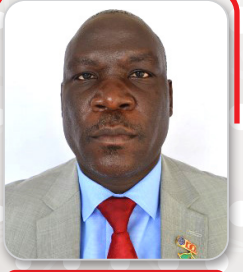


Mr. Harrington Chibanda
Director

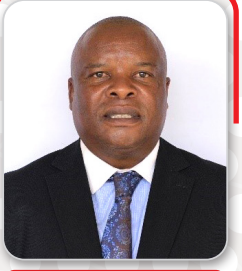


Mr. Laurian Haangala
Director

Mrs. Mobwa F. Sitenta
Director



Mr. Joy Beene
Director



Mr. Chingati Msiska
Director

Mrs. Caroline N. Kantumoya
Director

Mr. Anthony Dumingu
Director

Ms. Caroline Chiyoowa
Director

Mr. Patrick Choolwe
Director

Mr. Jethro C. Kasanda
Director

THE BOARD COMMITTEES

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The Board Committees comprised the following:

FINANCE & INVESTMENTS COMMITTEE

Mr. Harrington Chibanda

Chairperson

Dr. Liane M. Imakando

Member

Eng. Harold Telebwe

Member

Mr. Laurian Haangala

Member

Ms. Subeta Mutelo

Member

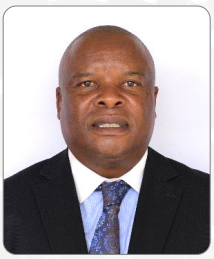
Mr. Micheal Phiri

Member

AUDIT, RISK & COMPLIANCE COMMITTEE

Ms. Caroline Chiyoowa

Chairperson



Mr. Chingati Msika

Member

Mr. Kennedy Bota

Member

Mrs. Edwidge Lungwebungu

Member

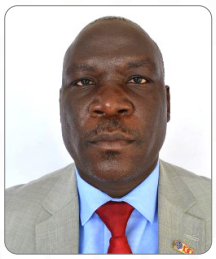
Dr. Frank Munthali

Member

STAFF COMMITTEE

Mrs. Mobwa F. Sitenta

Chairperson



Mr. Joy Beene

Member

Rev. William Njombo

Member

Mrs. Violet Matonge

Member

Mr. Patrick Choolwe

Member

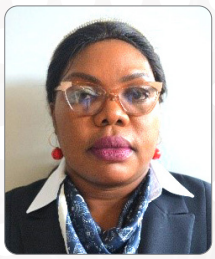
COMPENSATION COMMITTEE

Mr. Anthony Dumingo

Chairperson

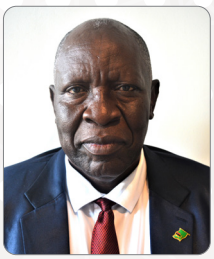
Mr. Jethro C. Kasanda

Member



Mrs. Catherine N. Kantumoya

Member



Mr. Lordwell Kalubankwa

Member

Hon. Prince Fungulwe

Member

EXECUTIVE & SENIOR MANAGEMENT

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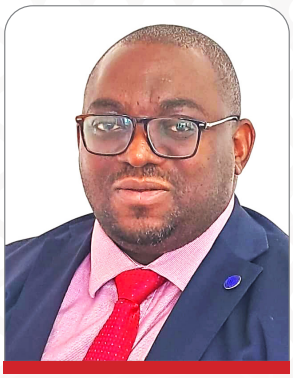
EXECUTIVE & SENIOR MANAGEMENT

MR. PATRICK SIAMPWILI
Acting Commissioner &
Chief Executive Officer

MRS. MICHELO H. SILUNGWE
Director Finance



MR. CHALWE MWALE
Director Audit

MR. KINGSLEY M. KANGWA
Director Compliance and Benefits

MR. CHRISTOPHER CHILEMBO
Director Information &
Communication Technology

MR. MOSES SIMBEYE
Acting Director Investments

AUDITORS

CYMA Chartered Accountants and Management Consultants
4th Floor Electra House
Cairo Road
P O Box 38298
Lusaka, Zambia

ACTUARIES

Government Actuary's Department
15-17 Finlaison Street
London FC4A 1 AB
United Kingdom
Telephone: +44 (0)131 467 1168

ADVOCATES

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

- Messrs L. M. Matibini and Company
  P. O. Box 71568
  Buteko Avenue, Zambia

- Messers Isaac and Partners
  P.O Box 71070.
  Buteko Avenue, Ndola

BANKERS

zanaco	Zambia National Commercial Bank Plc
Standard Chartered	Standard Chartered Bank Zambia Plc
atlasmara	African Banking Corporation Zambia Limited (Atlas Mara)
NATSAVE	National Savings and Credit Bank
access	Access Bank Zambia

HEAD OFFICE

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

BRANCHE OFFICES

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

REGIONAL OFFICES

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

CORPORATE PROFILE

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STATEMENT ON CORPORATE GOVERNANCE

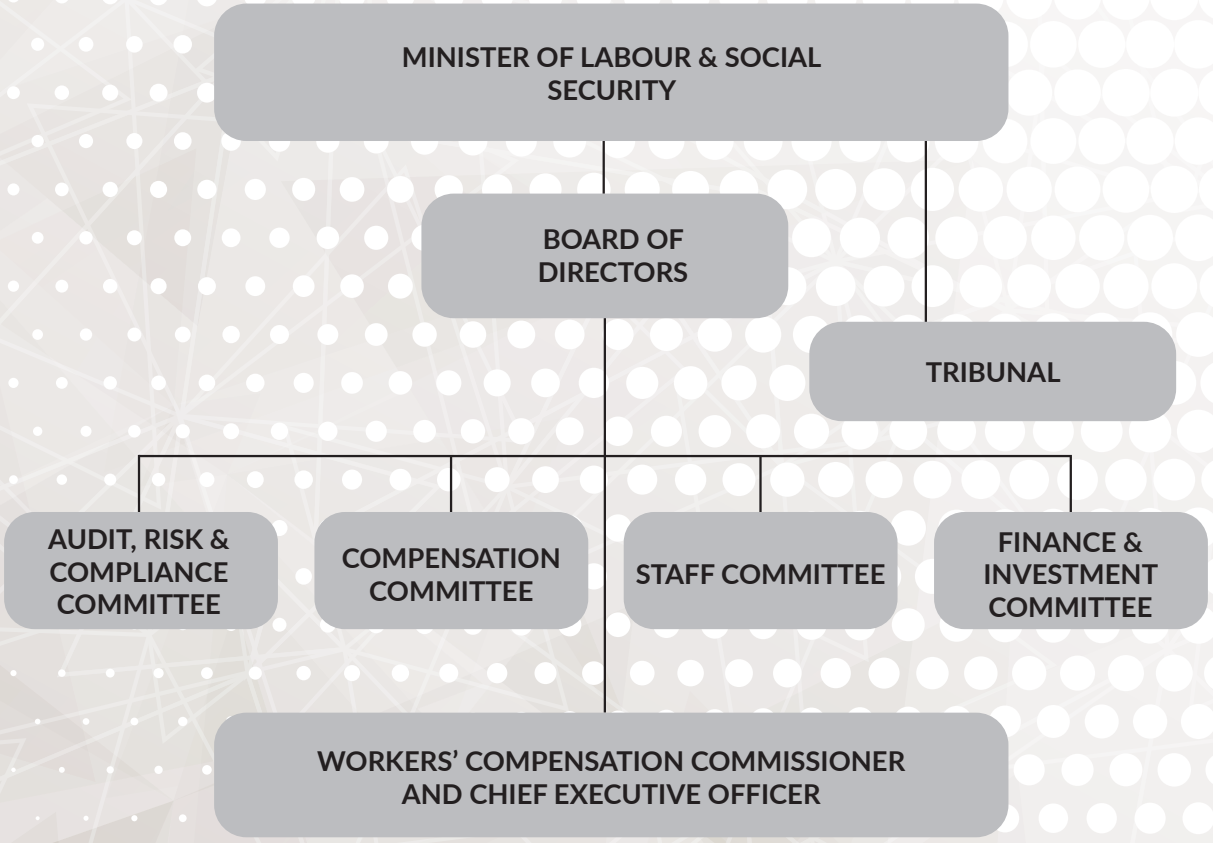
Workers' Compensation Fund Control Board (WCFCB) attaches great importance to the highest ethical standards and principles of corporate governance.

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 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, Workers' Compensation Commissioner and members of the Tribunal.

The Board of Directors ensures compliance with the Workers' Compensation Act provisions through a well-established framework of policies, procedures, and systems to adhere to tenets of good Corporate Governance.

GOVERNANCE STRUCTURE



THE BOARD OF DIRECTORS

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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 interest of all stakeholders is considered in decision making. Its composition is as follows:

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

The Board of Directors was appointed on the 7th of February 2022 and comprised the following:

a) Mr. Emmanuel M. Mbambiko
Board Chairperson representing the Private Sector;

b) Mrs. Mobwa F. Sitenta
Board Member - Representing Zambia Federation of Employers;

c) Mr. Harrington Chibanda
Board Member - Representing Zambia Federation of Employers;

d) Mr. Laurian Haangala
Board Member - Representing Zambia Federation of Employers;

e) Mr. Chingati Msiska
Board Member - Representing Zambia Congress of Trade Union;

f) Mr. Joy Beene
Board Member - Representing Zambia Congress of Trade Union;

g) Mrs. Catherine N. Kantumoya
Board Member - Representing Zambia Congress of Trade Union;

i) Mr. Anthony Dumingu
Board Member - Representing the Government of the Republic of Zambia;

h) Mrs. Caroline Chiyoowa
Board Member - Representing the Government of the Republic of Zambia;

k) Mr. Patrick Choolwe
Board Member - Representing the Government of the Republic of Zambia;

l) Mr. Jethro C. Kasanda
Board Member - Representing Pensioners.

* Director Patrick Choolwe was appointed on 26th September 2022 to replace Mrs. Marian Tembo following her retirement.

Board of Directors Profiles

MR. EMMANUEL M. MBAMBIKO, *Board Chairperson*

- President of the Kitwe Chamber of Commerce;
- Holder of Bachelors of Accountancy from the University of Zambia;
- Certified Trainer in Corporate Governance;
- Trained Negotiator and Total Quality Management;
- Member of the Chartered Association of Arbitrators;
- Chartered Global Management Accountant;
- Fellow of Chartered Management Accountants in the United Kingdom;
- Fellow of the Zambia Institute of Chartered Accountants;
- Fellow of the Institute of Directors, Zambia;
- Member of the Audit Committee of the Football Association of Zambia.

MRS. MOBWA F. SITENTA

- Human Resources and Administration Manager – Northern Technical College;
- Candidate of Doctor of Business Administration (DBA)- Heriot Watt University;
- Holder of a Master of Arts Human Resource Management – the Copperbelt University;
- Bachelor of Arts in Human Resource Management – the Copperbelt University;
- Diploma in Human Resources Management- Evelyn Hone College;
- Served as member of the Board of Directors Indeni Petroleum Refinery Company Limited;
- Served as member of Human Capital and Administration Committee at Road Development Agency;
- Trainer and Human Resource Consultant

MR. HARRINGTON CHIBANDA

- Executive Director of the Zambia Federation of Employers;
- Holder of a Master's Degree in Human Resource Management - Liverpool University, United Kingdom;
- Association of Charted and Certified Accountants (ACCA);
- Masters Training on Effective Business Member Organisation - ILO International Training Center, Turin Italy;
- Council Member of the National Economic Advisory Council of Zambia;
- Alternate Board Member of the ILO Governing Body;
- Chairperson of the SADC Private Sector Forum;
- 2014-2020 Board Member of the Pension and Insurance Authority;
- 2017-2020 Board Member of the Loans and Scholarships Board.

MR. LAURIAN HAANGALA

- Managing Consulting Partner and Commercial Mediator - SHECH Business Innovations Limited;
- Over 20 years of experience in local and international advocacy, lobbying and investment promotion under the Zambia Chamber of Commerce and Industry;
- Former member of the Kabwe Chamber of Commerce and Industry;
- Holder of a Bachelor of Arts, Economics and Business Administration – University of Zambia;
- Former Board Member of National Pensions Scheme Authority;
- Vice Chairperson of the National Water and Supply and Sanitation Board;
- Board Member of Zambia Federation of Employers.

MR. CHANGATI MSISKA

- President of the Federation of Free Trade Unions of Zambia and Honorary Trustee at the Zambia Institute of Financial Institutions and Allied Workers;
- Labour Expert with proficiency in Trade Union Organization and Management, career building, capacity building and bargaining and negotiating expediency;
- Holder of Bachelors in Law (LLB);
- Holder of Diploma in Law, National Institute of Public Administration;
- Former Board Member of Workers' Development Corporation;
- Former Board Member of Elite Insurance Brokers;
- Former Board Member Pension and Insurance Authority.

MR. JOY BEENE

- Deputy Secretary General, Finance and Business Administration – Zambia Congress of Trade Unions;
- Holder of Bachelor of Arts Degree – University of Zambia;
- Holder of Diploma in Public Administration;
- Board Member of Public Service Pension Fund;
- Board Member of Premier Medical Aid Society of Zambia;
- Served as Secretary General of the Civil Servants and Allied Workers Union of Zambia;
- Board Member of Public Service Pension Fund;
- Board Member of Premier Medical Aid Society of Zambia.

MRS. CATHERINE KANTUMOYA

- Deputy Secretary, General Administration and Organization – Zambia Congress of Trade Unions;
- Former General Secretary – Zambia Revenue Authority;
- Holder of Bachelor of Arts Degree in Business Studies – University of Greenwich;
- Trained in Trade Union International Labour Standards- International Training Centre (ILO).

MR. ANTHONY DUMINGU

- Director Social Security, Ministry of Labour and Social Security;
- A professional in the field of Social Protection, Employment and Labour with over 17 years of experience;
- Holder of a Master of Public Management – University of Potsdam, Potsdam Germany;
- Holder of Post-Graduate Diploma in Social Security, University of Johannesburg;
- Holder of a Bachelor of Arts Degree – University of Zambia;
- A Member of the Human Resources Committee, Young Women's Christian Association (YWCA);
- Member of the Audit Committee, Human Rights Commission.

MS. CAROLINE CHIYOOWA

- Director Finance- Ministry of Mines and Mineral Development;
- Former Director of Finance- Ministry of Works and Supply;
- A Chartered Accountant and Fellow of ACCA;
- Fellow of ZICA with 33 years of experience;
- Holder of a Bachelor of Law Degree (LLB)- Zambia Open University;
- Holder of Master in Business Administration- MANCOSA

MR. PATRICK CHOOLWE

- Acting Director Department of Policy, Planning and Information-Ministry of Community Development and Social Services;
- Holder of a Bachelor of Arts Degree in Economics;
- Former Board Member Zambia Environmental Agency 2015-16;
- Board Member Road Transport and Safety Agency-2022.

MR. JETHRO C. KANSANDA

- Holder of a Bachelor of Laws Degree (LLB) – Zambia Open University;
- Holder of a Diploma from the Chartered Institute of Purchasing and Supply (CIPS).

MEETINGS

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

No.	Name of Board Member	Board Meetings attended		
		Regular	Special	Total
1	Mr. Emmanuel M. Mbambiko	3	13	16
2	Mrs. Mobwa F Sitenta	3	13	16
3	Mr. Harrington Chibanda	3	10	13
4	Mr. Laurian Haangala	3	10	13
5	Mr. Chingati Msiska	3	12	15
6	Mr. Joy Beene	3	12	15
7	Mrs. Catherine Kantumoya	3	12	15
8	Mr. Anthony Dumingu	3	12	15
9	Ms. Caroline Chiyoowa	3	13	16
10	Mr. Patrick Choolwe	1	1	2
11	Mrs. Marian Tembo	-	4	4
12	Mr. Jethro C. Kasanda	3	13	16

BOARD OF DIRECTORS' CAPACITY BUILDING

The Board members attended the following workshops and conferences during the period under review:

1. Board Induction ;
2. Training on the Zambia Public Procurement Act No. 8 of 2020;
3. Risk Management Training;
4. Training on the use of Board pack software;
5. The 110th Session of The International Labour in Conference Geneva, Switzerland;
6. The 34th African Corporate Governance Conference in Johannesburg, South Africa; and
7. The 2022 World Social Security Forum in Marrakech, Morocco.

