



“With Your Safety in Mind”

2025 ANNUAL REPORT

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Board Chairperson's Message



I am pleased and honoured to present the Agency's 2025 Annual Report on behalf of the Board. The report presents performance information and Financial Statements for the year under review.

I am pleased and honoured to present the Agency's 2025 Annual Report on behalf of the Board. The report presents performance information and Financial Statements for the year under review.

It is with a great sense of gratitude that I wish to report that the Agency recorded successes in key activities under the Agency's mandate of protecting the health and safety of citizens through enforcement of compulsory standards.

Some of the successes scored include the launch of the forty-one (41) new compulsory standards thereby increasing the number of products covered by compulsory standards by 67% to enhance protection of the health and safety of citizens and the environment, the launch of services on the Government Service Bus (GSB), increased public education programmes on product safety and increased scope of accreditation to the international standard for inspection bodies. The Agency also recorded increased market surveillance and exceeded its non-tax revenue target by 10% due to increased activities.

The Board continued implementation of measures aimed at keeping the Agency on the path of success. Some of these measures include approval of staff welfare related policies.

The Board also continued undertaking familiarisation visits to the Agency's offices, to appreciate the successes, challenges and identify possible areas of improvement that will help to take the Agency to greater heights. The Board Members visited the Agency stations in Muchinga, Northern and Luapula Provinces.

With the support of the Board, the Agency reported above target performance in most activities. The Agency, however, had challenges which include lack of infrastructure in operational areas, inadequate staffing levels due to limited funding, inadequate transport fleet for inspection activities and failure to meet operational costs. I remain hopeful that with the support of stakeholders, these challenges will be resolved.

As we look ahead, we remain committed to achieving our strategic objectives as outlined in the 2022-2026 Strategic Plan.

On behalf of the Board, I wish to convey my sincere gratitude to the Minister of Commerce, Trade and Industry Hon. Chipoka Mulenga, MP and his Ministry for the support and guidance rendered to the Agency during the year under review. I wish to sincerely thank clients, consumers, the media, cooperating partners, the public and other stakeholders for their contributions to the successes scored and their continued support.

Further, I applaud the dedication of Management and staff for their tireless efforts in enforcing compulsory standards and for recording exceptional performance in most activities.

Ian Besa Mupeta
BOARD CHAIRPERSON

Executive Director's Message

I am pleased to present the Agency's Annual report highlights and Audited Financial Statements for the year ended 31st December, 2025.



► ACHIEVEMENTS

During the 2025 financial year, the Agency scored several achievements, some of which are highlighted below:

Implementation of new compulsory standards

The Agency launched the implementation of 41 new compulsory standards covering packaging materials, fertilizers, fish feed, food products, lubricants, fuels, beverages, and construction materials, among other products. This followed the issuance of Statutory Instrument No. 20 of 2025 by the Minister of Commerce, Trade and Industry, Hon. Chipoka Mulenga, MP. The first phase of implementation of the new compulsory standards started in the 4th quarter of the period under review.

Enhancing digitalisation of operational processes for efficient service delivery

The Agency officially launched its services on the Government Service Bus (GSB). The uptake of the Agency's services on GSB increased significantly for the period under review in line with strategic objective No. 5 of the 2022-2026 Strategic Plan.

Increased scope of accreditation of inspection services

The Agency attained accreditation of its inspection services for inspection of nine (9) products namely, Animal Feed, Toilet Soap, Synthetic Detergents, Refined Vegetable Oil, Sugar, Clear Beer, Fertilizers, Peanut Butter and Cement to the international standard ISO/IEC 17020. This standard specifies requirements for the competence of bodies performing inspection and for the impartiality and consistency of their inspection activities. The accreditation brings the number of products covered to thirteen (13) from four (04) namely Wheat Flour, Maize Meal, Packaged Drinking Water and Fruit Flavoured Drinks in 2024. Accreditation is critical in enhancing implementation of the Agency's mandate and acceptance of certified products in local, regional and international markets.

Increased Market Surveillance Coverage

One of the functions of the Agency is to conduct market surveillance on products falling within the scope of compulsory standards to monitor post market compliance of products. Market Surveillance is aimed at ensuring continued compliance of products traded across the country.

The 2025 national market surveillance covered all the ten (10) provinces compared to nine (9) in 2024 resulting in increased coverage for enhanced protection of the consumer and the environment. The national market surveillance was informed by a blend of risk-based planning and on-the-ground intelligence to achieve a targeted, responsive, and comprehensive national surveillance effort.

Executive Director's Message

Import Quality Monitoring

The Agency continued enforcing compulsory standards for imported products under its mandate in order to protect consumers and the environment. Under this function, the Agency exceeded its targets in import inspections and pre-shipment inspections of used motor vehicles by 36%. The Agency focused on enhancing the effectiveness of its monitoring mechanisms through the use of Information and Communication Technology (ICT).

Domestic Quality Monitoring

The Agency exceeded the annual targets for factory inspections by 9% due to an increase in registration of new clients manufacturing products covered by compulsory standards. Further, the Agency exceeded the target for Road Tank Vehicle inspections by 34% due to increased participation of local transporters in the petroleum sector.

Launch of school clubs project

The Agency and the Competition and Consumer Protection Commission (CCPC) launched a joint school club initiative aimed at educating pupils on product safety and consumer protection in schools. This is in recognition of the fact that education is a major component in driving long term change among consumers.

The overarching goal of the project is to build a generation of informed consumers who understand their rights and the importance of product safety. Activities under the project were implemented in schools in Lusaka, Muchinga and Southern provinces in 2025 while more schools across Zambia will be targeted in 2026.

Integrity Awards

The Agency was among the ten (10) public institutions awarded by Anti-Corruption Commission for implementing effective Integrity Committee programmes. This is a clear testimony of the Agency's commitment to serving the public with integrity.

Non-tax Revenue

The Agency collects non-tax revenue on a cost recovery basis in the execution of its mandate. The target for the year under review was **ZMW 568,453,478**. The Agency collected **ZMW 624,695,814**, giving a positive variance of 10%. The above target performance is due to the use of the Single Payment Point (SPP) on the Zambia Electronic Single Window (ZESW) and the GSB, improved controls and increased enforcement activities.

► CHALLENGES

During the 2025 financial year, the Agency experienced a number of challenges, some of which are highlighted below:

Inadequate Funding

The funding received by the Agency was inadequate in facilitating the execution of all planned activities in line with its expanded mandate, following the increase in the number of compulsory standards. The Agency needed increased funding that would adequately meet its operational needs to improve its performance on activities such as market surveillance, implementation of new compulsory standards and public education.

The Agency, however, received supplementary funding during the period under review to attend to specific operational needs.

The following are some of the areas that continue to require increased financial resources:

Staffing levels

The Agency did not have adequate staff required to effectively and efficiently implement its mandate.

Capacity building

The Agency was not able to attend to the desired staff capacity building needs during the period under review.

Inadequate Infrastructure

The Agency continued to lack adequate infrastructure in its operational areas required to implement its mandate effectively and efficiently.

Provision of adequate financial resources to the Agency will help to develop the much-needed infrastructure and ultimately strengthen the Agency for better service delivery.

■ 2026 FOCUS AREAS

The Agency will focus on building on the above achievements by implementing the following, among other activities;

Compulsory Standards

The Agency will continue to widen the scope of compulsory standards to cover other products, thereby enhancing public safety. The Agency will work towards drafting and implementing forty (40) additional compulsory standards.

Enforcement and Public Education

In a bid to enhance protection of consumers, the Agency will enhance enforcement and public education activities.

Digitalisation of Operational processes

Having seen the benefits of using ICT in service provision, the Agency will continue with digitalisation of its processes to enhance operational efficiency.

Government Service Bus

The Agency will continue to enhance the uptake of services on the GSB to increase access to its services and improve service delivery.

I extend my gratitude to the Government of the Republic of Zambia, through the Ministry of Commerce, Trade and Industry and the Board for the guidance and stewardship. I wish to thank Agency staff for their commitment to duty. Further, we would not have attained the above achievements without the support and collaboration of various internal and external stakeholders.



Gerald Chizinga
EXECUTIVE DIRECTOR

Mandate of the Agency

The Zambia Compulsory Standards Agency is a statutory body under the Ministry of Commerce, Trade and Industry established by the Compulsory Standards Act, Chapter 422 of the Laws of Zambia to administer, maintain and ensure compliance with compulsory standards for the purpose of public safety and health, consumer and environmental protection.

Functions of the Agency

Under Section 5 of the Act, the following are the functions of ZCSA:

- i. Administer, maintain and ensure compliance with compulsory standards;
- ii. Give premarket approval of high-risk commodities falling within the scope of compulsory standards;
- iii. Conduct market surveillance for products falling within the scope of compulsory standards in order to monitor post market compliance;
- iv. Educate the public on compulsory standards and provide public information for the protection of the consumers on products and services which do not comply with the Act;
- v. Cooperate with Ministries and other State institutions and international organisations in enforcing compulsory standards; and
- vi. Do all such things related to, or incidental to, the functions of the Agency under the Act.

Strategic Plan

The Agency reviewed the implementation of the 2022 to 2026 Strategic Plan during the period under review. The objective was to evaluate the alignment of the Agency's performance with the set Strategic Plan and inform performance targets for the year 2026. The aim for the review was to ensure that departmental and individual goals were in alignment with the overall objective of the Agency.

CORPORATE GOVERNANCE STATEMENT

The Zambia Compulsory Standards Agency is governed by the Board comprising seven (7) members. The Board is responsible for the following functions:

- i. Oversee the implementation and successful operation of the policy and functions of the Agency;
- ii. Review and approve the policy and strategic plans of the Agency;
- iii. Approve the annual budget and plans for the Agency;
- iv. Approve the methodology for the development and approval of the Zambian compulsory standards;
- v. Approve the utilisation of funds of the Agency in accordance with Ministerial approval and relevant regulations; and
- vi. Monitor and evaluate the performance of the Agency in line with the Strategic Plan and budgets.

In the year under review, the following were Board members of the Agency:

Board Members

No.	Name	Position	Meeting Attendance	
			Ordinary	Special
1.	Mr. Ian Besa Mupeta	Chairperson	4	3
2.	Mrs. Lucy B. Shaputu	Vice Chairperson	4	3
3.	Dr. Milapo Kamuwanga	Member	4	3
4.	Dr. Teddy Kavwanda	Member	4	3
5.	Mr. Edwin L. Zimba	Member	4	3
6.	Ms. Diana Mwewa	Member	4	3
7.	Mr. Chivunda Mutelo	Member	4	3

The Board of Directors held four (4) Ordinary and three (3) Special meetings. All the Board members were in attendance.

Committees of the Board

During the period under review, the Board had the following Committees:

- (a) Finance and Administration
- (b) Technical
- (c) Legal and Compliance
- (d) Audit and Risk

CORPORATE GOVERNANCE STATEMENT

Composition of Committees and Meeting Attendance

During the period under review, the composition of the committees and meeting attendance were as follows:

Finance and Administration Committee

No.	Name	Position	Meeting Attendance	
			Ordinary	Special
1.	Dr. Teddy Kavwanda	Chairperson	4	2
2.	Mrs. Lucy B. Shaputu	Member	4	2
3.	Mr. Edwin L. Zimba	Member	4	2
4.	Mr. Dyford Hanzala	Member	4	2
5.	Mr. Crispin Chilikwela	Member	4	2

Technical Committee

No.	Name	Position	Meeting Attendance
1.	Dr. Milapo Kamuwanga	Chairperson	4
2.	Dr. Teddy Kavwanda	Member	4
3.	Mr. Edwin L. Zimba	Member	4
4.	Mr. Chivunda Mutelo	Member	4
5.	Eng. Sanderson Mweemba	Member	4

Audit and Risk Committee

No.	Name	Position	Meeting Attendance	
			Ordinary	Special
1.	Mrs. Lucy B. Shaputu	Chairperson	4	2
2.	Ms. Diana Mwewa	Member	4	2
3.	Mr. Robert Ng'uni	Member	4	2

Legal and Compliance Committee

No.	Name	Position	Meeting Attendance
1.	Mr. Chivunda Mutelo	Chairperson	4
2.	Ms. Diana Mwewa	Member	4
3.	Dr. Milapo Kamuwanga	Member	4

All Committees of the Board held the minimum four (4) Ordinary meetings for the year. The Audit and Risk and Finance and Administration Committees held one (1) joint meeting and one (1) Special meeting. All Board Committee members were in attendance.

Board of Directors



Ian Besa Mupeta
Board Chairperson



Lucy B. Shaputu
Board Vice-Chairperson



Edwin L. Zimba
Board Member



Milapo Kamuwanga
Board Member



Chivunda Mutelo
Board Member



Diana Mwewa
Board Member



Teddy Kavwanda
Board Member

Senior Management Team



Gerald Chizinga
Executive Director



Albert Sikufele
Director - Import Quality Monitoring



Patrick Chipoma
Director - Domestic Quality Monitoring



Brian N. Malangisha
Director - Finance



Maikisa Ilukena
Director - Corporate Services



Tafuna Mumba Phiri
*Board Secretary/
Director - Legal & Compliance*



Chisola Mfula
Director - Internal Audit

Year at a Glance



Factory Inspections

2025: Actual: 1,856
Target: 1,700
2024: 1,645



Import Consignments Cleared

2025: Actual: 98,131
Target: 72,000
2024: 68,297



National Market Surveillance

2025: Actual: 21
Target: 52
2024: 16



Roadworthiness Inspections

2025: Actual: 39,498
Target: 29,000
2024: 28,695



Foreign Road Tank Vehicle Inspections

2025: Actual: 1,793
Target: 2,000
2024: 1,821



Local Road Tank Vehicle Inspections

2025: Actual: 3,494
Target: 2,600
2024: 2,558



Non-Tax Revenue

2025: Actual: ZMW 624,695,814
Target: ZMW 568,453,478.40
2024: ZMW 522,209,088



President Hakainde Hichilema (third from left) with ZCSA Regional Manager (South), Elias Kansembe (left), Senior Inspector Mweshi Sosandi (second from left) and Zambia Metrology Agency officials in Lusaka during the International Anti-Corruption Day exhibition.