ADMINISTRATION

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

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. Finance;
3. Investments;
4. Information and Communications Technology;
5. Audit and Risk;
6. Legal Services.

THE WORKERS' COMPENSATION TRIBUNAL

The Workers' Compensation Tribunal is a quasi-judicial body that provides speedy resolution of disputes that may arise from the implementation of 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 assigned to it under the Act;
c) To generally deal with all matters necessary or incidental to the performance of its functions under the Act.

The Tribunal is appointed by the Minister of Labour and Social Security and 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 last Tribunal was appointed in 2017, and its mandate ended in 2021. The Tribunal had not been appointed during the year under review.

BOARD CHAIRPERSON'S REPORT

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Mr. Emmanuel M. Mbambiko
Board Chairperson

I am honoured and privileged to submit the Workers' Compensation Fund Control Board audited Financial Statements for the year ended 31st December 2022, together with our Annual Report on the activities of the Workers' Compensation Fund Control Board (WCFCB), pursuant to Section 109 (4) of the Workers' Compensation Act No.10 of 1999.

In undertaking its activities, the WCFCB was alive to the Presidential guiding principles that situate public service on a transformation agenda. In line with the speech made by the President of the Republic of Zambia on 11th March 2022 regarding the implementation of National Values and the Presidential guiding principles, the Board recognised the essential role of unlocking the private sector potential through Public-Private Partnerships. Further, placing value on the quality, cost and timely delivery across the entire value chain was identified as essential in service provision. The improvement of service delivery through the fight against corruption, promotion of the decentralisation agenda and professionalism in the public service were anchors for the 2022 activities.

The commencement of the realignment process of the 2021-2025 WCFCB's Strategic Plan reflected the Board of Directors' desire to provide oversight on the activities of the Board in line with the Government's Policy Direction anchored on the 8th National Development Plan as follows:

(i) Economic transformation and job creation which aimed to deliver an industrialised and diversified economy, was achieved through investment in

priority areas such as agriculture which supported value addition and promotion of local manufacturing in line with Development Outcome 1 under Pillar 1;

(ii) Enhancing citizenry participation in the economy through the increased participation of local companies in the provision of goods, works and consultancy services procured by the Board in line with Outcome 2 under Pillar 1;

(iii) The promotion of the Social Protection Agenda was actualised through the creation of a competitive private sector under Pillar 1 and, which addressed the decent work agenda under Strategy 1 aimed at promoting quality and productivity at the workplace.

(iv) The human and social development agenda under Pillar 2 and Outcome 2 focused on improved health, food and nutrition provided for disease prevention and control under Strategy 1 aimed at strengthening public health.

(v) The reduction in poverty , vulnerability and inequality was achieved through strategy 1 which aimed to improve the coordination of social protection programmes through social protection integration , Social protection Reforms and expansion of social security coverage in line with outcome 4 under Pillar 2.

(vi) Finally, the need to come up with a Policy on occupational safety and health that addressed the challenges in the informal economy and strengthened compliance among employers in the formal sector was cardinal to the delivery of accident and disease prevention mechanisms.

Therefore, during the year, the Board reviewed corporate activities relating to investments, compliance and service delivery in order to integrate with the social security interventions and priorities of the New Dawn Government that generally sought to improve the delivery of public services to the citizens of the country.

1.1 Economic Environment

In 2022, the global economy faced significant challenges, with growth decelerating markedly from 5.5% to 4.1%, according to the World Bank. This slowdown was attributed to ongoing disruptions from COVID-19 and the consequent supply chain bottlenecks, the impact of the Russian Federation's invasion of Ukraine and tight monetary policies in major economies. The recovery was uneven, with major economies like the United States of America and China experiencing robust rebounds, while many emerging market and developing economies struggled with the COVID-19 pandemic's aftermath.

The Bank of Zambia reported that the Zambia's real GDP contracted to 3.0% from 4.6% growth in 2022. The challenges in agriculture, mining, and construction slowed down the pace of post-pandemic recovery. Further, the uncertainty about debt restructuring reversed portfolio capital flows, triggering a more than 30% depreciation of the kwacha between September 2022 to December 2022.

Mechanised Farm

Office building under construction

During the second half of 2022, the Monetary Policy Rate (MPR) was increased in order to reduce inflation towards single digits by the end of 2022 in line with the Government targets announced in the 2022 National Budget Speech. Inflation closed the year at 9.9%, a slowdown from 16.40%, in the preceding year, interest rates generally declined, demand for Government securities remained strong as liquidity conditions improved, capital market performance was enhanced, the exchange rate appreciated, the fiscal deficit narrowed, and economic activity exhibited signs of recovery (Zambia Statistics Agency and Bank of Zambia, 2022).

The domestic stock market continued to perform positively as listed firms reported good financial results, sparking high non-resident investor demand for shares. The Lusaka All-share Index (LASI) rose by 21.1 per cent to 7,337.79 at end-December 2022 from 6,059.68 at end-December 2021. Given the strong performance of shares particularly in the energy, tourism, manufacturing and banking sectors, the overall market capitalisation increased by 7.8 per cent.

1.2 Inflation

Overall inflation trended downwards in 2022 and reached a single digit of 9.7 per cent in June 2022, a first, since August 2019. Inflation remained in single digit in the second half of 2022 and closed the year at 9.9 per cent.

Consequently, overall inflation averaged 11.1 per cent in 2022, down from an average of 22.1 per cent in 2021. Food and non-food inflation declined to 11.9 per cent and 7.3 per cent in December 2022 from 19.9 per cent and 12.1 per cent in December 2021, respectively.

1.3 Interest Rates

Interest rates generally declined during the year under review relative to 2021 broadly in line with the downward adjustment in the Policy Rate and the commitment by Government of the Republic of Zambia to reduce its borrowing from the markets in order to stimulate private sector spending.

The Treasury bill weighted average composite yield rate averaged 13.3 percent in 2022 compared to 13.6 percent in 2021. The fall in yields occurred across all tenors and the most significant reduction was recorded on the 364-day tenor. All yield rates on individual Government bond tenors reduced. However, the average composite bond yield rate increased to 22.5 percent in 2022 from 21.9 percent in 2021 as demand was more heavily concentrated on longer dated tenors.

Interest income for the year to 31st December 2022 was K395.61 million (418.29 million in 2021). This reflected a decrease of K22.68 million (5.42%) for the year. The decrease was mainly on account of reduced interest income due to declining interest rates.

1.4 Exchange rates

The Kwacha appreciated by 15.1 percent in 2022 to an annual average exchange rate of K16.91 per US dollar from K19.91 in 2021. The table below indicates the exchange rates as reported by the Bank of Zambia.

Kwacha Exchange Rate Year-on-Year Changes (2021-2022)

	CURRENCY	2022	2021
$	USD	16.91	19.91
£	GBP	20.95	27.42
€	EUR	17.84	23.6
R	ZAR	1.04	1.35

The local currency appreciated against major currencies due to improved market sentiments mainly brought about by the approval of an IMF extended credit facility programme after Zambia obtained financial assurances from its creditors.

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.

Kansanshi Copper Mine

In 2022, the copper market experienced significant fluctuations. Copper reached record high levels early in the year, but the prices trended downwards in the second half. Specifically, copper started 2022 trading at around $9,720.50 per tonne and remained above $9,500 for the entire first quarter. The highest point was in March, where copper prices peaked at over $10,400 per tonne. However, by the end of the year, the prices were under pressure and had declined considerably and closed at US$8,822.37 per metric tonne in 2022 from an average of US$9,295 per metric tonne in 2021 (Zambia Statistics Agency, 2022).

Zambia's annual copper production fell by 5% to 763,287 metric tons in 2022 from 800,696 tons in 2021. The decrease was linked to delays in resolving production challenges at Mopani and Konkola Copper Mines.

1.6 Manufacturing

The manufacturing sector remained one of the key drivers of economic transformation and job creation. The manufacturing sector contributed about 9.4% of the country's GDP, a figure that was deemed too low to achieve real economic transformation. As the pandemic subsided and domestic economic activity increased, there was an improvement in supply chains resulting in favourable performance in most sub-sector.

United Capital Fertilizer Company in Chilanga District

Assessments raised in the Manufacturing, retail and trade sectors increased by 62.32% from K64.04 million to K103.95 million. The increase was attributed to increased activities in the said sectors, aswell as the number of employees declared the employers, which rose by over 4200 during the period under review.

1.7 Proposed Amendments to the Act

During the year, the Workers' Compensation Draft Bill 2022 was presented to the Minister of Labour and Social Security and the revised drafting instructions were submitted to Ministry of Justice for incorporation.

1.8 Staff Relations and Welfare

The industrial relations atmosphere within the Board was calm during the year. Further, the Bargaining Unit was convened to negotiate for improved conditions of service for Unionised staff members, and a 9% salary increment was awarded.

The Board continued to provide subsidised health services to all employees and their families. In addition to the statutory pension scheme under the National Pension Scheme Authority (NAPSA), the Board continued to sponsor the Second-Tier scheme for the Unionised Staff.

1.9 Performance of the Board

During the year under review, the Board of Directors and Management continued to demonstrate a greater common commitment and focused on the Board's Vision and Mission Statement *"to provide compensation for employment injuries and diseases in order to cushion the employers' and workers' burden"*.

A beneficiary having a chat with the Board Chairperson Mr. Mbambiko in the company of the Acting CEO & Commissioner Mr. Siampwili

CYMA Chartered Accountants & Management Consultants were engaged as auditors of the Financial Statements for the year from 1st January 2022 to 31st December 2022.

The highlights of the financial performance include the Board's financial performance and financial position. The Board recorded a surplus of K645.01 million for the year compared to a surplus of K471.82 million for the year ended 31st December 2021, reflecting an increase of 36.71% due to higher Assessment Income and higher fair value gains on quoted and private equity.

Total assets were K3,995.93 million as at 31st December 2022 compared to K3,300.59 million as at 31st December 2021, reflecting an increase of 21.07%. The increase was mainly attributed to additional investments in deposits and long-term assets.

Total liabilities were K68.27 million as at 31st December 2022 compared to K81.98 million as at 31st December 2021.

Net assets were K3,927.66 million as at 31st December 2022 compared to K3,218.61 million as at 31st December 2021 reflecting an increase of 22.03% on account of additional investments in deposits and long term assets.

1.10 Outlook

According to the International Monetary Fund (IMF), the growth prospects for emerging markets and developing economies are expected to show a slight decline, moving from 4.1 per cent in 2022 to 4.0 per cent in both 2023 and 2024. On the global scale, inflation is anticipated to follow a downward trajectory, decreasing from 8.7 per cent in 2022 to 6.9 per cent in 2023 and further to 5.8 per cent in 2024. This decline is attributed to more stringent monetary policies and the assistance of reduced international commodity prices. However, it's worth noting that core inflation is expected to decrease at a slower pace, and achieving inflation targets may not be realized until 2025 in most instances.

According to the Bank of Zambia, inflation is anticipated to average 10.9 per cent in 2023. This contrasts with the earlier projections of 10.2 per cent in 2023 and 9.3 per cent in both 2024 and 2025. These inflationary trends will be primarily driven by tightening global financial conditions, influencing factors such as exchange rates and expectations, as well as higher food and fuel prices which are expected to keep inflation above the target band of 6-8 percent.

Despite these inflationary pressures, the Zambian economy is projected to grow by approximately 4.32 per cent in 2023. This growth is attributed to the stable macroeconomic environment, increased investment resulting from this stability, policy measures aligned with the IMF program boosting investor confidence, and the implementation of the Eighth National Development Plan (8NDP), providing a clear growth agenda. Key sectors expected to drive this growth include accommodation and food services, ICT, wholesale and retail trade, and increased electricity generation.

With the planned revision 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" by embracing new and robust technologies as we serve our beneficiaries and stakeholders.

We are confident that we shall build on the gains achieved in 2022 to build a strong and resilient organisation capable of exceeding stakeholder expectations.

1.11 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.

Mr. Emmanuel M. Mbambiko,
Board Chairperson

REPORT OF THE COMMISSIONER & CHIEF EXECUTIVE OFFICER

35

Mr. Patrick Siampwili
Acting Commissioner & CEO

It is an honour to report to the stakeholders on the performance of the WCFCB in executing its mandate as set out under the Workers' Compensation Act No.10 of 1999 of the Laws of Zambia for the financial year ended 31st December 2022. The report covers various aspects affecting the operations and management of the Workers Compensation Fund Control Board which include the following:

- Compensation Claims and Benefits;
- Financial Performance;
- Strategy and Business Development;
- Investments;
- 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 year was satisfactory, notwithstanding the significant challenges that faced the Social Security sector due to tough economic challenges exacerbated by the aftermath of the COVID-19 pandemic.

Assets under management amounted to K3,995.93 million (December 2021: K3,300.59 million), reflecting an increase of 21.07%. The increase was mainly attributable to higher year end cash balance, and additional investments in deposits and long term assets.

Total beneficiaries' costs were K188.85 million, compared to K49.82 million for the year to 31st December 2021, reflecting an increase of 279.06% was mainly due to compensation arrears paid in the year following implementation of Actuarial recommendations.

WCFCB Director of Finance Mrs. Michelo Silungwe presenting a gift to a beneficiary

The Board recorded a surplus of K645.01 million compared to K471.82 million in the year to 31st December 2021, reflecting an increase of 36.71%. The increase was mainly attributed to higher Assessment income and higher fair value gains on quoted and private equity.

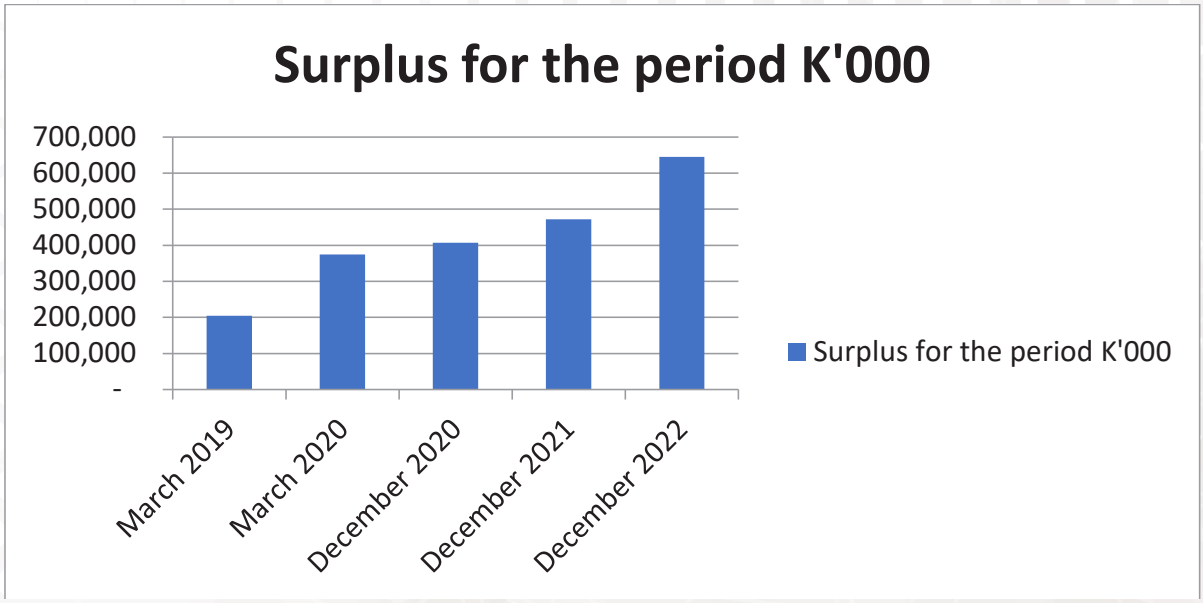


Table 2.1.1 highlights the actual performance of the Board for the last five financial years.