ZCSA Manager - Communications and Public Relations, Brian Hatyoka (right), explaining to Minister of Green Economy and Environment, Hon. Mike Mposha, MP (left), ZCSA's mandate at the 97th Agricultural and Commercial Show in Lusaka.



ZCSA Compliance Officer, Chama Mulenga (left) explaining to Commerce, Trade and Industry Permanent Secretary responsible for Commerce and Trade, Lillian S. Bwalya (second from right) ZCSA's role in the economy at Levy Mall in Lusaka during the World Consumer Rights Day Exhibition..



ZCSA Ndola members of staff participating during the Labour Day commemoration held at Levy Mwanawasa Stadium.



ZCSA members of staff, led by Quality Assurance Manager, Francis Mwelwa (left) displaying the Kaizen trophy ZCSA won at the National Kaizen Conference.



Officials from ZCSA, ZMA, CCPC, ZARI and Ministry of Commerce, Trade and Industry jointly tour Nitrogen Chemicals of Zambia ahead of the 2025 farming season.



Commerce, Trade and Industry Minister, Chipoka Mulenga, MP (third from left) and Secretary to the Treasury, Felix Nkulukusa (third from right) display a dummy cheque during the launch of ZCSA services on the Government Service Bus as Economic Advisor to the President, Dr. Pamela Nakamba (left), looks on.



Commerce, Trade and Industry Minister, Chipoka Mulenga, MP (middle) with winners of the 2nd ZCSA Media Awards (holding award plaques) in Lusaka.



ZCSA Board members and members of staff during the Board's familiarisation visit to Nakonde.



ZCSA Provincial Inspector - Western Province, Egan Chimboma (right) educating the public on dangers of used underwear and unregistered potable spirits during a roadshow at Kashumba Market in Mongu.



1.0 IMPROVE ENFORCEMENT AND MONITORING OF COMPULSORY STANDARDS

1.1 Legal and Compliance

1.1.1 Compulsory Standards

The year 2025 saw the introduction of forty-one (41) new compulsory standards to the scope of enforcement and administration under the Agency. The compulsory standards, which were introduced, cover a range of products and services including; solar, fish brood stock, feed, fingerlings, fertilizers, beverages, wines, baby products, tomato products, packaging materials, dairy products, energy drinks, groundnuts and engine oils, among others. The new compulsory standards respond to the broadening scopes of products both manufactured locally and imported which need to be regulated to ensure public safety and health, consumer and environmental protection.

The Agency intends to have a fully implemented enforcement regime within the year 2026 and corresponding fee structures to aid the process. Members of the public can look forward to enhanced protection from the Agency in the areas covered by compulsory standards.

1.1.2 Compliance Activities

The Unit is focused on activities such as monitoring and evaluating compliance with compulsory standards. In 2025, the Unit provided risk-based regulatory oversight to strengthen market compliance, protect consumers, and support compulsory standards. It maintained a strong enforcement presence across production, import, and retail channels, complemented by post-inspection activities such as spot checks, market surveillance, and enforcement actions to address non-compliance. The Unit:

- Conducted 57 compliance spot checks across manufacturing, warehouse, retail, and import supply chains, covering products that included electrical products, packaged water, potable spirits, paints, condoms, food, and dishwashing liquids. Non-compliant products were addressed through corrective and enforcement actions.
- Enforced production and supply suspensions by quarantining products from operators without permits or batch Certificates of Conformity, compelling regularisation under the Compulsory Standards Act.
- Coordinated the disposal of sub-standard and unsafe products that included electrical adaptors, household electrical and similar appliances, fruit flavoured drinks and packaged water, used undergarments with costs fully borne by suppliers, reinforcing the polluter-pays principle.
- Coordinated 22 market surveillance operations, resulting in withdrawals, quarantine, restriction of sale, regularisation, or disposal of multiple non-compliant goods.



ZCSA is mandated by the Compulsory Standards Act to restrict, seize and destroy non-compliant products to protect consumers and the environment. The above products were restricted to give the Agency more time to ascertain or confirm compliance status.

1.1.3 Risk Management

The Risk Management Unit is responsible for collection of samples for testing and conformity assessment. This Unit also diligently provides analysis of test results and monitors trends in results received to determine levels of risk that inform compliance strategies.

During the period under review, the Risk Management Unit implemented a continuous monitoring system for high-risk products through receiving alert notifications upon receipt of laboratory test reports. This initiative successfully identified key high-risk products for 2025.

The Unit also enhanced its technical competencies through training in Regulatory Impact Assessment (RIA) which was spearheaded by the World Bank and Business Regulatory Review Agency (BRRA). This training equipped the officers with advanced analytical frameworks for evaluation of potential effects of new regulations, ensuring that future compliance strategies are both effective and efficient.

1.1.4 Focus for 2026

The Agency will continue to enhance its responsibility of addressing legal challenges, enforcements and administering compliance to compulsory standards nationwide.

1.2 Domestic Quality Monitoring

1.2.1 Inspections

The total number of factory inspections carried out in 2025 was **1,856** compared to **1,645** in 2024. Inspections of local products in the year under review are broken down by product type per province in Table 1 and by type in Table 2. Table 3 depicts the total number of market surveillance activities carried out in 2025 which were **273** compared to **212** in 2024. Table 4 depicts Local Road Tank Vehicle Inspections.

Table 1: Factory Inspection by Product Category

Activity	Western	Southern	Lusaka	Central	Eastern	Copperbelt	North Western	Luapula	Northern	Muchinga	2025	2024
Food	49	39	195	77	51	220	62	43	59	43	838	754
Beverages	24	53	230	33	40	234	41	28	31	14	728	619
Animal Feed	0	5	30	19	9	15	0	0	4	0	82	87
Fertilizers	0	0	6	0	0	0	0	0	0	0	6	15
Engineering Products	0	9	12	3	4	13	13	3	1	16	74	54
Chemicals Products	0	3	64	13	0	21	0	2	0	4	107	92
Cement & Cement Products	0	0	3	2	0	2	0	0	0	0	7	11
Construction Materials	0	0	0	0	0	0	0	0	0	0	0	1
Cables	0	0	3	2	0	1	0	0	0	0	6	9
Batteries	0	0	0	2	0	0	0	0	0	0	2	0
Other	0	0	0	5	0	0	0	0	0	1	6	3
Total	73	109	543	156	104	506	116	76	95	78	1,856	1,645

Table 2: Factory Inspection by Type

No.	Inspection Activity/Quarter	1 st	2 nd	3 rd	4 th	2025	2024
1	Initial	22	23	28	46	119	114
2	Renewal	60	27	14	316	417	441
3	Surveillance	238	272	237	8	755	805
4	Spot Checks	119	139	173	134	565	285
	Total	439	461	452	504	1,856	1,645

Table 3: Market Surveillance Inspection by Type

No.	Inspection Activity/Quarter	1 st	2 nd	3 rd	4 th	2025	2024
1	Follow Up	47	35	58	17	157	76
2	Investigative	11	6	13	16	46	53
3	Open Market Surveillance	11	4	3	41	59	83
	Total	71	49	78	75	273	212

Table 4: Local Road Tank Vehicle Inspections

Reported Items/Quarter	1 st	2 nd	3 rd	4 th	2025	2024
Total Number of Inspection Requests	1,140	384	326	952	2,802	2,558
Previous Requests	-	142	60	491	693	-
Total Number of Inspections	1,140	526	386	1,443	3,495	2,558
Total Number of Passed Tankers	1,140	523	379	1,442	3,484	2,558
Total Number of Failed Tankers	-	3	7	1	11	-
Total Number passed on Re-Inspection	0	3	5	0	8	-
Total Number of Certificates Issued	1,140	526	384	1,442	3,494	2,558

1.2.2 Summary of Establishment Inspections

The total number of inspections carried out in 2025 was **2,129**. A total of **1,856** factory inspections were carried out against a target of **1,700** scheduled factory inspections giving an attainment of **109%**. These were as categorized in the pie chart below.