Table 2.1.1 Summary Financial Performance for Last Five Financial Years

	December 2022	December 2021	December 2020	March 2020	March 2019
	K'000	K'000	K'000	K'000	K'000
Assessment income	420,720	269,237	206,940	271,362	264,148
Other income	676,466	473,213	377,237	359,339	148,549
Total income	**1,097,186**	**742,450**	**584,177**	**630,701**	**412,697**
Claims and Pension Payments	(188,851)	(49,820)	(40,653)	(64,090)	(33,981)
Administrative, Investment & Increase in data reserve expenditure	(263,321)	(220,809)	(186,214)	(192,222)	(174,551)
Increase in investment reserve	-	-	50,106	-	-
Total expenditure	**(452,172)**	**(270,629)**	**(176,761)**	**(256,312)**	**(208,532)**
Surplus for the period	**645,014**	**471,821**	**407,416**	**374,389**	**204,165**

Table 2.1.2 Summary Financial Position for Last Five Financial Years

	December 2022	December 2021	December 2020	March 2020	March 2019
	K'000	K'000	K'000	K'000	K'000
Fixed assets	216,644	121,995	79,546	68,052	62,160
Long term Investments	2,014,299	1,175,814	837,517	919,322	175,686
Investment properties	368,361	359,006	299,367	281,506	312,994
Current assets	1,360,083	1,643,775	1,594,215	1,184,228	1,514,136
Total Assets	**3,959,387**	**3,300,590**	**2,810,645**	**2,453,108**	**2,064,976**
FUNDS AND LIABILITIES					
Funds	3,927,666	3,218,611	2,744,393	2,381,773	2,003,546
Total liabilities	68,268	81,979	66,252	71,335	61,430
Total funds and liabilities	**3,995,934**	**3,300,590**	**2,810,645**	**2,453,108**	**2,064,976**

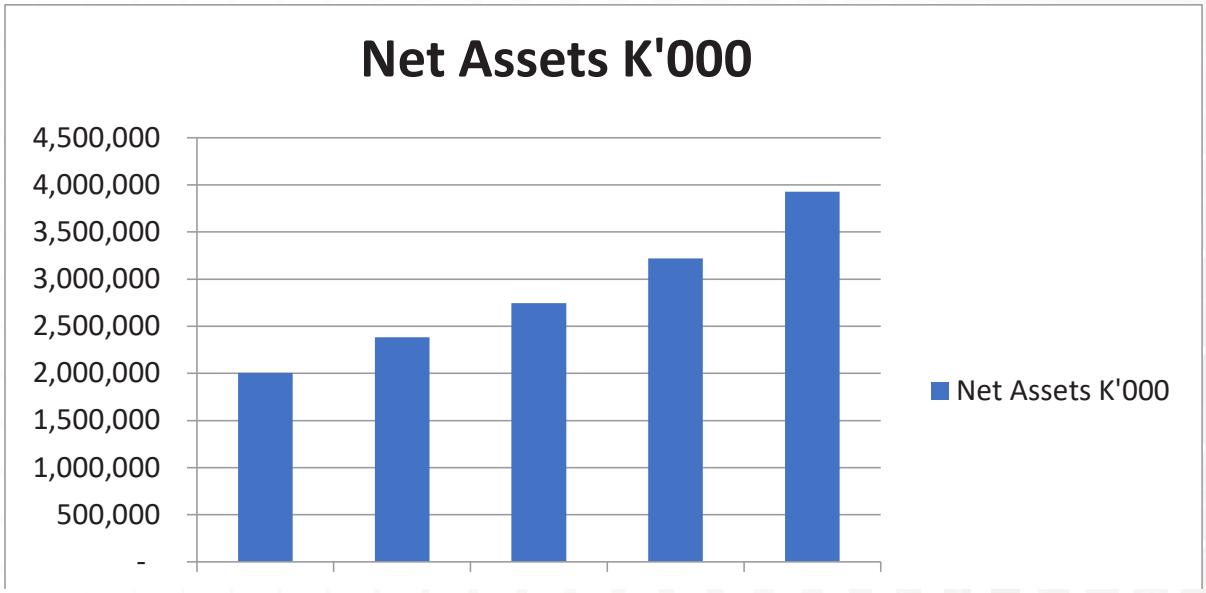
2.1.2 Funds and Reserves

The funds and reserves (net assets) increased from K3,218.61 million as at 31st December 2021 to K3,927.67 million as at 31st December 2022, reflecting an increase of 22.03%.

Table 2.1.2 below shows the movements in five financial years:

Table 2.1.2.1 Summary Funds and Reserves (Net Assets) for Last Five Financial Years

	December 2022	December 2021	December 2020	March 2020	March 2019
	K ' Million	K ' Million	K ' Million	K ' Million	K ' Million
Funds & Reserves	3,927.67	3,218.61	2,744.39	2,381.77	2,003.55



2.1.3 Property, Plant and Equipment

The Board's capital expenditure in the financial year amounted to K82.55 million compared to K52.33 million in the year ended 31st December 2021. This was mainly incurred on construction projects in Chinsali and Samfya.

2.1.4 Actuarial Valuation of the Fund

Under Section 25 of the Workers' Compensation Act, the Board appoints an Actuary to undertake the valuation of 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 making 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 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 , the Board continued to the implementation of the deliverables 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 included 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.

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).

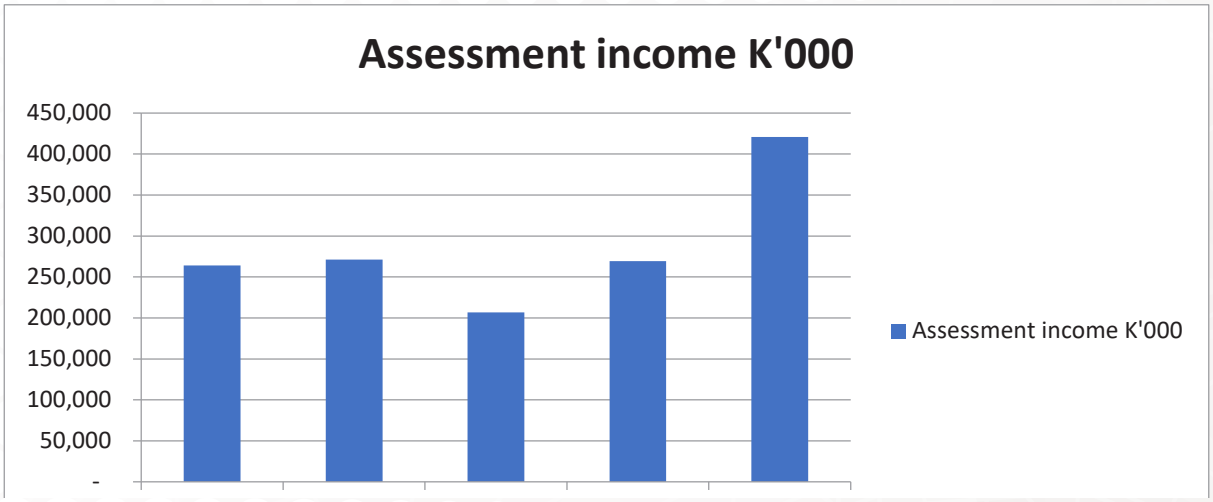
2.2.2.3 Domestic Employers and Workers Association were engaged with the view to establishing entry points for the implementation of the Statutory Instrument (SI) on Domestic Workers. Further, the Market and Artisanal Association were engaged with the view to establishing linkage with the informal economy workers in their respective spaces.

2.2.2.4 A total of 420 informal entities employing 1,857 informally workers were successfully registered as at 31st December 2022.

2.3 Assessment and Employer Registration

2.3.1 Assessment income

The Board registered 5,707 new employers during the year under review compared to 1,643 registered in the previous financial year, bringing the total number of registered employers under the Workers' Compensation Scheme to 46,953. Registration of new employers was largely attributed to the enabling business environment and new registration from SMEs for the purpose of accessing CDF funded projects.



The Board intends to continue increasing the number of registered employers through aggressive sensitisation 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

During the financial year, K420.72 million was raised as assessments income from 19,946 employers. The Board further recorded Revenue collections in the sum of K393 million against the assessments raised posting a performance rate of 93.41%.

2.3.3 Employer Sensitization

Employer sensitisation workshops were held in all the twenty-three (23) Branches aimed at promoting the web-portal for employer registration, annual assessments and accident report submission

2.4 Investments

2.4.1 Portfolio Performance

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

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

The Fund size as at 31st December 2022 stood at K3,901.86 million as compared to K3,218.36 million as at 31st December 2021, reflecting an increase of 21.24% as illustrated below:

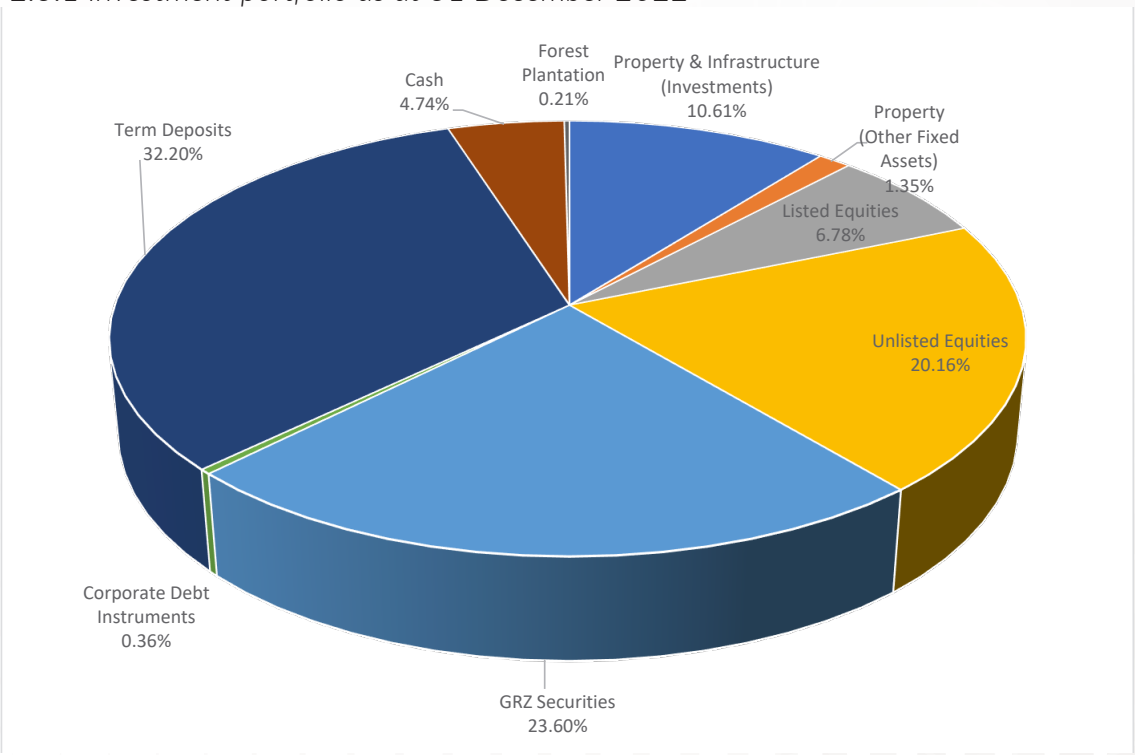
Table No. 2.4.1: Fund Size

Description	31st December 2022		31st December 2021	
	K' Million	%	K' Million	%
Property & Infrastructure (Investments)	424.12	10.87%	367.06	11.41%
Property (Other Fixed Assets)	54.17	1.39%	60.92	1.89%
Listed Equities	271.02	6.95%	216.55	6.73%
Unlisted Equities	708.85	18.17%	597.77	18.57%
GRZ Securities	943.73	24.19%	316.08	9.82%
Corporate Debt Instruments	14.24	0.36%	54.99	1.71%
Term Deposits	1,287.80	33.00%	1,551.73	48.21%
Cash	189.4	4.85%	48.47	1.51%
Forest Plantation	8.53	0.22%	4.79	0.15%
Total	**3,901.86**	**100.00%**	**3,218.36**	**100.00%**

Kawambwa Plantation

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

Chart 2.3.1 Investment portfolio as at 31 December 2022



The growth in the Portfolio was mainly 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 5.20% as compared to 4.45% the previous year, against the desired rate of return of ten per cent (10%). **(To refine by MI)**

Construction of Beach Lodge as phase I in the development of the Samfya International Convention Centre

Development of a Hotel and Shopping Mall in Kasama was in progress

As at 31st December 2022, the Property portfolio was valued at K478.29 Million Property value consisting of K424.12 million investment properties and K54.17 million Depreciable property.(2021- K..... MI to add)

2.4.3 Equity

The total equity portfolio increased to K979.87 million as at 31st December 2022 from K814.32 million as at 31st December 2021, translating to 20.3% growth rate. The increase was mainly due to 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 LuSE All Share Index (LASI) tremendously improved in performance by 23.22% to close at 7,337.79 as at 31st December 2022 from 5,954.82 in 2021.

During the year, the Board disposed of 78,077.00 Copperbelt Energy Corporation Shares, 498,452.00 Zambia Sugar Shares and 4,070,144.00 First Quantum Minerals Zambia Depositary Receipts following the delisting on the Lusaka Securities Exchange. 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	31st December 2022		31st December 2021	
	K' Million	%	K' Million	%
CEC	58,080.85	21.43%	40,925	18.90%
REIZ	6,856.91	2.53%	5,258	2.43%
ZAMBEEF	1,924.00	0.71%	1,191	.55%
PUMA ZAMBIA	5,136.92	1.90%	3,885	1.79%
NAT BREW PLC	3,200.73	1.18%	7,181	3.32%
ZANACO PLC	64,865.80	23.93%	38,635	17.84%
ZAMBIA SUGAR	8,972.13	3.31%	14,455	6.68%
AEL ZAMBIA	51,704.39	19.08%	36,169	16.70%
FQM	-	25.93%	14,246	6.58%
ZAFFICO	70,280.00	21.43%	54,600	25.21%
TOTAL	**271,021.74**	**100.00%**	**216,545**	**100.00%**

2.4.3.2 Unlisted Equity

The table below shows the Board's unlisted equity portfolio.

SECURITY	31st December 2022		31st December 2021	
	K' Million	%	K' Million	%
KAFUBU MALL LTD	52,882	7.46%	55,467	9.28%
ZAMBIA INDUSTRIAL COMMERCIAL BANK	23,989	3.38%	18,860	3.16%
MARCOPOLO TILES COMPANY LIMITED	159,206	22.46%	153,313	25.65%
WONDERFUL INDUSTRY (Z) COMPANY LIMITED	345,480	48.74%	242,841	40.62%
EMPORIUM PARTNERS LIMITED	127,290	17.96%	127,290	21.29%
TOTAL	**708,847**	**100.00%**	**597,771**	**100.00%**

2.4.3.3 Dividends

A total of K30.39 million in dividends were received from the following companies during the year under review compared to K30.71 million in the previous year:

a) AEL Zambia Plc
b) First Quantum Minerals
c) Copperbelt Energy Corporation
d) Zambia National Commercial Bank
e) Zambia Sugar
f) Zambia Forestry and Forest Company
g) Marcopolo Tiles Company Limited

2.4.4 Term Deposits

TTerm Deposits increased by 41.85% to K2,201.12 million as at 31st December 2022 from K1,551.73 million in the year ended 31st December 2021. The increase resulted from investments of funds received from assessments and reinvestment of proceeds from matured deposits.

2.4.5 GRZ Securities

GRZ Securities increased to K943.73 million as at 31st December 2022 from K316.08 million in the year ended 31st December 2021. This was as a result of the diversification of funds from other low-earning fixed income securities to GRZ Securities.

2.4.6 Corporate Debt Instruments

Corporate Debt Instruments decreased to K14.24 million as at 31st December 2022 from K54.99 million as at 31st December 2021. The reduction was attributed to Corporate bonds that had matured during the year and proceeds therefrom invested in other asset classes.

2.4.7 Asset and Liability Management

The Assets were more than the liabilities throughout the year; 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 2022 financial year, 1,323 accident and disease claims were received compared to the 1,110 accident and disease claims received in the 2021 Financial Year, reflecting an overall increase in accident claims of 19%.

The highest number of employment injuries and disease claims by industry were reported in the Mining industry where a total number of 283 accident notifications were received followed by the Agriculture category where 168 accident claim notifications were received. Table 2.4.2.1 below shows the top five industry categories with reported accidents.

Table 2.5.2.1: Top Five Accidents received by Industry

Business Classification	No. of Accidents
Mining and Quarry	283
Agriculture, Forestry	168
Building, Construction	145
Food, Drink, Tobacco	114
Personal Services, Hotels	104

2.5.2 Received Claims by Nature of Injury

During the year **1,323** accident notifications were received compared to **1,110** in 2021. The detailed summary of accidents received by nature of the injury are summarised in Table 2.4.2.2 below.

Table 2. 5.2.2 – Accidents classified by type

NATURE OF INJURY	Financial Year 2022	Financial Year 2021	CHANGE (%)
Fatal	102	90	13%
Non-Fatal	1106	932	19%
Diseases (T.B & Pneumoconiosis)	115	88	31%
TOTAL	**1,323**	**1,110**	**19%**

There was a 19% increase in the number of reported accidents in the period under review. Fatal accident notifications increased by 13%, Non-fatal accident notifications increased by 19% and Disease incident notifications recorded an increase of 31%.

Table 2.4.2.3 provides further details on the accidents received.

Table 2.5.2.3 – Accidents received by industry

BUSINESS CLASSIFICATION	Financial Year 2022	Financial Year 2021	CHANGE (%)
Agriculture, Forestry, etc.	168	144	17%
Banking, Finance, Insurance etc.	21	22	-5%
Building Constructions, etc.	145	121	-20%
Charitable, Religious, Political and Trade Organizations, etc.	18	11	64%
Chemical Industry etc.	59	72	-18%
Educational Services etc.	19	11	73%
Entertainment, Sport etc.	3	6	-50%
Food, Drink, Tobacco, etc.	114	111	3%
Glass, Brick, Tiles, Asbestos etc.	19	25	-24%
Iron and Steel Industry, etc.	95	104	-9%
Leather Industry etc.	4	3	33%
Local Authorities	6	13	-54%
Medical Services	2	2	0%
Mining (Coal and Metals) Scheduled Mines	283	168	68%
Personal Services, Hotels, etc.	104	79	32%
Printing, Publishing & Paper Industry etc.	10	8	25%
Professional Services	25	23	9%
Textile Industry, etc.	5	17	-71%
Trade, Commerce, etc.	95	85	12%
Transport, Communication, etc.	82	44	86%
Wood and Furniture Industry	43	41	5%
Domestic Workers	3	0	0%
TOTAL CASES RECEIVED	**1,323**	**1,110**	**19%**

2.5.3 Accepted Claims

During the period under review, a total number of **1,521** claims was accepted compared to a total number of **1,285** claims accepted in the previous period.

A total number of 1,322 of the accepted claims were non-fatal cases, while fatal and disease cases accounted for 93 and 106, respectively.

There was an overall increase of 18% in the number of accepted claims over the two periods as shown in Table 2.5.3.1 below

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Table 2.4.3.1- Accepted claims by nature

NATURE OF INJURY	Financial Year 2022	Financial Year 2021	CHANGE (%)
Fatal	93	98	-5%
Non-Fatal	1,322	1,079	23%
Diseases (T.B & Pneumoconiosis)	106	108	-2%
TOTAL	**1,521**	**1,285**	**18%**

2.5.4 Compensation Benefit Payments

During the year, a total number of **11,130** active registered beneficiaries received monthly pensions compared to the **11,070** in the previous year.

During the year to 31st December 2022 , a total amount of **K163.81** million was paid as pension and dependant allowances compared to **K31.90 million** paid in the year to 31st December 2021. The increase of 413.5% is attributable to payment of compensation arrears arising from implementing the Actuarial valuation recommendations from 1st April 2017 to 31st March 2020.

2.5.5 Other Cash Benefits

During the year, a total amount of K0.674 million was paid s compared to K0.607 million paid in the previous year. This included 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.

Beneficairy acknowledging cash receipt using a thumb print

2.5.6 Non-Cash Benefits

Mr. Kasamya, with a device to helphim exercise breathing as part of rehabilitation

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 2022		Financial Year 2021	
	No. of Beneficiaries	Amount (K)	No. of Beneficiaries	Amount (K)
Medical Treatment-Local	268	4,854,978.45	120	895,927.00
Medical Treatment-Abroad	5	784,958.00	1	67,805.00
Medical Aid Items Provided	391	1,542,945.84	537	957,187.00
Domiciliary Nursing Care Services	105	349,160.00	47	141,070.00
Orthopaedic ervices (Artificial Limbs)	75	614,039.96	175	3,890,883.00
Return-To-Work (RTW) Scholarships	20	551,622.00	111	326,111.00
Surgical Shoes	19	25,678.50	46	38,251.00
Outreach Activities	17	28,451.00	5	4,220.00
Funeral Assistance	78	390,000.00	13	65,000.00
Sub Total	**978**	**9,141,833.75**	**1,055**	**6,386,454.00**
Periodical examinations expenses:				
Medical examination	611	273,728.00	568	229,504.00
Accomodation	168	176,500.00	177	185,500.00
Transport Refund	607	156,611.32	569	126,778.00
Subsistence Allowance	610	67,800.00	568	65,700
Sub Total	**611**	**674,639.32**	**568**	**607,482.00**
Total	**1,589**	**9,816,473.07**	**1,623**	**6,993,936.00**

2.5.7 Medical Treatment, Other Medical Items and Periodical Expenses

During the year, the Board facilitated the medical treatment of 273 beneficiaries locally and abroad at a cost of K5.64 million compared to 121 beneficiaries at a cost K0.96 million in 2021.In addition, medical aid items valued at K1,54 million were distributed to 391 beneficiaries during the year compared to K0.96 million for 537 beneficiaries in the previous year. The items purchased included surgical items (assorted), surgical shoes, artificial limbs, motorised wheelchairs, airbag mattresses, and home physiotherapy equipment.

2.6 Occupational Health And Safety

2.6.1 Employer Site Safety Inspections

Two hundred and sixty-two (262) health and safety inspections were carried out during the year. In addition, eleven (11) joint inspections were done with the Factories Inspectorate of the Ministry of Labour and Social Security in Copperbelt, Luapula and Northern Provinces.

2.6.2 Vision Zero Activities

- Vision Zero sector launches - The Mining Sector Vision Zero was launched in Solwezi.
- Safe Workers of Tomorrow (SWOT) - Thirty-three (33) Safety Clubs were established at various schools in North-Western, Copperbelt and Luapula Provinces.
- Health and safety training - Training was conducted at six (06) employer sites and twelve (12) WCFCB Branches.

2.6.3 Medical Surveillance Activities

The following were the activities carried out.

- New certifications- 115 for Tubercolosis & Pneumoconiosis
- Annual medical examinations and Village Benefits (VBs)- at K 0.67 million

The Minister of Labour and Social Security, Hon Brenda Tambatamba MP Listening To Mr. Nkholomba Head Corporate and Customer Services during the Safe Workers of Tomorrow sensitisation visit

2.6.4 World Day for Safety and Health

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.

Commemoration of World Day for Safety and Health at the Workplace

2.7 Human Resource Management and Administration

2.7.1 Staff Establishment

The Board's staff placement was 247 out of an approved Staff Establishment of 265 as at 31st December 2022.

2.7.2 Staff Development and Training

The Board prides itself in human capital development as employee competences are paramount for achieving strategic objectives and cultivating a high-performance culture. During the year, the following trainings were undertaken:

1. Training of Newly appointed Integrity Committee Members;
2. Risk Management Training for Senior Management and Board Members;
3. Defensive Driving and General Driving Refresher Course ;
4. Training In First Aid Administration;
5. Foreign workshops and conferences.

Fisrt Aid Training seminar

2.6.3 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 (BU) was convened to negotiate for all Conditions of Service to form the Collective Agreement for the period between 1st January, 2022 to 31st December, 2023. The BU was concluded on 25th March, 2022 and 9% salary increment was awarded to unionised members of staff with effect from 1st January 2022; subject to clearance by the Emoluments Commission.

Acting Commissioner and Chief Executive Officer Mr Patrick Siampwili with ZUFIAW General Secretary Mr Kasapo Kabende at the 2022 Collective Agreement signing ceremony.

The Board continued to 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.

In order to improve the healthy lifestyle choices, welfare, and productivity of members of staff, the Board participated in the 2022 Zufiaw Sports Festival which was held from 10th to 11th September, 2022 at the Olympic Youth Development Centre (OYDC) in Lusaka.

Part of the WCFCB Team and Acting Commissioner and CEO that participated in the 2022 Zufiaw Sports Festival from 10th to 11th September, 2022 at Olympic Youth development Centre (OYDC).

Acting Commissioner and Chief Executive Officer – Mr Patrick Siampwili and Members of staff from HQ and some Copperbelt Branches at the 2022 Nsobe Bush Run and Team Building Session held on 10th December, 2022 with Coach Emmanuel Mukula at Nsobe Bush Camp along Ndola - Kapiri Road.

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.

2.6.4 Performance Management System

During the year, performance assessments were undertaken and deserving members of staff were awarded notch increments for 2021 following the approval by the Board of Directors.

2.7 Risk Management

2.7.1 Risk Management Framework

The Risk Management Framework was designed in line with the ISO 31000 and approved by the Board of Directors.

2.7.2 Managing Covid 19 associated risks

During the year, the monitoring of risks associated with Covid 19 remained a priority. This entailed ensuring adequate measures were still in place, given the continuous prevalence of the pandemic. Specific focus areas included staff wellbeing, culture, continued enhancement of remote working capabilities, improved customer service and communication, and improvements to operational resilience.

2.7.3 Managing risk to deliver our strategy

The Board has a lower risk appetite in the management of critical areas such as financial performance, service delivery and employment injury compensation, improved business processes, infrastructure and administrative support, behaviour and conduct of staff, as these could significantly impact WCFCB's reputation and performance. The Board accepts a higher risk appetite, consistent with its strategic objectives, in relation to risks associated with investment initiatives and business growth.

2.8 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 using Highbond (Governance, Risk and Compliance software).

2.9 Information Communication Technology

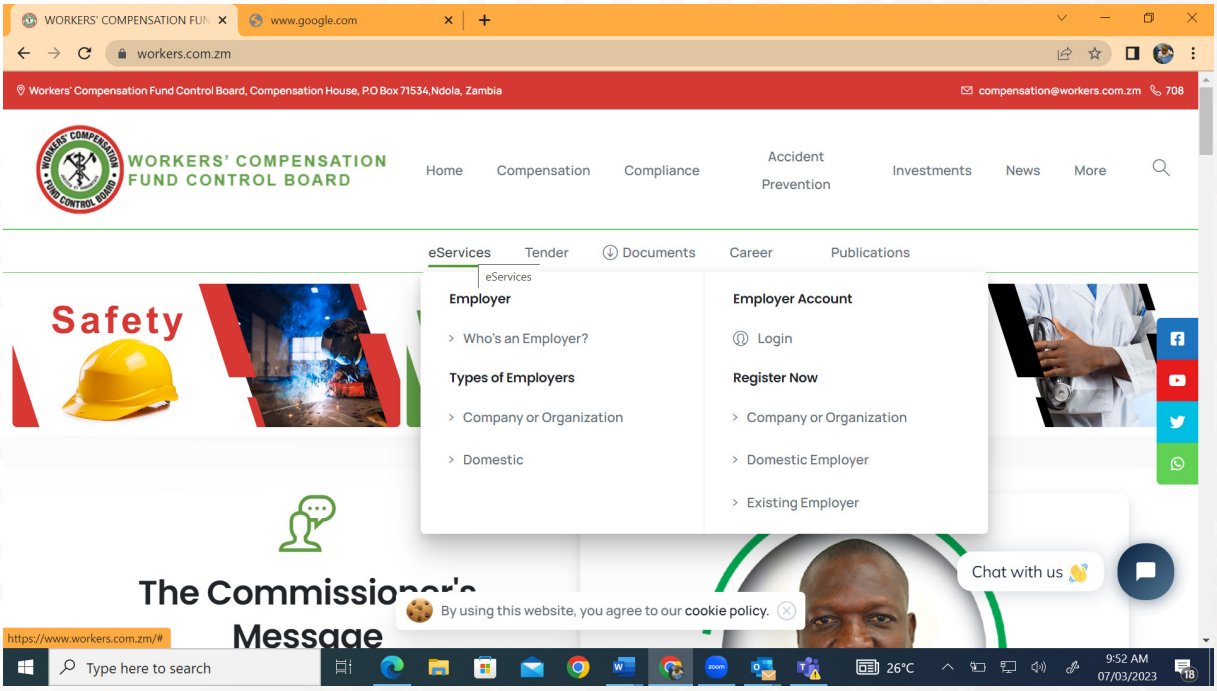
During the year, the Board continued to invest in and maintain an exceptionally reliable and robust ICT System across the Branch network.

2.9.1 Web-Portal

In the quest to provide access to the Board's services through electronic/digital platforms, the Board implemented a web portal for, among others, online submission of returns, generation of employer certificates, account statements and accident reporting.

2.9.2 External Website Upgrade

The Board embarked on upgrading the external website aimed at making it more dynamic, user friendly and integration with social media platforms such as Facebook, Twitter(X), WhatsApp and YouTube.

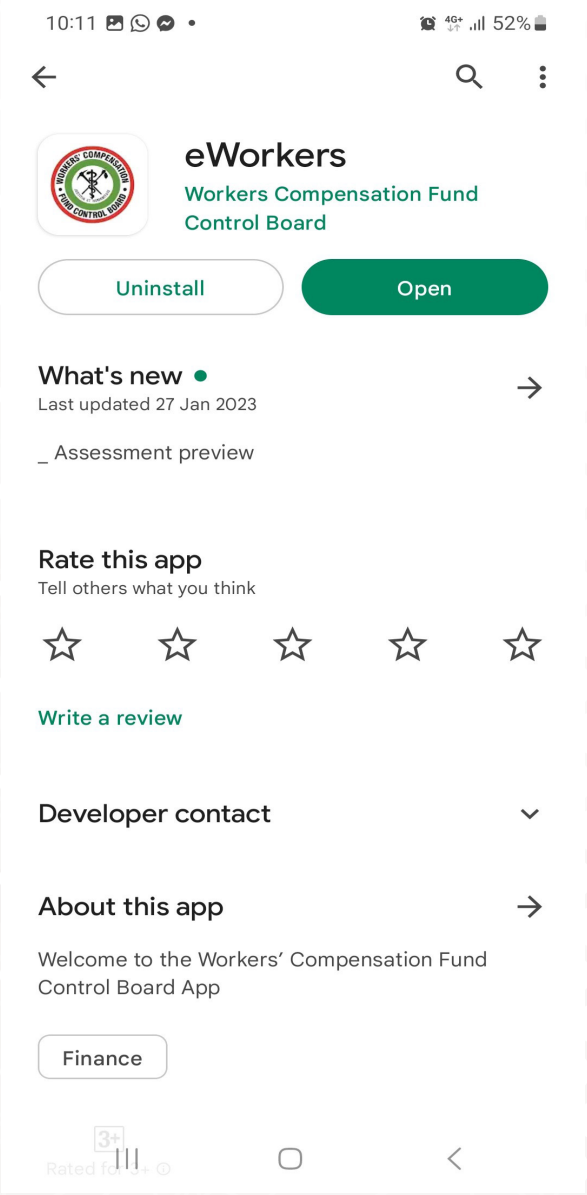


2.9.3 Online Job Application Portal (Internal Development)

As part of innovation, the Board embarked on an In-House development of an Online Job Application portal.

2.9.4 Mobile Applications

The Board successfully implemented the mobile application which was compatible with Android and Apple operating systems. Clients can access online services using this application.