1.2.3 Inspections by Product

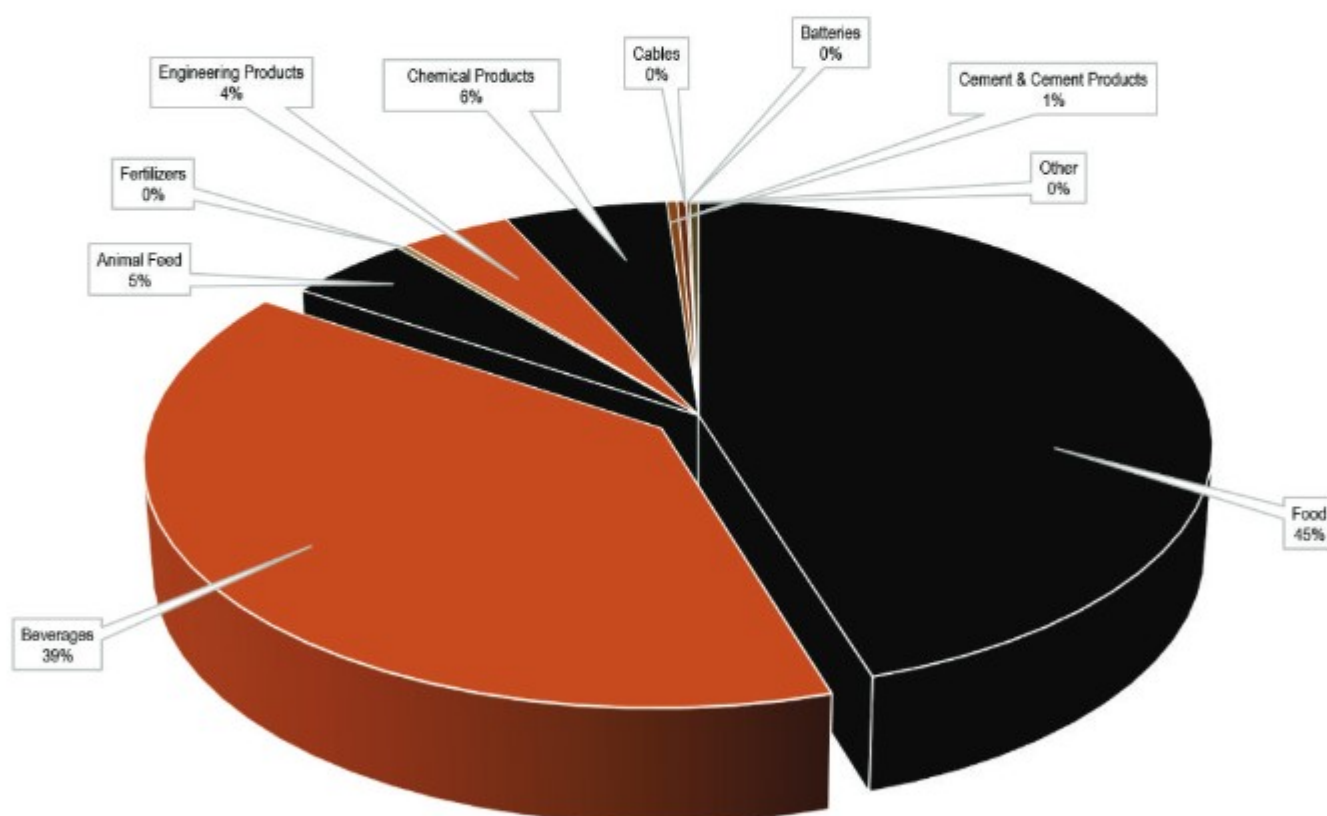


Figure 1: Local Inspections by Product Type

1.2.4 Inspections by Purpose

Most of the inspections conducted were surveillance inspections to ensure continued compliance of products being produced and supplied by the manufacturers. These were **755** which represented **35%** of the total inspections conducted in 2025.

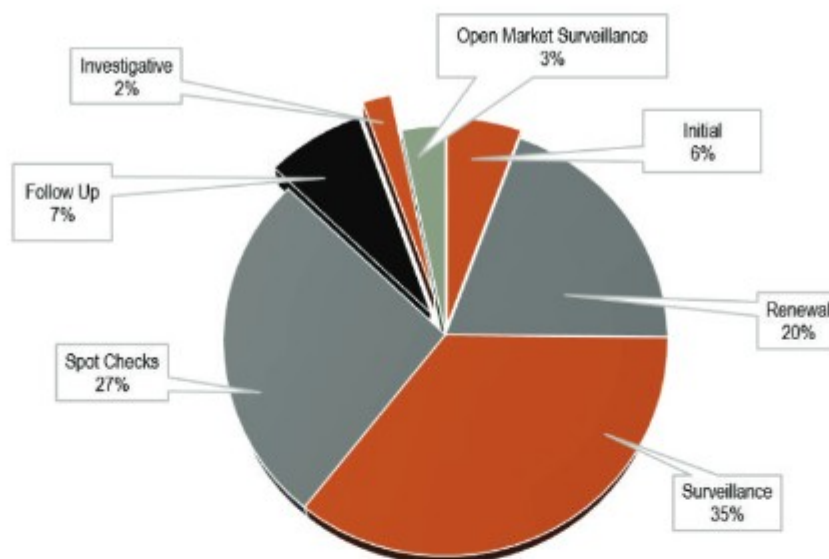


Figure 2: Local Inspections by Purpose

1.2.5 Local Inspections by Location

The figure below shows inspections by province with Lusaka being the highest with **543**, followed by Copperbelt with **506**.



Figure 3: Local Inspections by Province

1.2.6 Key Enforcement Activities

The Agency intensified compliance monitoring in all the ten (10) provinces in the country. Enforcement actions were taken against establishments for various violations, such as operating without permits and other non-compliances to compulsory standards. The Agency also participated in joint inspections with other statutory bodies.

1.2.7 Focus for 2026

- Enhanced domestic system and product compliance levels in the industry.
- Development of Micro, Small and Medium Enterprises (MSMEs) focused programme and mainstreaming in the operational plans.
- Development and implementation of compliance assessment and monitoring systems from the new compulsory standards.
- Increased use and access to digital platforms by clients.
- Increased and consistent market surveillance activities across the country.