2.9.5 Business Continuity – Nutanix Virtualization Project

The Board embarked on the implementation of the Nutanix AHV which is a modern and secure virtualisation platform that powers Virtual Machines for applications and cloud-native workloads on-premises and in public clouds. This modern technology will ensure business continuity and will reduce downtime in case of failure of the primary site.

2.9.6 Operationalization of Board Pack Software

The WCFCB successfully implemented the paperless Board pack software for use in Board and other meetings.

2.9.7 Cyber Security

In order to ensure optimum performance of the ICT equipment, Management ensured both server infrastructure and Workstations equipment was serviced on quarterly basis.

2.9.8 Upgraded Security End Points

To improve the security posture, the Board upgraded the Sophos Firewall and security endpoint to the latest version.

2.10 Communications & Customer Services

During the year, Communications and Customer Service activities were implemented as follows:

2.10.1 Media relations to inform and educate stakeholders on the operations of the Board were implemented through the press and electronic media houses as follows:

i. Placement of commercial messages in the print and electronic media on compliance, service delivery and other general messages of goodwill.

ii. Printing and publication of the calendars, diaries, fliers, pamphlets and the annual report for the previous year as well as the claims procedure posters.

iii. Sponsorship of twenty-six (26) episodes of the weekly Safety News Segment on Zambia National Broadcasting Corporation (ZNBC) television.

2.10.2 Other activities included the following:

i. Participation in several exhibition activities that included, the Zambia International Trade Fair, Lusaka Agricultural and Commercial Show, Agritech Chisamba Expo, Northern Agriculture Tourism and Investment Show, Western Province Agriculture and Commercial Show, Zambia Institute of Human Resource Management AGM Conference and the Zambia Institute of Architects AGM.

The Minister of Labour and Social Security, Hon Brenda Tambatamba MP during an interview at the Agricultural Commercial Show in Lusaka

Director Harrington Chibanda with Manager Branch Operations South, Mr. John Bwalya receiving a prize at the Agricultural Commercial Show on behalf of WCFCB

Local Government and Rural Development Minister Hon. Gary Nkombo (R) having a conversation with Manager Strategy and Business Development Mr. Manard Simumba (L) with Livingstone Mayor Her Worship Nalishebo Mukelabai (C) listens

ii. The Customer Service Charter was implemented and compliance to the service level agreements was monitored throughout the year.

iii. Facilitation of the induction of the Board of Directors, which was officiated by the Minister of Labour and Social Security Hon. Brenda M. Tambatamba MP at Protea Hotel on 1st March 2022;

iv. Coordination of the visit by the Acting Secretary General of the East Africa Social Security Association (ECASSA) Mr. Meshach Bandawe who met with Acting Commissioner and Chief Executive Officer Mr. Patrick Siampwili and Senior Management to discuss areas of mutual collaboration between the two institutions.

Acting Secretary General of the East Africa Social Security Association (ECASSA) Mr. Meshach Bandawe (c), Acting Commissioner & CEO Mr. Patrick Siampwili (third from R) and WCFCB Management

v. The Board, through the Corporate Social Responsibility programme, processed and paid several requests amounting to K2.84 million compared to K1.35 million in 2021.

2.11 Conclusion

I wish to express my profound appreciation for the remarkable dedication and unwavering commitment of the WCFCB team. The past year has seen us achieve notable milestones and overcome challenges with resilience. As we move forward, we are not just looking at numbers and statistics but embracing a vision of being ***"An innovative and reliable employment injury scheme."*** Our strategic objectives for the coming year are ambitious, yet I have no doubt that we can turn them into reality. Together, we will continue to prioritise safety at all workplaces, support our beneficiaries, and create a conducive work environment that champions the welfare of our employees.

My sincere thanks to our beneficiaries, employers and other stakeholders, for the continued support during the year. The guidance and support from the Board of Directors and the Ministry of Labour and Social Security was invaluable and we look forward to delivering great value and better results under their direction in 2023.

Mr. Patrick Siampwili,

Acting Commissioner & Chief Executive Officer

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

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Workers' Compensation Fund Control Board
Annual Report and Financial Statements
for the year ended 31 December 2022

GENERAL INFORMATION

REGISTERED OFFICE	: Compensation House
	: Corner Broadway/Moffat Roads
	: P.O. Box 71534
	: NDOLA
	: Tel: 260 212 610481/8
	: Fax: 260 212 612072
	: Email: compensation@workers.com.zm
INDEPENDENT AUDITOR	: CYMA Chartered Accountants & Management Consultants
	: LUSAKA
BOARD SECRETARY	: Mr. Patrick Siampwili
	: NDOLA
PRINCIPAL BANKERS	: Zambia National Commercial Bank, NDOLA
	: Standard Chartered Bank, LUSAKA
	: Atlas Mara, NDOLA
	: National Savings and Credit Bank, NDOLA
	: Zambia National Building Society, NDOLA
	: Access Bank Zambia, NDOLA
LEGAL ADVISORS	: Messrs Kabuka & Company, NDOLA
	: Messrs Isaacs & Partners, NDOLA
	: Messrs L M Matibini & Company, NDOLA
ACTUARIES	: Government Actuaries Department (GAD)
	: UNITED KINGDOM

Workers' Compensation Fund Control Board
Annual Report and Financial Statements
for the year ended 31 December 2022

REPORT OF THE DIRECTORS

The Directors submit their report and the audited Financial Statements for the period ended 31 December 2022, 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 is to compensate 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 milestones of the Board set for the year.

The Board of Directors had placed emphasis on improving the effectiveness of the Board through better management and supervision.

The Board recorded a surplus for the year of K645,014,000 (2021: K471,821,000).

RESULTS	2022 K'000	2021 K'000
Income	1,097,186	742,450
Claims and Pension paid	(188,851)	(49,820)
Other expenditure	(273,861)	(215,981)
Surplus before impairment losses and finance costs	634,474	476,649
Impairment on receivables	(21,646)	-
Impairment on other assets	32,252	(4,772)
Finance costs	(66)	(56)
Surplus for the year	645,014	471,821
Net current assets	1,294,187	1,565,117
Long term investments	2,014,299	1,171,025

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:

Property, plant and equipment worth K82,550,000 (December 2021: K52,333,000) was acquired during the year. The Board disposed of property, plant and equipment which had a cost of K2,076,000 (December 2021: K942,000). The net revaluation surplus was K1,035,000 (December 2021: K2,397,000). There were transfers from investment property during the year amounting to K 32,052,000 to Capital Work in Progress.

The Directors are of the opinion that the fair values of property, plant and equipment are not less than their carrying values.

REPORT OF THE DIRECTORS (CONTINUED)

REPORT OF THE DIRECTORS (CONTINUED)

4. INVESTMENT PROPERTY

The fair value of investment properties in the year under review was K344,993,000 (December 2021: K359,006,000). The valuation was conducted by an independent professional valuer, Platinum Consulting, with knowledge of market values and prices in the location of the properties.

5. ACTUARIAL VALUATION

	March 2020 K'000	March 2017 K'000
Assets		
From financial statements	2,381,773	1,365,305
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	4,476	4,000
Total liabilities	733,719	551,525
Surplus (assets – liabilities)	1,648,054	813,780
Funding level (assets/liabilities)	325%	248%

The next Actuarial valuation is for audited Financial Statements for the financial year ending 31 December 2022.

6. EMPLOYEES

The Board employed an average of 247 (2021: 250) employees during the period out of the staff establishment of 496.

	2022 Number	2021 Number
Represented employees	173	119
Non-represented employees	74	131
	247	250
	K'000	**K'000**
Employee Cost	151,120	127,417
The employee cost as a percentage of Assessments raised	36%	47%

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, a staff Gymnasium and provides health insurance cover through the National Health Insurance Scheme (NHIMA).

8. CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

The Board made donations during the period totaling K2,839,000 (2021: K 1,354,000)

9. EXECUTIVE MANAGEMENT

The following Executive Management served during the year:

	Name	Position
i	Mrs. Priscilla C.C. Bwembya	Commissioner & Chief Executive Officer - retired October 2022
ii	Mr. Patrick Siampwili	Acting Commissioner & Chief Executive Officer - appointed April 2022 (substantively Director Legal Services)
iii	Mr. Kingsley M. Kangwa	Director Compliance and Benefits
iv	Mr. Frank Chanda	Director Investments - dismissed August 2022
v	Mr. Moses Simbeye	Acting Director Investments - appointed May 2022
vi	Mrs. Michelo H. Silungwe	Director Finance
vii	Mr. Christopher Chilembo	Director Information Communication Technology
viii	Mr. Chalwe Mwale	Director Audit

10. CORPORATE GOVERNANCE

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

10.1. DIRECTORS

The Board of Directors was disappointed on 21 October 2021 and a new Board of Directors was appointed as follows:

	Name	Position
i	Mr. Emmanuel M. Mbambiko - appointed on 7 February 2022	Chairperson
ii	Mr. Harrington Chibanda - appointed on 7 February 2022	Member
iii	Mrs. Mobwa F. Sitenta - appointed on 7 February 2022	Member
iv	Mr. Laurian H. Haangala - appointed on 7 February 2022	Member
v	Mr. Joy Beene - appointed on 7 February 2022	Member
vi	Mr. Chingati Msiska - appointed on 7 February 2022	Member
vii	Ms. Caroline Chiyoowa - appointed on 7 February 2022	Member
viii	Mr. Anthony Dumingu - appointed on 7 February 2022	Member
ix	Mr. Chisampa J. Kasanda - appointed on 7 February 2022	Member
x	Ms. Catherine N. Kantumoya - appointed on 7 February 2022	Member
xi	Mrs. Marian C. Tembo - appointed on 7 February 2022 and retired on 26 September 2022	Member
xii	Mr. Patrick Choolwe - appointed on 26 September 2022	Member

REPORT OF THE DIRECTORS (CONTINUED)

10. CORPORATE GOVERNANCE (CONTINUED)

10.2. BOARD COMMITTEES

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

(a) Finance & Investments Committee

i Mr. Harrington Chibanda - Chairperson appointed on 1 April 2023
ii Mr. Michael K. Phiri - appointed 1 April 2022
iii Dr. Liane M. Imakando - appointed 1 April 2022
iv Eng. Harold Telebwe - appointed 1 April 2022
v Mrs. Subeta K. Mutelo - appointed 25 November 2022
vi Mr. Laurian H. Haangala - appointed 1 April 2022

(b) Audit Committee

i Ms. Caroline Chiyoowa - Chairperson appointed 1 April 2022
ii Mr. Chingati Msiska - appointed 1 April 2022
iii Mrs. Eldwidge M Lungwebungu - appointed 1 April 2022
iv Dr. Frank G Munthali - appointed 1 April 2022
v Mr. Kennedy Bota - appointed 1 April 2022

(c) Staff Committee

i Mrs. Mobwa F. Sitenta - Chairperson appointed 1 April 2022
ii Mr. Joy Beene - appointed 1 April 2022
iii Mr. Patrick Choolwe - appointed on 26 September 2022
iv Rev. William Njombo - appointed 1 April 2022
v Mrs. Violet S. Matonge - appointed 1 April 2022
vi Mrs. Marian C. Tembo - appointed on 1 April 2022 and disappointed on 26 September 2022

(d) Compensation Committee

i Mr. Anthony Dumingu - Chairperson appointed 1 April 2022
ii Mr. Chisamba J. Kasanda - appointed 1 April 2022
iii Ms. Catherine N. Kantumoya - appointed 1 April 2022
iv Mr. L Kalubankwa - appointed 1 April 2022
v Hon. L K Fungulwe - appointed 1 April 2022

11. 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 contract entered into by the Board during the year.

12. 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.

REPORT OF THE DIRECTORS (CONTINUED)

13. IMPACT OF COVID - 19

Covid – 19 led to cancellation of contracts for contractors in the major mining companies that resulted loss of employment in the sector, and to reductions in workforce in the hospitality industry. The Board devised strategies that helped it attain an increase in Assessments.

14. INDEPENDENT AUDITOR

In accordance with the provisions of the Workers' Compensation Act No. 10 of 1999, the auditors Messers CYMA Chartered Accountants & Management Consultants have expressed their willingness to continue in office.

The audit fees for the period under review amounted to K282,000 (2021: K495,000).

ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements set out on pages 80 to 121, were approved by the Board of Directors.

By order of the Board of Directors

Mr. Patrick Siampwili
Board Secretary

3 November 2023

Workers' Compensation Fund Control Board
Annual Report and Financial Statements
for the year ended 31 December 2022

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The 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:

i. 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;
ii. selecting and applying appropriate accounting policies; and
iii. making judgements and accounting estimates that are reasonable in the circumstances; and
iv 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:

i. the Financial Statements give a true and fair view of the financial position of Workers' Compensation Fund Control Board as of 31 December 2022, and of its financial performance and its cash flows for the year then ended;
ii. 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 they fall due. No information has come to the attention of the Directors to indicate that the Board will not remain a going concern for at least Twelve months from the date of these Financial Statements; and
iii. the Financial Statements are drawn up in accordance with International Financial Reporting Standards.

Approved by the Board of Directors on 3 November 2023 and signed on its behalf by:

Board Chairperson **Director**

CYMA

Chartered Public Accountants & Management Consultants

LUSAKA
4th floor, Electra house
Cairo Road
Lusaka

Postal Address
P O Box 38298
Tel: 231960
Fax: 236779

cyma@zamtel.zm Zambia

10 November 2023

AUDITOR'S REPORT

TO THE BOARD OF WORKERS COMPENSATION FUND CONTROL

BOARD Opinion

We have audited the financial statements of Workers Compensation Fund Control Board, which comprise statement of financial position as at 31st December 2022, the Statement of Comprehensive Income and Expenditure, Statement of Changes in Funds and Statement of Cash Flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 15 to 56.

In our opinion, the financial Statements give a true and fair view of the financial position of the Workers Compensation Fund Control Board as at 31st December 2022 and of its financial performance and its cash flows for the period then ended, in accordance with Generally Accepted Accounting Principles.

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 Workers Compensation Fund Control Board in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

We had four key audit matter to look at and these are as below.

1. Investment in Emporium Partners Limited
2. Investment in Kafubu Mall
3. Investment in Samfya Beach and
4. Kawambwa Forest Plantation

The table on pages 75-77 shows how we addressed these key audit matter.

AUDITOR'S REPORT FOR WORKERS COMPENSATION FOR 2022

	KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
1	**Investment in Emporium Partners Limited (EPL)** Emporium Partner Limited is a special Purpose vehicle (SPV) created and incorporated in July 2021 to develop and manage a Hotel and Shopping Mall properties in Kasama. It is jointly owned by WCFCB(74%), Urban Brands Asset Management Limited(22%) and Vanasie Holdings Limited(4%). WCFCB have honoured their obligation to the company by remitting USD 6.6 million in 2021 as per shareholders' agreement. To date the other two shareholders have not paid up their Capital contribution despite the calls being made. The Head of Terms have not been approved by the Attorney General. Urban Brands Asset Management Ltd, despite being the shareholders, are also the Project Managers which creates conflict of interest concerns. It is, also worth noting that management has continued paying the development fees. We deem this transaction as a key audit matter in the Financials of WCFCB due to the amounts involved and also the risks and uncertainty surrounding the project.	• **Understanding WCFCB's Investment Strategy**: We assessed the appropriateness of the investment in Emporium partners and whether it was consistent with the Board's investment strategy. • We reviewed the documentation supporting the investment in EPL. The documentation included the Shareholders' Agreement, Head of Terms Agreement, Pacra Company Registration, Management accounts for EPL and any correspondence relating to the investment. • We also evaluated the valuation report for EPL for 2022 and 2021 as presented by the independent valuers (Stockbrokers Zambia Limited) to determine the adequacy of the values disclosed in the financial statements, including compliance with relevant accounting standards. • We also undertook a snap physical inspection of the investment in Kasama.