ZCSA Inspector conducting factory inspections.

1.3 Import Quality Monitoring

1.3.1 Import Inspections

Monitoring of the quality of imported products covered by the Agency's mandate continued during the period under review. Table 5 below shows import consignments by entry points.

Table 5: Consignments – By Product and Entry Point

Border Office/ Product Category	CHD	CHR	KTM	KZU	VIC	MWA	NKO	NDO	2025	2024
Batteries	21	122	14	111	1	0	92	0	361	180
Beverages	4	60	23	1,112	1	9	55	0	1,254	2,622
Chemical	13	158	2	462	13	1	195	0	844	1,278
Condoms	5	55	0	0	1	0	21	0	82	40
Construction	6	42	0	28	36	4	162	0	278	359
Electricals	60	134	2	573	4	1	698	0	1,462	1,563
Feed	0	1	0	0	0	23	0	0	24	11
Fertilizers	3,030	8,533	5,896	4,992	86	27	1,236	0	23,400	19,767
Food	2,841	2,099	1	771	4	1	150	0	5,867	3,095
Fuel	9,445	1,984	1,335	891	0	0	24,690	23,636	61,951	36,754
Lubricants	14	35	0	150	3	0	141	0	343	164
Rubber	144	89	7	78	3	8	944	59	1,332	1,713
Safety Equipment	2	15	0	15	0	0	37	0	69	0
Textiles	354	2	1	2	0	0	505	0	864	751
Total	15,909	13,319	7,281	8,785	152	74	26,916	23,665	98,131	68,297
RNI	0	4,697	2,061	3,856	879	871	43,477	4	55,845	42,491
Timber (m³)	0	0	44,265	1,098	26	0	35	210	45,634	40,463
Tankers	252	437	8	57	0	0	9,835	79	10,668	1,821

Key: CHD - Chanzira, CHR - Chirundu, KTM - Katima Mulilo, KZU - Kazungula, MWA - Mwanji, NKD - Nakonde, NDO - Ndola, VIC - Victoria Falls

- Total consignments cleared exceeded the target by 36% due to implementation of the new compulsory standards.
- Nakonde accounted for the highest consignments at 29%, followed by Ndola at 24%.



ZCSA Inspector, Emmanuel Himwaaze inspecting imported electrical products in Lusaka.

The figure below shows a consolidated product performance by entry points

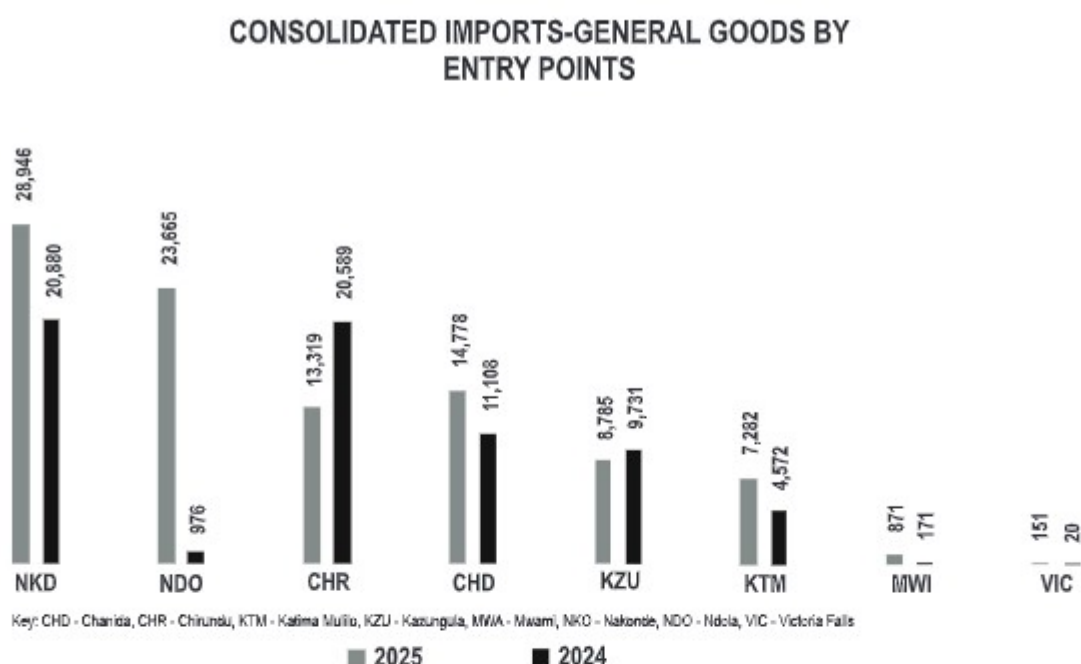


Figure 4: Consolidated Imports – General Goods by Entry Points

The figure below shows inspections conducted by product with fuel being the highest.



Figure 5: Product Performance Comparative Analysis

1.3.2 Roadworthiness Inspections

The pre-export inspections of used motor vehicles continued during the period under review. The pre-shipment inspection scheme is conducted by the Agency's appointed contractors in export countries for compliance with the **Zambian Standard for Used Motor Vehicles ZS 560: Code of practice for inspection and testing of used motor vehicles for roadworthiness**. Auto-Terminal Japan (ATJ), EAA Company Limited and Quality Inspection Services Japan (QISJ) were the appointed contractors carrying out pre-shipment inspections for roadworthiness inspection during the year under review. Table 6 shows the number of inspections carried out by contractors during the period under review. A total of **39,498** used motor vehicles were inspected by the Agency's contractors in the period under review compared to **28,695** in 2024, giving an increase of **38%**.

Table 6: Number of used Motor Vehicles inspected by contractors

Contractor	2025	2024
EAA	3,089	2,613
QISJ	112	227
ATJ	36,297	25,855
TOTAL	39,498	28,695

EAA - EAA Company Limited, QISJ - Quality Inspection Services Japan, ATJ - Automobile Terminal Japan

1.3.3 Foreign Road Tank Vehicle Inspections

The inspection of foreign road tank vehicles for compliance to the **Zambian Standard ZS 371: Road Tank Vehicles for Petroleum-Based Flammable Liquids - Specification** continued during the period under review. Table 7 shows the number of foreign road tank vehicles inspected. The number of foreign tank vehicles inspected in the year under review was **1,793** compared to **1,821** in 2024 giving a decrease of **1.5%**. Compliance of the foreign road tank vehicles to the standard stood at about **98%**.

Table 7: Foreign Road Tank Vehicles Inspections

Road Tank Vehicles	2025	2024
Certified	1,754	1,741
Failed	39	80
Total	1,793	1,821

1.3.4 Focus for 2026

- Elevate import and product compliance levels to safeguard domestic markets.
- Implement a structured Small and Medium Enterprises (SMEs) fee framework to facilitate legal trade pathways.
- Deploy robust compliance assessment mechanisms for compulsory standards.
- Expand the reach and functionality of digital trade platforms.
- Scaling-up consistent, data-driven surveillance activities across the country.