AUDITOR'S REPORT FOR WORKERS COMPENSATION FOR 2022

2	**Investment in Kafubu Mall (KML)** WCFCB purchased shares from Ndola Investment Limited The documentation relating to the equity investment of K48m in Kafubu Mall Limited reveals that the investment should have been split between a shareholder Loan (K34m) and purchase of shares(K14m) in Kafubu Mall. There was also a payment made of property Transfer Tax on the transfer of shares as per share Transfer agreement. On face value, this is an interest free loan disbursed to a private company and for such transactions prior approval should have been obtained from the Treasury and Attorney General as per the requirements of section 72(2)(e) of the Public Procurement Act of 2020. In addition, WCFCB has never received any dividends from the time of investment. Due to the above concerns raised and the materiality of the figures involved, we have deemed this investment as a key audit matter.	• **Understanding WCFCB's Investment Strategy**: We assessed the appropriateness of the investment in Kafubu Mall Limited and whether it was consistent with the Board's investment strategy. • We reviewed the documentation supporting the investment in KML. The documentation included the Sale of Shares Agreement signed between WCFCB and Ndola Investments Limited. Deed of Adherence, Pacra Company Registration, Audited Financial Statements for KML, Investment Policy and any correspondence relating to the investment. • We also evaluated the valuation report for KML for 2022 and 2021 as presented by the independent valuers (Stockbrokers Zambia Limited) to determine the adequacy of the values disclosed in the financial statements, including compliance with relevant accounting standards.
3	**Investment in Samfya Beach** WCFCB spent about K30,944,054.05 to construct a lodge for Samfya District council as part of consideration for the acquisition of bare land from the Council. The land that was acquired from the council is only valued at K2,206,000 as at 31st December 2022. This figure includes the value of a dilapidated Bar which was valued at K230,000)	• **Understanding WCFCB's Investment Strategy**: We assessed the appropriateness of the investment in Samfya Beach and whether it was consistent with the Board's investment strategy. • We reviewed the documentation supporting the investment in Samfya Beach such as the feasibility study report by Mak Associates,

	We have included this transaction as a key audit matter as we consider such an expenditure to be material to acquire land, which is only valued at valued at K2,206,000.	Tender evaluation, actual copies of invoice payments and interim certificates of completion and other documents. • We also undertook a physical inspection of the investment.
4	**Kawambwa Forest Plantation** WCFCB has invested in a forest Plantation in Kawambwa. Upon our site visit, we noted the following pitfalls: • The access road to the plantation is in bad shape. • There are no permanent structures on site hence making supervision and storage of inputs difficult. • The wage bill of K2.9 million incurred on the plantation for 2022 accounts for a larger part of the costs. We have deemed this project a key audit matter as we consider the expenditures particularly wages being incurred on the project as material and difficult to substantiate.	• **Understanding WCFCB's Investment Strategy**: We assessed the appropriateness of the investment in Kawambwa Forest Plantation and whether it was consistent with the Board's investment strategy. • Other than the physical inspection of the Plantation, we reviewed the documentation supporting the investment in Kawambwa Plantation such as feasibility study, wage sheets, purchase invoices for inputs and the general Ledger postings. • We also interviewed key personnel both at Headoffice and at the site

AUDITOR'S REPORT FOR WORKERS COMPENSATION FOR 2022

Responsibilities of the Board

The Board of Directors of Workers Compensation Fund Control Board are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2017 of Zambia, and for such internal control as members determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, members are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern using the going concern basis of accounting unless members either intend to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 scepticism throughout the audit. We also:

I. 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.

II. 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 company's internal control.

III. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

IV. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company'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

AUDITOR'S REPORT FOR WORKERS COMPENSATION FOR 2022

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.

V. 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.

VI. Obtain sufficient appropriate audit evidence regarding the financial information of the company's activities to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on other legal and regulatory requirements

In our opinion, the Financial Statements of Workers' Compensation Fund Control Board as of

31 December 2022 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.

Dr. C.Y Mulendema
Chartered Accountants
Partner Lusaka
AUD/F000113

15/03/24.
Date

Workers' Compensation Fund Control Board
Annual Report and Financial Statements
for the year ended 31 December 2022

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2022 K'000	2021 K'000
Income			
Assessments raised	4.	420,720	269,237
Other income	5.	676,466	473,213
Total income		1,097,186	742,450
Claims and Benefits Paid			
Claims and benefits paid - Accident Fund	6.	(21,119)	(11,556)
Benefits paid - Pension Fund	7.	(167,732)	(38,264)
		(188,851)	(49,820)
Total income after claims and pensions paid		908,335	692,630
Administrative expenses	Schedule 1	(235,476)	(197,013)
Investment related expenses	Schedule 2	(27,779)	(23,740)
Surplus for the period before finace costs		645,080	471,877
Finance costs		(66)	(56)
Surplus for the year		645,014	471,821
Other comprehensive income:			
Items that will not be reclassified to income or expense:			
Increase in disaster reserve	18.	-	-
Increase in data reserve	20.	-	-
Gains on property revaluation	19.	1,035	2,397
Total comprehensive income for the year		646,049	474,218

The notes on pages 84 to 121 form an integral part of these Financial Statements.

STATEMENT OF CHANGES IN FUNDS

	Notes	Revaluation reserve K'000	Disaster reserve K'000	Data reserve K'000	Total reserve K'000	Accumulated funds K'000	Total funds K'000
Year ended 31 December 2022							
At beginning of year		106,674	4,476	95,271	206,421	3,012,190	3,218,611
Effect of reclassification of asset	30.	-	-	-	-	63,006	63,006
		106,674	4,476	95,271	206,421	3,075,196	3,281,617
Total comprehensive income for the year:							
Surplus for the year		-	-	-	-	645,014	645,014
Other comprehensive income	19.	1,035	-	-	1,035	-	1,035
Transfer from revaluation reserve	19.	(576)	-	-	(576)	576	-
At end of year		107,133	4,476	95,271	206,880	3,720,786	3,927,666
Year ended 31 December 2021							
At beginning of 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	19.	2,397	-	-	2,397	-	2,397
Transfer from revaluation reserve	19.	(825)	-	-	(825)	825	-
At end of year		106,674	4,476	95,271	206,421	3,012,190	3,218,611

The notes on pages 84 to 101 form an integral part of these Financial Statements.

Workers' Compensation Fund Control Board
Annual Report and Financial Statements
for the year ended 31 December 2022

STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December 2022 K'000	2021 K'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	10.	212,895	121,663
Other receivables	29.	28,017	-
Forest plantation	11.	8,530	4,789
Investment property	12.	368,361	359,006
Intangible assets	13.	3,749	332
Financial assets	14.	2,014,299	1,171,025
		2,635,851	1,656,815
Current assets			
Financial assets	14.	1,095,954	1,526,666
Assets held for sale	12.	-	8,050
Inventories	15.	1,760	1,775
Assessment and other receivables	16.	72,596	58,816
Cash and cash equivalents	17.	189,773	48,468
		1,360,083	1,643,775
Total assets		3,995,934	3,300,590
FUNDS AND LIABILITIES			
FUNDS			
Accumulated funds		3,720,786	3,012,190
Disaster reserve	18.	4,476	4,476
Revaluation reserve	19.	107,133	106,674
Data reserve	20.	95,271	95,271
		3,927,666	3,218,611
LIABILITIES			
Non-current liabilities			
Lease liabilities	22.	242	366
Provisions	21.	2,130	2,955
		2,372	3,321
Current liabilities			
Payables	23.	52,931	66,109
Lease liabilities	22.	278	278
Provisions	21.	12,687	12,271
		65,896	78,658
		3,995,934	3,300,590

The Financial Statements on pages 80 to 121 were approved and authorised for issue by the Board of Directors on 3 November 2023 and were signed on its behalf by:

DIRECTOR DIRECTOR

The notes on pages 80 to 121 form an integral part of these Financial Statements.

Workers' Compensation Fund Control Board
Annual Report and Financial Statements
for the year ended 31 December 2022

STATEMENT OF CASH FLOWS

	Notes	2022 K'000	2021 K'000
Operating activities			
Cash generated by/(used in) operations	25.	(22,381)	37,959
Interest income	5.	381,262	419,105
Net cash from/(used in) operating activities		358,881	457,064
Investing activities			
Cash paid for purchase of property, plant and equipment	10.	(82,550)	(52,333)
Cash paid for purchase of investment properties	12.	(16,145)	(84,346)
Reallocation of investment property	12.	(450)	-
Net (decrease)/increase in held for sale assets	12.	8,050	11,500
Net cash (paid)/received from/for (purchase)/sale of financial assets	24.	(142,104)	(225,583)
Net cash (paid)/received from/for (purchase)/sale of shares	24.	(7,240)	(168,131)
Net cash (paid)/received from/for forest plantation	11.	(3,741)	(3,245)
Cash paid for purchase of intangible assets	13.	(3,942)	(92)
Proceeds from disposal of property, plant and equipment		376	22
Dividends received	5.	30,360	30,750
Net cash from/(used in) investing activities		(217,386)	(491,458)
Financing activities			
Finance costs		(66)	(56)
Proceeds from leases		(124)	43
Net cash from/(used in) financing activities		(190)	(13)
Increase/(decrease) in cash and cash equivalent		141,305	(34,407)
Movement in cash and cash equivalents			
At start of period		48,468	82,875
Increase/(decrease) in cash and cash equivalents		141,305	(34,407)
At end of period	17.	189,773	48,468

The notes on pages 84 to 121 form an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

1. **Presentation of Financial Statements**

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 principal activities of the Board is to compensate workers for disabilities suffered or diseases contracted during the course of 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 asset;
ii) determination of assessment income;
iii) useful lives of property, plant and equipment;
iv) determination of impairement of assets;
v) estimation of the provision and accruals;
vi) recoverability of trade and other receivables;
vii) determination of capitalised values;
viii) fair value measurement and valuation process; and
ix) accidents Incurred But Not Reported (IBNR).

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant Accounting Policies (continued)

f) **Financial instruments**

i. **Financial assets Classification and measurement**

The Board classifies financial assets and financial liabilities into the following categories:

- Amortised cost
- Financial assets at fair value through other comprehensive income (FVOCI)
- Financial assets at fair value through statement of comprehensive income (FVPL)

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.

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.

ii. **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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant Accounting Policies (continued)

f) **Financial instruments (continued)**

ii. **Equity instruments (continued)**

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:

- 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.

iii. **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.

g) **Loans to principal owners, directors, managers and employees**

These financial assets are classified as amortised cost.

h) **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

i) **Payables**

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

j) **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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant Accounting Policies (continued)

k) **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.

All Assessment receivables that are more than 90 days due as of year end are deamed impaired. Other receivables are reviewed from time to time to determine level of impairment.

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.

l) **Taxation**

Tax expenses

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

m) **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.

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant Accounting Policies (continued)

n) **Impairment of other non-financial assets (continued)**

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.

o) **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.

p) **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 to defined contribution retirement benefit plans are charged as an expense as they fall due.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant Accounting Policies (continued)

p) **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.

q) **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.

r) **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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant Accounting Policies (continued)

s) **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.

t) **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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant Accounting Policies (continued)

u) **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.

v) **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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant Accounting Policies (continued)

w) **Fair value measure**

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

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

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

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

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

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.

x) **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.

y) **New and revised standards that are effective for annual periods beginning on or after 1 January 2022**

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant Accounting Policies (continued)

y) **New and revised standards that are effective for annual periods beginning on or after 1 January 2022**

Number	Effective Date	Executive Summary
Amendments to IAS 16 'Property, Plant and Equipment': Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The International Accounting Standards Board (IASB) has published 'Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)' regarding proceeds from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management.
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)	The International Accounting Standards Board (IASB) has published 'Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)' amending the standard regarding costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.
Annual improvements cycle 2018 - 2020	Annual periods beginning on or after 1 January 2022 (Published May 2020)	oject tracks developments in the annual improvements process for the 2018-2020 cycle. Annual Improvements to IFRS Standards 2018–2020 makes amendments to the following standards: - IFRS 1, First-time Adoption of International Financial Reporting Standards - *Subsidiary as a first-time adopter;* - IFRS 9, Financial Instruments : *Fees in the '10 per cent' test for derecognition of financial liabilities;* - IFRS 16, Leases: *Lease incentives; and* - IAS 41, Agriculture: *Taxation in fair value measurements* .

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Significant Accounting Policies (continued)

z) **Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company**

Number	Effective Date
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 2023 (Published Jan 2020)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. Assessments raised	2022 K'000	2021 K'000
Extractive Industry	170,072	35,337
Manufacturing, retail and trade	103,949	64,044
Societies	10,741	23,748
Transport, communication and hospitality	61,128	22,027
Financial Institution	7,860	2,290
Professional services and health	16,778	12,587
Education and sport	15,094	27,138
Construction	31,446	81,898
Utility companies	3,652	168
	420,720	269,237

5. Other income		
Interest income	379,921	418,288
Interest on staff loans	1,341	817
Rental income	16,615	17,205
Levies on employers' assessments	16,153	15,722
Dividend income	30,360	30,750
Gain on disposal of assets	269	22
Gain on exchange differences	3,517	1,386
Provision written off	-	10,582
Sundry income	4,564	3,680
Net fair value (losses)/gains on assets **	223,726	(25,239)
	676,466	473,213

** Net fair value (losses)/gains on assets		
Net fair value gain/(loss) - financial assets (Level 1)	230,966	(532)
Net fair value gain/(loss) - investment property	(7,240)	(24,707)
	223,726	(25,239)

6. Claims and Benefits paid - Accident Funds	2022 K'000	2021 K'000
Periodic payments	35	62
Medical aid	13,216	5,929
Lump-sum payments	2,332	1,952
Transport and sundries	847	621
Constant attendance allowance	2,205	1,714
Rehabilitation expenses	1,648	1,278
Vision Zero	836	-
	21,119	11,556

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. **Benefits paid - Pension Fund**	**2022 K'000**	**2021 K'000**
Current pension paid	167,732	38,264
	167,732	38,264

8. **Surplus for the year**

The following items have been charged/(debited) in arriving at surplus/(deficit) for the period:

	2022 K'000	**2021 K'000**
Operating lease charges		
- Rent and rates	1,159	1,440
Auditors remunerations	282	495
Directors emoluments	10,308	5,513
Impairment - receivables	21,646	-
Impairment - other assets	(32,252)	4,772
Amortisation-intangible assets	525	276
Depreciation on property, plant and equipment	24,298	12,097
Staff costs	151,120	127,417
Net fair value gain/(loss) - financial assets	230,966	(532)

9. **Staff cost**	**2022 K'000**	**2021 K'000**
Salaries and wages	122,853	103,216
Provision for leave and long-term service dues		
Leave accrual	6,822	4,335
Gratuity	5,766	5,423
Pension employer contributions	9,680	8,634
Other staff costs	5,999	5,809
	151,120	127,417

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. **Property, plant and equipment**

Year ended 31 Dece mber 2022 - Conbined	**Leasehold 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 period	62,235	89,519	10,924	19,809	60	64	182,611
Additions	1,394	13,168	5,283	587	-	62,118	82,550
Disposals	-	(1,868)	-	(208)	-	-	(2,076)
Transfer - Investment	-	-	-	-	-	32,052	32,052
Revaluation	(407)	-	-	-	-	-	(407)
At end of period	63,222	100,819	16,207	20,188	60	94,234	294,730
Comprising							
Cost	11,245	100,819	16,207	20,188	60	94,234	242,753
Valuation	51,977	-	-	-	-	-	51,977
	63,222	100,819	16,207	20,188	60	94,234	294,730
Depreciation							
At start of period	(856)	(41,096)	(7,439)	(11,511)	(46)	-	(60,948)
Disposals	-	1,868	-	101	-	-	1,969
Revaluation	1,442	-	-	-	-	-	1,442
Charge for the period	(1,695)	(17,054)	(866)	(4,671)	(12)	-	(24,298)
At end of period	(1,109)	(56,282)	(8,305)	(16,081)	(58)	-	(81,835)
Net book value	62,113	44,537	7,902	4,107	2	94,234	212,895
Year ended 31 December 2021							
Cost or valuation							
At start of period	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)
Revaluations	985	-	-	-	-	-	985
At end of year	62,235	89,519	10,924	19,809	60	64	182,611
Comprising							
Cost	10,037	89,519	10,924	19,809	60	64	130,413
Valuation	52,198	-	-	-	-	-	52,198
	62,235	89,519	10,924	19,809	60	64	182,611
Depreciation							
At start of year	(540)	(34,515)	(6,824)	(9,288)	(38)	-	(51,205)
Disposals	-	729	-	213	-	-	942
Revaluations	1,412	-	-	-	-	-	1,412
Charge for the year	(1,728)	(7,310)	(615)	(2,436)	(8)	-	(12,097)
At end of year	(856)	(41,096)	(7,439)	(11,511)	(46)	-	(60,948)
Net book value	61,379	48,423	3,485	8,298	14	64	121,663

Leasehold Land & buildings were professionally valued on 31 December 2022 by Platinum Consulting Ltd 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

All additions of the Board were acquired through cash payments.