President of the Republic of Zambia, Hakainde Hichilema and Botswana President, Duma Gideon Boko during the launch of Kazungula Bridge Authority at Kazungula One Stop Border Post where ZCSA has physical presence.

1.4 Quality Assurance

In 2025, the Agency implemented activities aimed at maintaining and strengthening accredited inspection services in line with ISO/IEC 17020. The Agency maintained accreditation for four (4) product scopes; Maize Meal, Wheat Flour, Fruit Flavoured Drinks and Bottled Drinking Water. Following the assessment by Southern African Development Community Accreditation Service (SADCAS), nine additional products were recommended for scope extension.

1.4.1 Analysis of Activities

Figure 6 illustrates the proportional distribution of key Quality Assurance activities conducted during 2025, demonstrating a strong emphasis on training and awareness, inspection observations, audits, and competence evaluations.

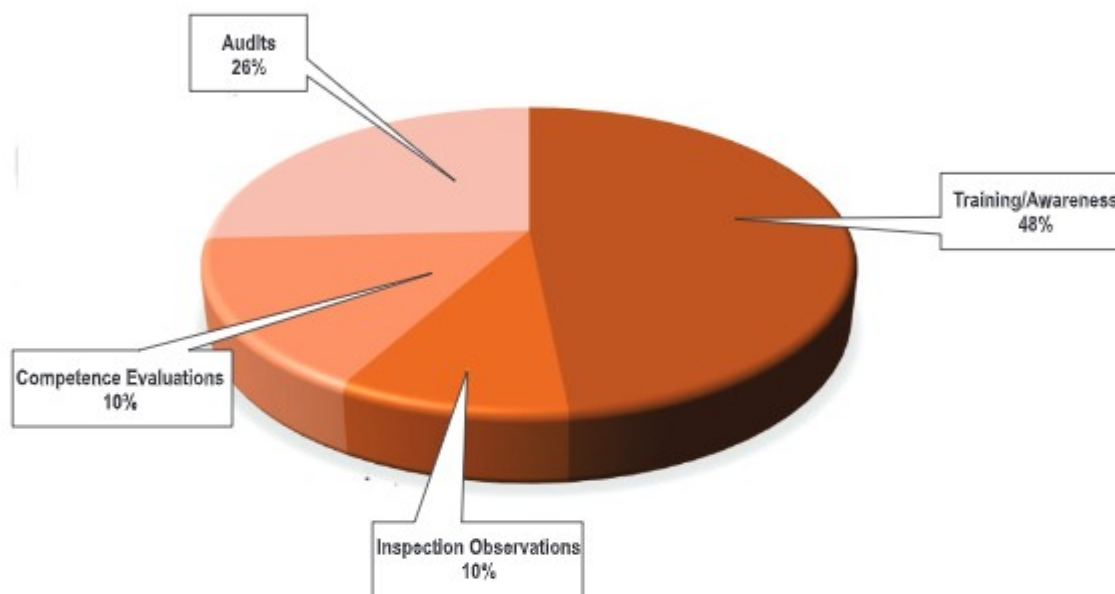


Figure 6: Distribution of key activities

1.4.2 Audit Coverage

Figure 7 presents the breakdown of audit types conducted in 2025, highlighting the predominance of internal audits as a key mechanism for compliance assurance.

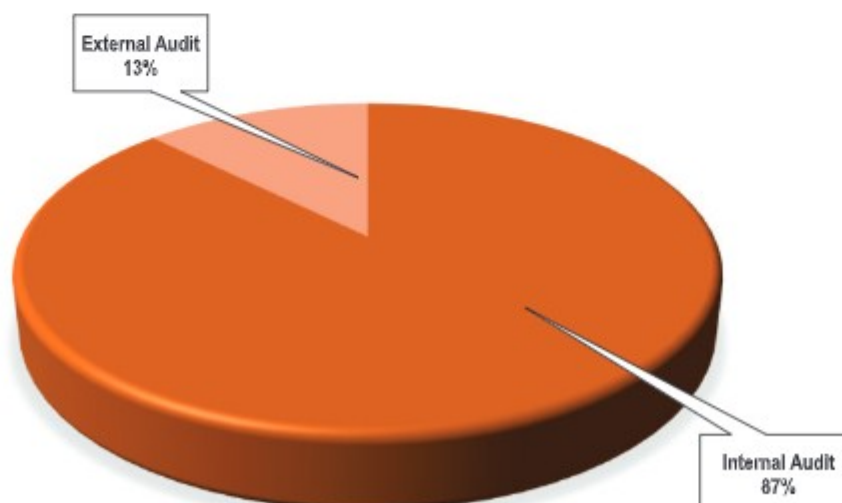


Figure 7: Audit types

1.4.1 Focus for 2026

- The Agency will continue to engage both internal and external stakeholders on the maintenance of quality management systems.

1.5 Market Surveillance

The 2025 national market surveillance covered all the 10 provinces compared to 9 in 2024 showing an increased coverage of market surveillance activities for enhanced public safety and health, consumer and environmental protection. The national market surveillance was informed by a blend of risk-based planning and on-the-ground intelligence to achieve a targeted, responsive and comprehensive national surveillance effort.



ZCSA officers examining electrical products to ensure compliance with prescribed compulsory standards in Lusaka.



PROMOTE SMEs COMPLIANCE CAPACITY TO COMPULSORY STANDARDS

2.1 Small and Medium Enterprises (SME) Training

More than seventy (70) Small and Medium Enterprises (SMEs) and Cooperatives in North-Western Province were trained in product Standardisation under the Lobito Corridor Facilitation Project. This training was aimed at enhancing the capacity of Cooperatives and SMEs to compete in domestic, regional and international markets.

This followed the development of thirteen (13) modules by the Ministry of Commerce, Trade and Industry alongside statutory bodies namely; the Zambia Compulsory Standards Agency, Competition and Consumer Protection Commission, Zambia Bureau of Standards, and Zambia Metrology Agency aimed at training targeted agriculture sector Cooperatives as well as SMEs in North-Western Province.

The training sessions focused on compliance with standards, certification readiness and improved business operations.

2.2 Focus for 2026

The Agency intends to engage SMEs on matters of trade and compliance.



Ministry of Commerce, Trade, and Industry Permanent Secretary responsible for Investments and Industrialisation Crusivia Hichikumba (2nd from right), North-Western Province's Deputy Permanent Secretary, Luckson Mulumbi (middle) and ZCSA Executive Director, Gerald Chizinga (3rd from left) during the launch of training for SMEs under the Lobito Corridor Trade Facilitation project in Solwezi.