Included in the bove balances are right of use assets over the following

	2022 K'000	2021 K'000
Leasehold building	396	464

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.

The cost of fully depreciated property, plant and equipment amounted to K42,794,000 (December 2021: K42,794,000). If Leasehold buildings were stated on historical cost basis, the amounts would be as follows:

	Leasehold buildings K'000	Total K'000
Year ended 31 December 2022		
Cost		
Accident fund	2,620	2,620
Pension fund	8,625	8,625
	11,245	11,245
Accumulated Depreciation		
Accident fund	(165)	(165)
Pension fund	(1,185)	(1,185)
	(1,350)	(1,350)
Net book value	9,895	9,895
Year ended 31 December 2021		
Cost		
Accident fund	2,620	2,620
Pension fund	7,417	7,417
	10,037	10,037
Accumulated Depreciation		
Accident fund	(99)	(99)
Pension fund	(969)	(969)
	(1,068)	(1,068)
Net book value	8,969	8,969

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Property, Plant & Equipment - Accident Fund

Year ended 31 December 2022

	Leasehold 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 period	4,680	89,519	9,215	19,809	60	64	123,347
Additions	185	13,168	5,283	587	-	61,148	80,371
Revaluation	17	-	-	-	-	-	17
Transfers	-	-	-	-	-	28,967	28,967
Disposals	-	(1,868)	-	(208)	-	-	(2,076)
At end of period	4,882	100,819	14,498	20,188	60	90,179	230,626
Comprising							
Cost	2,620	100,819	14,498	20,188	60	90,179	228,364
Valuation	2,262	-	-	-	-	-	2,262
	4,882	100,819	14,498	20,188	60	90,179	230,626
Depreciation							
At start of period	(856)	(41,096)	(5,879)	(11,511)	(46)	-	(59,388)
Disposals	-	1,868	-	101	-	-	1,969
Charge for the period	(253)	(17,054)	(826)	(4,671)	(12)	-	(22,816)
At end of period	(1,109)	(56,282)	(6,705)	(16,081)	(58)	-	(80,235)
Net book value	3,773	44,537	7,793	4,107	2	90,179	150,391

Year ended 31 December 2021

Cost or valuation							
At start of 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	-	(729)	-	(213)	-	-	(942)
At end of year	4,680	89,519	9,215	19,809	60	64	123,347
Comprising							
Cost	2,620	89,519	9,215	19,809	60	64	121,287
Valuation	2,060	-	-	-	-	-	2,060
	4,680	89,519	9,215	19,809	60	64	123,347
Depreciation							
At start of year	(540)	(34,515)	(5,303)	(9,288)	(38)	-	(49,684)
Disposals	-	729	-	213	-	-	942
Charge for the year	(316)	(7,310)	(576)	(2,436)	(8)	-	(10,646)
At end of year	(856)	(41,096)	(5,879)	(11,511)	(46)	-	(59,388)
Net book value	3,824	48,423	3,336	8,298	14	64	63,959

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

Property Plant & Equipment - Pension fund

Year ended 31 December 2022

	Leasehold Buildings K'000	Furniture and fittings K'000	Capital work in progress K'000	Total K'000
Cost or valuation				
At start of period	57,555	1,709	-	59,264
Additions	1,209	-	970	2,179
Transfer - Investment Property	-	-	3,085	3,085
Revaluation	(424)	-	-	(424)
At end of period	58,340	1,709	4,055	64,104
Comprising				
Cost	8,625	1,709	4,055	14,389
Valuation	49,715	-	-	49,715
	58,340	1,709	4,055	64,104
Depreciation				
At start of period	-	(1,560)	-	(1,560)
Revaluation	1,442	-	-	1,442
Charge for the period	(1,442)	(40)	-	(1,482)
At end of period	-	(1,600)	-	(1,600)
Net book value	58,340	109	4,055	62,504

Year ended 31 December 2021

Cost or valuation				
At start of year	54,305	1,709	-	56,014
Additions	2,465	-	-	2,465
Revaluation	785	-	-	785
At end of year	57,555	1,709	-	59,264
Comprising				
Cost	7,417	1,709	-	9,126
Valuation	50,138	-	-	50,138
	57,555	1,709	-	59,264
Depreciation				
At start of year	-	(1,521)	-	(1,521)
Revaluations	1,412	-	-	1,412
Charge for the year	(1,412)	(39)	-	(1,451)
At end of year	-	(1,560)	-	(1,560)
Net book value	57,555	149	-	57,704

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. **Forest plantation**

(i) **Immature**

	2022 K'000	2021 K'000
Cost or valuation		
Cost	-	-
Revaluation	8,530	4,789
	8,530	4,789
Depreciation		
At start of year	-	-
Charge for the year	-	-
Loss or gain from thinning or volume gan	-	-
	-	-
Net book value	8,530	4,789

(ii) **Reconciliation of cost**

	2022 K'000	2021 K'000
At start of year	4,789	1,544
Expenditure capitalised during the yar	3,741	3,245
Elimination in respect of:		
- Thinning	-	-
- Volume gain	-	-
	8,530	4,789

IAS 41 - Agriculture requires an entity to use fair value approach in measuring its bological assets. The Directors have opted for a reliability exception allowed for by the standard because in their opinion fair value cannot be measured reliably. In this regard, the forest plantation has been measured at cost less any accumulated depreciation and impairment losses.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. **Investment property**

	2022			2021		
	Accident K'000	**Pension K'000**	**Total K'000**	**Accident K'000**	**Pension K'000**	**Total K'000**
At start of year	91,402	267,604	359,006	41,300	258,067	299,367
Prior year adjustment	28,967	3,085	32,052			
Fair value gains/(losses)	1,871	(9,111)	(7,240)	(29,200)	4,493	(24,707)
Reclassifications	(2,211)	2,211	-	-	-	-
Reallocations	-	450	450	-	-	-
Additions	769	15,376	16,145	79,302	5,044	84,346
Transfer - property plant and equipment	(28,967)	(3,085)	(32,052)	-	-	-
At end of year	91,831	276,530	368,361	91,402	267,604	359,006

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 Platinum Consulting, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12. **Investment property (continued)**

Assets held for sale

	2022			2021		
	Accident K'000	**Pension K'000**	**Total K'000**	**Accident K'000**	**Pension K'000**	**Total K'000**
Fair value	-	8,050	8,050	-	19,550	19,550
fully disposed assets	-	(8,050)	(8,050)	-	(11,500)	(11,500)
	-	-	-	-	8,050	8,050

The assets held for sale comprised 40 Northgate housing units that were sold following Board approval over a payment period of upto 12 months for each unit.

13. **Intangible assets**

	Computer software K'000	**Internally generated software K'000**	**Total K'000**
Period ended 31 December 2022			
Cost			
At start of year	3,705	983	4,688
Additions	3,942	-	3,942
At end of period	7,647	983	8,630
Amortisation			
At start of period	(3,373)	(983)	(4,356)
Charge for the period	(525)	-	(525)
At end of period	(3,898)	(983)	(4,881)
Net book value	3,749	-	3,749
Year ended 31 December 2021			
Cost			
At start of year	3,613	983	4,596
Additions	92	-	92
At end of year	3,705	983	4,688
Amortisation			
At start of year	(3,097)	(983)	(4,080)
Charge for the year	(276)	-	(276)
At end of year	(3,373)	(983)	(4,356)
Net book value	332	-	332

There are no Impairment losses recognised in statement of comprehensive income during the year (2021: nil). The internally generated software is still in use.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Financial Assets

	2022			2021		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
At fair value through profit or loss						
a) Investment in shares						
Market value	888,749	91,121	979,870	742,881	71,436	814,317
Impairment	-	-	-	-	-	-
	888,749	91,121	979,870	742,881	71,436	814,317
At amortised cost:						
a) Bonds	976,712	110,131	1,086,843	705,220	-	705,220
b) Term deposits	899,913	143,627	1,043,540	1,002,068	161,311	1,163,379
c) Treasury Bills	-	-	-	14,775	-	14,775
	1,876,625	253,758	2,130,383	1,722,063	161,311	1,883,374
Total	2,765,374	344,879	3,110,253	2,464,944	232,747	2,697,691
Classified as:						
Current assets						
At amortised cost	948,294	147,660	1,095,954	1,365,355	161,311	1,526,666
Non current assets						
FVTPL	888,749	91,121	979,870	742,881	71,436	814,317
At amortised cost	928,331	106,098	1,034,429	356,708	-	356,708
	1,817,080	197,219	2,014,299	1,099,589	71,436	1,171,025
Total	2,765,374	344,879	3,110,253	2,464,944	232,747	2,697,691
Financial assets at amortised cost can be analysed as follows:						
Maturity within 91 days	4,443	29,861	34,304	230,003	37,091	267,094
Maturity after 91 days	1,872,182	223,897	2,096,079	1,492,060	124,220	1,616,280
	1,876,625	253,758	2,130,383	1,722,063	161,311	1,883,374

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. **Financial Assets (continued)**

(a) Investments in shares

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

As at 31 December 2022

	Shareholding	Opening balance	Additions	Disposals	Fair value gain/ (loss)	Net change	Closing balance
Listed shares	**%**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Puma Energy Zambia Plc	0.64%	3,885	-	-	1,252	1,252	5,137
National Breweries Plc	1.24%	7,181	-	-	(3,980)	(3,980)	3,201
Real Estate Investment Zambia	7.45%	5,258	-	-	1,599	1,599	6,857
Copperbelt Energy Corporations	0.93%	40,925	-	(245)	17,401	17,156	58,081
Zambeef Products Plc	0.30%	1,191	-	-	733	733	1,924
African Explosives (Z) Plc	6.03%	36,169	-	-	15,536	15,536	51,705
First Quantum Minerals Plc	0.00%	14,246	-	(58,034)	43,788	(14,246)	-
Zambia National Commercial Bank	1.41%	38,635	-	-	26,231	26,231	64,866
Zambia Sugar Plc	0.01%	14,455	-	(7,133)	1,650	(5,483)	8,972
Zambia Forestry and Forest Industries	7.00%	54,600	-	-	15,680	15,680	70,280
Sub-total		216,545	-	(65,412)	119,890	54,478	271,023
Unlisted shares							
Emporiam Partners	74.00%	127,290	-	-	-	-	127,290
Marcopolo Tiles	10.00%	153,313	-	-	5,893	5,893	159,206
Kafubu Mall Limited	20.00%	55,467	-	-	(2,585)	(2,585)	52,882
Wonderful Industry Z Company Limited	13.00%	242,841	-	-	102,639	102,639	345,480
Zambia Industrial Commercial Bank	4.74%	18,860	-	-	5,129	5,129	23,989
Sub-total		597,771	-	-	111,076	111,076	708,847
Total		814,316	165,554	(65,412)	230,966	165,554	979,870

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. **Financial Assets (continued)**

(a) Investments in shares

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

As at 31 December 2021

Listed shares	Shareholding %	Opening balance K'000	Additions K'000	Disposals K'000	Fair value gain/ (loss) K'000	Net change K'000	Closing balance K'000
Puma Energy Zambia Plc	0.64%	2,568	-	-	1,317	1,317	3,885
National Breweries Plc	1.24%	7,190	-	-	(9)	(9)	7,181
Real Estate Investment Zambia	7.45%	1,640	-	-	3,618	3,618	5,258
Copperbelt Energy Corporations	0.93%	26,103	-	(11,516)	26,338	14,822	40,925
Zambeef Products Plc	0.30%	814	-	-	377	377	1,191
African Explosives (Z) Plc	6.03%	25,237	-	-	10,932	10,932	36,169
First Quantum Minerals Plc	0.00%	15,060	-	-	(814)	(814)	14,246
Zambia National Commercial Bank	1.41%	9,557	-	-	29,078	29,078	38,635
Zambia Sugar Plc	0.01%	2,542	-	-	11,913	11,913	14,455
Zambia Forestry and Forest Industries	7.00%	59,360	-	-	(4,760)	(4,760)	54,600
Subtotal		150,071	-	(11,516)	77,990	66,474	216,545
Unlisted shares							
Emporiam Partners	74.00%	-	127,290	-	-	127,290	127,290
Marcopolo Tiles	10.00%	166,395	-	-	(13,082)	(13,082)	153,313
Wonderful Industry Z Company Limited	13.00%	296,400	-	-	(53,559)	(53,559)	242,841
Zambia Industrial Commercial Bank	4.74%	4,000	28,182	-	(13,322)	14,860	18,860
Kafubu Mall Limited	20.00%	54,026	-	-	1,441	1,441	55,467
		520,821	155,472	-	(78,522)	76,950	597,771
		670,892	155,472	(11,516)	(532)	143,424	814,316

(ii) Unlisted equited was valued by Messrs Stock Brokers Zambia Ltd.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. **Financial Assets (continued)**

(b) At amortised cost	**2022**			**2021**		
	Accident K'000	**Pension K'000**	**Total K'000**	**Accident K'000**	**Pension K'000**	**Total K'000**
Access Bank	89,568	29,371	118,939	-	-	-
ZANACO	-	-	-	43,562	36,215	79,777
Intermarket Bank	202	-	202	202	-	202
Stanbic Bank (Z) Limited	36,208	17,719	53,927	131,408	34,857	166,265
ZICB	41,695	7,417	49,112	65,475	1,061	66,536
Micro FInance Zambia Ltd	18,167	1,756	19,923	10,917	1,321	12,238
First Alliance Bank	27,061	9,196	36,257	41,709	8,049	49,758
UBA Bank	61,752	-	61,752	-	-	-
First Capital Bank	15,498	31,044	46,542	-	-	-
ZNBS	118,401	25,393	143,794	92,125	56,640	148,765
EcoBank	26,409	-	26,409	64,997	-	64,997
Investrust Bank	136,677	-	136,677	216,720	6,416	223,136
Indo Zambia Bank	88,686	-	88,686	190,632	-	190,632
PABS	2,097	4,033	6,130	2,097	4,033	6,130
NATSAVE	239,791	21,731	261,522	170,733	19,735	190,468
Sub-total	902,212	147,660	1,049,872	1,030,577	168,327	1,198,904
Impairments	(2,299)	(4,033)	(6,332)	(28,509)	(7,016)	(35,525)
Total term deposit	899,913	143,627	1,043,540	1,002,068	161,311	1,163,379
Bonds	976,712	110,131	1,086,843	708,279	-	708,279
Impairments	-	-	-	(3,059)	-	(3,059)
Total Bonds	976,712	110,131	1,086,843	705,220	-	705,220
Total Treasury bills	-	-	-	14,775	-	14,775
Total at amortised cost	1,876,625	253,758	2,130,383	1,722,063	161,311	1,883,374

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

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

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

Period ended 31 December 2022	**Level 1 K'000**	**Level 2 K'000**	**Level 3 K'000**	**Total K'000**
Other financial assets	-	-	290,386	290,386
At fair value through profit or loss	979,870	-	-	979,870
Amortised cost - within 91 days	-	-	34,304	34,304
- after 91 days	-	-	2,096,079	2,096,079
	979,870	-	2,420,769	3,400,639

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. **Financial Assets (continued)**

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	814,317	-	-	814,317
Amortised cost - within 91 days	-	-	267,094	267,094
- after 91 days	-	-	1,616,280	1,616,280
	814,317	-	1,990,658	2,804,975

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	2022	2021
	K'000	K'000
At start of year	1,990,658	1,737,696
Purchases/increase	2,599,002	1,881,394
Disposal/settlements	(2,168,891)	(1,628,432)
At end of year	2,420,769	1,990,658

	2022			2021		
15. **Inventories**	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Property inventories	-	-	-	-	1	1
Stationery and consumables	1,796	-	1,796	1,810	-	1,810
Less: impairment provisions	(36)	-	(36)	(36)	-	(36)
	1,760	-	1,760	1,774	1	1,775

The impairment provision as above relates to stationery and consumables.

16. **Assessment and other receivables**

	2022			2021		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Assessment receivables	224,614	-	224,614	195,098	-	195,098
Rental receivables	2,469	26,454	28,923	483	25,291	25,774
Less: impairment provisions			-			
- Assessment receivables	(219,926)	-	(219,926)	(190,060)	-	(190,060)
- Rental receivables	(8)	(11,149)	(11,157)	(298)	(19,079)	(19,377)
Net receivable	7,149	15,305	22,454	5,223	6,212	11,435
Prepayments	2,536	-	2,536	-	-	-
Deposits	486	126	612	450	131	581
VAT recoverable	-	304	304	-	153	153
Staff pension advance	944	-	944	944	-	944
Other receivables	832	396	1,228	2,589	850	3,439
Staff loan and advances	44,488	30	44,518	42,246	18	42,264
Total assessment and other receivables	56,435	16,161	72,596	51,452	7,364	58,816

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. **Assessment and other receivables (continued)**

Movement in impairment provisions

	2022			2021		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
At start of period	190,358	19,079	209,437	199,911	19,862	219,773
Additions	-	-	-	-	-	-
Recoveries/write offs	29,576	(7,930)	21,646	(9,553)	(783)	(10,336)
At end of period	219,934	11,149	231,083	190,358	19,079	209,437

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 Management and 5% on Unionised staff (December 2021: Management 5% 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.

Days	2022 K'000	2021 K'000
0 to 30	177	78
31 to 60 months	3,059	274
61 to 90 months	1,452	338
Over to 90 months	219,926	194,408
Total assessment receivable	224,614	195,098
Impairment amount at year end	(219,926)	(190,060)
Net assessment receivables	4,688	5,038

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

17. Cash and cash equivalents

	2022			2021		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Cash on hand	40	12	52	60	14	74
Cash at bank	187,053	2,668	189,721	47,255	1,139	48,394
	187,093	2,680	189,773	47,315	1,153	48,468

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	187,093	2,680	189,773	47,315	1,153	48,468

The carrying amounts of the Board's cash and cash equivalents are denominated in the following currencies:

	2022			2021		
	Accident K'000	Pension K'000	Total K'000	Accident K'000	Pension K'000	Total K'000
Zambian Kwacha	164,177	2,680	166,857	46,240	1,153	47,393
US Dollar	22,916	-	22,916	1,075	-	1,075
	187,093	2,680	189,773	47,315	1,153	48,468

18. Disaster Reserve

Disaster reserve is a provision for major accidents that cannot be paid within the normal course of business. The reserve was increased in the current period as per recommendation by the Board's Actuary.

	Accident K'000	Pension K'000	2022 K'000	2021 K'000
At 1 January 2022	4,476	-	4,476	4,476
Increase/(decrease) during the period	-	-	-	-
At 31 December 2022	4,476	-	4,476	4,476

19. Revaluation Reserves

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 revaluation reserve to accumulated funds and disclosed in Funds.

The reconciliation of the revaluation reserve is as follows:

	Accident K'000	Pension K'000	2022 K'000	2021 K'000
At start of period	1,493	105,181	106,674	105,102
Transfer to accumulated funds	(319)	(257)	(576)	(825)
Recognised in other comprehensive income:				
Gains/(losses) during the year	17	1,018	1,035	2,397
At end of period	1,191	105,942	107,133	106,674

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20. 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	2022 K'000	2021 K'000
At 1 January 2022	95,271	-	95,271	95,271
Movement during the period	-	-	-	-
At 31 December 2022	95,271	-	95,271	95,271

21. Provisions

Reconciliation of provision - December 2022

	Gratuity K'000	Leave days K'000	Claims IBNR K'000	Total K'000
At start of period	2,955	6,545	5,726	15,226
Changes during the period	(825)	416	-	(409)
At end of period	2,130	6,961	5,726	14,817

Reconciliation of provision - December 2021

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

	2022 K'000	2021 K'000
Analysed as:		
- current portion	12,687	12,271
- non-current portion	2,130	2,955
	14,817	15,226

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. **Leases**

The Board leased office buildings for some of its Branches. The leases of the following Branches were reviewed in determining Right of Use Asset: Petauke, Mufulira and Luanshya Branches

(i) **Right of use asset**

As at 31 December 2022

	Carrying amount K'000	Additions K'000	Depreciation K'000	Impairment K'000
Leasehold building	396	185	(1,109)	-
	396	185	(1,109)	-

As at 31 December 2021

	Carrying K'000	Additions K'000	Depreciation K'000	Impairment K'000
Leasehold building	464	278	(856)	-
	464	278	(856)	-

(i) **Lease liabilities**

	2022 K'000	2021 K'000
Current	278	278
Non-current	242	366
	520	644

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

23. Payables

	2022			2021		
	Accident	Pension	Total	Accident	Pension	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Payable to suppliers	2,950	1,948	4,898	21,862	1,205	23,067
Other amounts received in advance	18,442	557	18,999	24,607	(6,435)	18,172
Accrued audit fees	307	-	307	575	-	575
Actuarial fees accrual	-	-	-	-	1,703	1,703
Amounts due to pensioners	-	12,710	12,710	12	12,740	12,752
Accrued NAPSA contributions	635	-	635	631	-	631
Accrued PAYE	5,546	-	5,546	4,872	-	4,872
Ministry of Finance	-	3,081	3,081	-	3,081	3,081
Other payables	2,908	3,847	6,755	880	376	1,256
	30,788	22,143	52,931	53,439	12,670	66,109

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 Zambian Kwacha and British Pounds and presented in Zambian Kwacha as follows:.

	2022 K'000	2021 K'000
Zambian Kwacha	52,917	66,095
British Pounds	14	14
	52,931	66,109

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

	2022 K'000	2021 K'000
Maturity months		
0 to 1	45,801	57,276
2 to 3	455	455
3 to 12	6,675	8,378
	52,931	66,109

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

	2022 K'000	2021 K'000
As at end of period	(3,110,253)	(2,697,691)
Fair value loss/ (gain)	230,966	(532)
Impairment	32,252	(4,772)
	(2,847,035)	(2,702,995)
As at start of period	2,697,691	2,309,281
	(149,344)	(393,714)
Net cash paid/(received) from/for purchase/(sale) of shares	7,240	168,131
Net cash (paid)/received from/for (purchase)/sale of financial assets	(142,104)	(225,583)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. Cash from/(used in) operations	2022 K'000	2021 K'000
Reconciliation of cash generated from operations		
Surplus for the period	645,014	471,821
Adjustments for:		
Depreciation on property, plant and equipment (Note 10.)	24,298	12,097
Amortisation of intangible assets (Note 13.)	525	276
Impairment of investments (Schedule 1)	(32,252)	4,772
Prior year adjustment - restated investment in shares (Note 30.)	30,954	-
Gain on disposal of property, plant and equipment (Note 5.)	(269)	(22)
Dividend receivable (Note 5.)	(30,360)	(30,750)
Finance costs	66	56
Interest received (Note 5.)	(381,262)	(419,105)
Fair value (gain)/loss on held for trading financial assets (Note 5.)	(230,966)	532
Fair value (gain)/loss on investment property (Note5.)	7,240	24,707
Movement in provisions (Note 21.)	(409)	209
Changes in working capital:		
- Inventories	15	275
- Assessment and other receivables	(41,797)	(42,384)
- Payables	(13,178)	15,475
Cash from/(used in) operations	(22,381)	37,959

26. Risk Management Objectives and Policies

Financial risk management

Regulatory Risk

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

Financial Risk

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

Liquidity Risk

The Board's risk to liquidity is 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.

Year ended 31 December 2022	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 equivalent	189,773	-	-	-	189,773
- Investments	1,095,954	2,014,299	-	-	3,110,253
- Other receivables	67,908	-	-	-	67,908
Total financial assets	1,353,635	2,014,299	-	-	3,367,934
Financial liabilities					
- Payables	(52,931)	-	-	-	(52,931)
Total financial liabilities	(52,931)	-	-	-	(52,931)
Net liquidity gap	1,300,704	2,014,299	-	-	3,315,003

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. **Risk Management Objectives and pPolicies (continued)**

Liquidity Risk (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 equivalent	48,468				48,468
-	Investments	1,526,666	1,171,025	-	-	2,697,691
-	Other receivables	53,778				53,778
Total financial assets		1,628,912	1,171,025	-	-	2,799,937
Financial liabilities						
-	Payables	(66,109)				(66,109)
Total financial liabilities		(66,109)	-	-	-	(66,109)
Net liquidity gap		1,562,803	1,171,025	-	-	2,733,828

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.

Political Risk

The Board's exposure to political risk is as a result of policy changes which the government of the day implements to better the economy and welfare of the nation. These changes may have both a positive and negative impact on the Board. Management is constantly reviewing policies inorder to determine the potential impact on the Board.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. **Risk Management Objectives and pPolicies (continued)**

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 or impact of the ongoing pension and social security reforms by the Government of the Republic of Zambia are known with certainty.

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 through obtaining holdings in Government securities as collateral for deposits.

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 minimises exposure to credit risk by implementing timely assessments, debt follow ups and prosecuting defaulting employers.

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

Financial instruments	2022 K'000	2021 K'000
Bank balances	189,721	48,394
Term deposits	1,043,540	1,163,379
Other receivables	67,908	53,778

Price Risk

The Board is exposed to equity securities price risk 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. Diversification of the portfolio 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 period. 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 Boards' equity instruments moved according to the historical correlation with the index:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Impact on surplus for the period in Zambian Kwacha		Impact on component of equity the period in Zambian Kwacha	
	2022	**2021**	**2022**	**2021**
LuSE Index	11,186	1,262	-	-

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

Surplus for the period 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 as available for sale.

Investment risk

Investment risk is the risk that investments will fail to yield expected levels of return as a result of adverse market conditions or bad investment decisions. The Board operates in an economy that does not offer sufficient investment instruments matching its liabilities which are long-term in nature. 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:

	Classified as amortised cost K'000	**Classified as FVPL K'000**	**Total fair value for each class K'000**
Investments	2,130,383	979,870	3,110,253
Other Receivables	67,908	-	67,908
Cash & cash equivalent	189,773	-	189,773
Total financial assets	2,388,064	979,870	3,367,934
Payables	(52,931)	-	(52,931)
	2,335,133	979,870	3,315,003

Year ended 31 December 2021	**Classified as amortised cost K'000**	**Classified as FVPL 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	48,468	-	48,468
Total financial assets	1,985,620	814,317	2,799,937
Financial Liabilities			
Payables	(66,108)	-	(66,108)
Net position	1,919,512	814,317	2,733,829

27. **Related party transactions and balances**

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. **Related party transactions and balances (continued)**

The following transactions were carried out with related parties:

i) **Key management staff compensation**

	2022 K'000	2021 K'000
Salaries and benefits paid	16,879	13,974

ii) **Board meeting and Tribunal expenses**

	2022 K'000	2021 K'000
Board member expenses - Board sitting allowances	1,760	1,068
Board expenses - Other expenses	8,447	4,220
Tribunal costs	101	225
	10,308	5,513

ii) **Outstanding balances arising from transactions**

	December 2022 K'000	December 2021 K'000
Receivable from related parties		
Executive Directors and key management	616	324
Payable to related parties		
Ministry of Finance	3,081	3,081

28. **Capital commitments**

As of end of period the Board had Four (04) major contracted projects and One (1) Software contract that were still in progress. A total contract sum of K36,676,000 had been committed of which K12,438,000 had been certified and paid out leaving a balance of K24,238,000.

Project	Cost K'000	Billed K'000	Balance K'000
Rehabilitation works at Mambilima Flats	3,591	982	2,609
Renovation works at Buteko House	26,437	7,792	18,645
Construction of boundary pillars for Choma plots	432	173	259
Digital online services and Web Applications	2,775	1,110	1,665
Renovation works of Double Storey flat, Kola Court	3,441	2,381	1,060
	36,676	12,438	24,238

29. **Other receivables**

	2022 K'000	2021 K'000
(i) Shareholder loan - Kafubu Mall		
As at 1 January	-	-
Prior year adjustment	30,954	-
Exchange difference on loan	2,260	-
Recoveries during the year	(5,197)	-
Shareholder loan - Kafubu Mall	28,017	-

The Board acquired 20% shares in Kafubu Mall Limited which came with a 20% claim of the shareholder loan in Kafubu Mall.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30. **Prior year adjustment**

a) Restatement of investment in Kafubu Mall shares to Kafubu Mall loan

	K'000
Reclassified shareholder loan from investment in shares	34,167
Dividend income reclassified to loan repayment	(8,912)
Exchange differences on recognised loan	5,699
Prior year adjustment on Kafubu Mall Limited	**30,954**
Less:	
Exchange differences on recognised loan in 2022	2,260
Dividend income reclassified to loan repayment in 2022	(5,197)
	(2,937)
Shareholder loan - Kafubu Mall as at 31 December 2022	**28,017**

b) Prior year adjustment

	K'000
Prior year adjustment on Kafubu Mall Limited	30,954
Fair value loss on Samfya Convention Centre reclassified to Capital Work in Progress	28,967
Fair value loss on Chinsali Budget Hotel reclassified to Capital Work in Progress	3,085
	63,006

31. **Comparative figures**

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

32. **Contingencies**

The Board did not have any contingencies at year end.

33. **Period of reporting**

The Financial Statements have been prepared for 12 months (2021: 12 months)

34. **Events after the reporting period**

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

		2022 K'000	2021 K'000
1.	**ADMINISTRATIVE EXPENSES**		
	Employment:		
	Salaries and wages	122,853	103,216
	Provision for leave and long-term service dues	22,268	18,392
	Other staff costs	5,999	5,809
	Total employment costs	151,120	127,417
	Other administration expenses:		
	Advertising and publications	1,402	3,977
	Audit fees	282	495
	Impairment - receivables	21,646	-
	Impairment - other assets	(32,252)	4,772
	Bank charges and commissions	712	629
	Commemoration	205	152
	Communication	2,945	2,790
	Computer	706	525
	Conference and seminar	1,576	1,048
	Depreciation, amortisation and impairments	24,822	12,373
	Board and Tribunal expenses	10,308	5,513
	Donations	2,839	1,354
	Electricity and water	173	211
	Entertainment	97	111
	Exhibition and show	2,245	52
	General Cleaning	688	656
	Insurance and Licences	6,506	7,462
	Labour day	382	149
	Legal and professional fees	6,198	5,183
	Medical expenses	2,147	2,177
	Motor Vehicle running and maintenance	7,669	5,092
	Collective bargaining costs	388	274
	Office expenses	1,979	2,369
	Printing & stationery	5,494	2,859
	Recruitment	222	99
	Rent & rates	734	1,005
	Repairs and maintenance	77	223
	Security and safety	598	1,701
	Staff welfare and training	3,947	1,569
	Subscriptions and newspapers	1,511	926
	Tender committee meetings	668	7
	Tools	-	25
	Travel and subsistence	7,442	3,818
	Total other administrative expenses	84,356	69,596
	Total administrative expenses	235,476	197,013

	2022 K'000	2021 K'000
2. INVESTMENT RELATED EXPENSES		
Cleaning	1,695	1,657
Electricity & water	1,677	1,988
Handling fees	4,358	1,548
Property expenses	529	738
Property repairs and maintenance	3,641	2,116
Property security	1,408	1,589
Property valuation	390	830
Property rates	425	435
Withholding tax	13,656	12,839
	27,779	23,740
3. FINANCE COSTS		
Lease charges	(66)	(56)

Notes

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Prevention

Care

Support

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