IMPROVE STAKEHOLDER COLLABORATION

3.1 CORPORATE COMMUNICATIONS

3.1.1 Key Activities

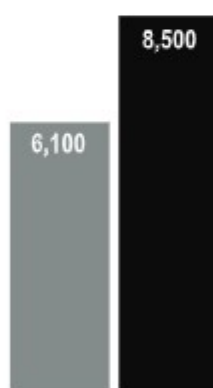
3.1.1.1 Key Awareness Activities undertaken

The Agency undertook and participated in the following activities as shown in Table 8, Figure 8 and Figure 9 below:

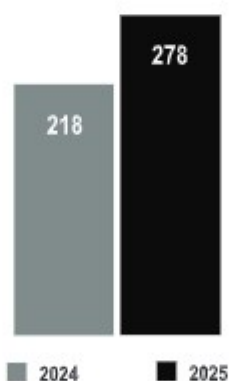
Table 8: Key public awareness activities undertaken

ACTIVITY	2025	2024
Production of Television (TV) Documentaries	11	1
News Coverage and Interviews on TV	119	75
Production of TV and Radio Adverts	10	7
Radio Interviews/ stories	278	218
Digital/ Online Media Stories	457	248
Newspaper articles	70	76
Responses to Press Queries	80	34
Production of ZCSA Newsletter	1	1
Production of Annual Report	1	1
Participation in Exhibitions and Stakeholder Engagements	26	26
Issuance of Press/ Media Statements	58	35
Facebook	8,500	6,100
LinkedIn	678	322

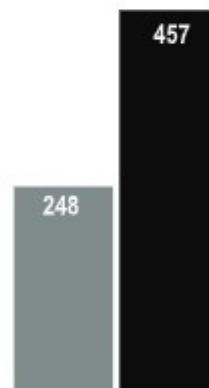
Facebook Followers



Radio Interviews



Digital Media Stories



■ 2024 ■ 2025

Figure 8: Digital Footprint

3.1.1.2 Launch of 41 new compulsory standards

On October 10, 2025, Commerce, Trade and Industry Minister, Hon. Chipoka Mulenga, MP, launched the 41 new compulsory standards in Lusaka. This followed the Minister's issuance of Statutory Instrument No. 20 of 2025 which declared the new standards as compulsory standards in order to safeguard public safety and health. Previously, the Agency was regulating 61 products covered by compulsory standards for imported and locally manufactured products. Following the launch, the Agency is now regulating a total of 102 products covered by compulsory standards.

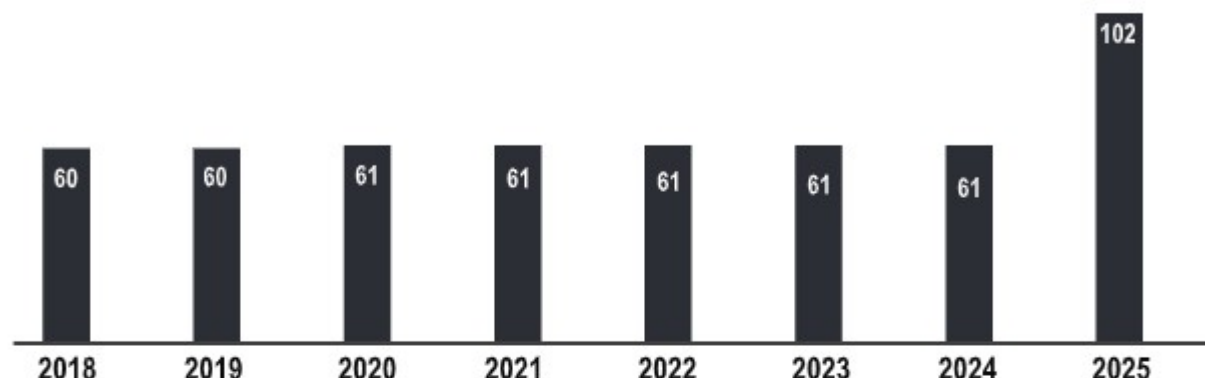


Figure 9: Number of products covered by compulsory standards

3.1.1.3 Launch of ZCSA Services on GSB

On May 23, 2025, the Agency's Services were officially launched on the Government Service Bus (GSB). The services are: Application for Annual Import Quality Certificate; Application for Pre-Import Clearance Certificate; Clearance of Used Motor Vehicles; Foreign Road Tank Vehicle Inspections; Local Road Tank Vehicle Inspections; and Permit to Supply. The GSB Online Platform makes it easy for the public to access ZCSA's services online as opposed to physically visiting the Agency to access various services.

3.1.1.4 Media Training on 41 new Compulsory Standards

The Agency trained journalists who report in English and Local Languages from 10 Provinces of Zambia on new compulsory standards. This was part of the awareness programmes on new compulsory standards declared in 2025.

3.1.1.5 Hosting of the 2nd ZCSA Media Awards

The Agency hosted the 2nd Media Awards in Lusaka at which journalists who excelled in reporting matters related to compulsory standards were awarded in the following categories: Print/Newspapers, Digital, Radio, Television, Most Consistent and Overall Winner.

3.1.1.6 Board Familiarisation Visits

The Board of Directors conducted familiarisation visits to border and provincial stations in Nakonde, Kasama and Mansa. The visits aimed at gathering first-hand information as well as meeting stakeholders from the public and private sectors in a bid to inform effective policy direction for the Agency. The Board reaffirmed the Agency's mandate of ensuring public safety and health, consumer and environmental protection through the enforcement of compulsory standards.

3.1.1.7 Launch of the School Clubs Project

The Agency and the Competition and Consumer Protection Commission launched a joint school clubs initiative aimed at educating pupils on product safety and consumer protection in schools. This is in recognition of the fact that education is a major component in driving long term change among consumers, especially pupils. Activities under the project were implemented in schools in Lusaka, Muchinga and Southern provinces in 2025 while more schools across Zambia will be targeted in 2026.

3.1.1.8 Stakeholder Engagements

The Agency interacted with more than 400 stakeholders including regulators, manufacturers, importers, exporters, trading outlets, pupils and journalists among others, across the country in 2025 on the Agency's mandate of enforcing compulsory standards in a bid to protect consumers and the environment. This is compared to 300 stakeholders which the Agency engaged in different parts of Zambia in 2024. The Stakeholder engagements were conducted in all 10 provinces of Zambia.

Major events during 2025 where the Agency engaged stakeholders included: Zambia International Trade Fair (ZITF) in Ndola, Copperbelt Agricultural, Mining, Industrial and Networking Exposition (CAMINEX) in Kitwe, Agricultural and Commercial Show in Lusaka, Kuomboka Traditional Ceremony and a Roadshow in Mongu, Nc'wala Traditional Ceremony in Chipata, Muchinga Province Investment and Trade Exposition (EXPO) in Chinsali, Southern EXPO and a Roadshow in Livingstone, World Consumer Rights Day and Africa Public Service Day Exhibitions in Lusaka.

Other events during the year included exhibitions, courtesy calls and workshops in different provinces where the Agency engaged manufacturers, importers, exporters, journalists, trading outlets, Government officials and pupils in schools among others.

3.1.2 Focus for 2026

The Agency will continue to enhance public understanding of compulsory standards through product safety and health awareness programmes, brand visibility, stakeholder engagements and media relations among others. Further, the Unit will seek to foster stronger relationships between the Agency and its stakeholders.



ZCSA Senior Inspector, Mweshi Sosandi (left) making a presentation to journalists in Lusaka during a Media Training.



IMPROVE FINANCIAL MANAGEMENT

4.1 Internal Audit

4.1.1 Internal Controls

The Audit and Risk Committee reviewed and approved the Internal Audit Work Plan for the financial year ended 31st December, 2025. The Agency's audits covered key operational areas including ICT, Import Quality Monitoring, Corporate Services, Finance, and satellite Stations. Additionally, the Agency reviewed the implementation status of previous audit findings and carried out risk assessments.

Internal Audit activities were measured against the approved Internal Audit Plan and presented periodic progress reports to the Audit and Risk Committee.

During the year under review, the department planned to conduct seventeen (17) audits and as at 31st December, 2025, 15 audits were completed, one (1) audit was in progress and another audit was deferred to be conducted in 2026.

4.1.2 Risk Oversight and Management

The Audit and Risk Committee of the Board has overall responsibility for risk management of the Agency, setting the desired risk appetite and tolerance, and assessing strategic risks.

Senior Management works with the Audit and Risk Committee to promote and communicate risk management strategies and practices within the Agency, managing the various categories of risk and their controls, monitoring the management of shared risks; and reviewing the ZCSA Risk Management Framework.

The Agency's risks were centrally monitored with input from the appointed focal point persons and risk information from the various business areas was reported to the Audit and Risk Committee and Senior Management. The implementations of risk treatments were regularly tracked and reported on as part of this review process.

4.1.3 Focus for 2026

The focus for 2026 will be to address the emerging issues which may affect the strategic direction of the Agency;

4.1.3.1 Technological foresight and cyber resilience

The current era is such that there is rapid digital transformation and issues such as cyber governance, Artificial Intelligence (AI) ethics and digital risk management will need to receive more focus. The Department will need to consider upskilling in these areas or co-source to ensure that the Agency is safeguarded against potential risks.

4.1.3.2 Strengthening collaborations and knowledge and information exchange

The Agency will continue consulting partners and industry experts for insights and possible resource sharing for a more efficient and effective delivery of the audit service.

4.2 Finance

During the year under review, the Agency collected actual Non-Tax Revenue of **ZMW 624,695,814** against a target of **ZMW 568,453,478** giving a positive variance of **ZMW 56,242,336** representing 10% above target.

The Agency received Appropriation in Aid (AIA) of **ZMW 109,119,300** in the period under review from Ministry of Finance and National Planning. This funding represented 17% of actual Non-Tax Revenue collected during the period under review.

Figure 10 below shows a summary of the Non-Tax Revenue collected and the funding received by the Agency during the period under review.

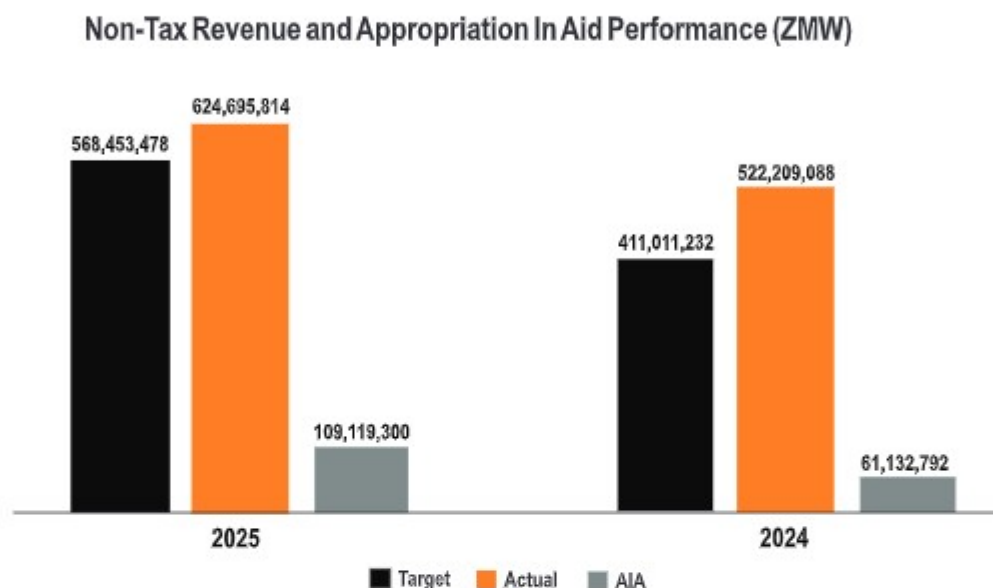


Figure 10: Non-Tax Revenue and Appropriation in Aid

The Agency achieved non-tax revenue attainment rate of 110% while the budget utilization of Appropriation in Aid during the period under review was at 100%.

The above target performance in non-tax revenue and resource utilization was achieved under the following parameters:

- i. Enhanced internal controls relating to the collection of non-tax revenue and utilization of resources.
- ii. Implementation of the Government Service Bus thereby enhancing access to Agency services by clients
- iii. Enhanced monitoring of products covered by compulsory standards through the Zambia Electronic Single Window.

The pages 45 to 87 of the Annual Report give full highlights of the Agency's audited financial statements for the year 2025.

4.2.1 Focus for 2026

- The Agency projects to collect Non-Tax Revenue of **ZMW 840,785,816** and lobby central government to increase Appropriation in Aid in the year 2026.
- The Agency will continue to tighten its monitoring and control measures on revenue collection and budget expenditure.



ENHANCE DIGITALISATION OF OPERATIONAL PROCESSES

5.1 Government Service Bus

The Agency launched its services on the GSB which allows individuals and businesses enjoy faster, more transparent, and more convenient access to services. This digital integration has assisted to reduce paperwork, eliminate unnecessary delays, and ultimately enhanced accountability in the delivery of regulatory services and is in line with the 2022–2026 strategic objective of enhancing digitalisation of operational processes.

5.2 Connectivity

During the period under review, the new Choma Provincial Office was successfully connected to the Government Wide Area Network (GWAN). Katima Mulilo and Kazungula stations had all parts of the Provider Side operationalised.

5.3 Focus for 2026

- Improve network performance (bandwidth optimisation)
- Replace obsolete hardware
- Automate manual processes and reduce on paper usage
- Foster integration with other government systems to enhance data sharing



IMPROVE HUMAN CAPITAL PRODUCTIVITY AND CULTURE

6.1 Human Resource Management

6.1.1 Staffing

As at 31st December, 2025, the Agency had a total staff complement of 142 employees. The staff complement by gender was 45 female employees, representing 32 percent and 97 male employees, representing 68 percent.

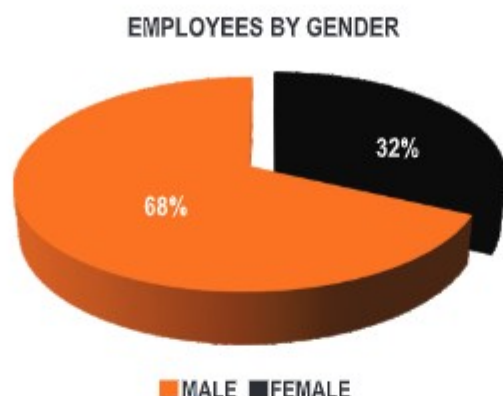


Figure 11: Staffing

The composition of Senior Management employees by gender is shown in figure 12 below.

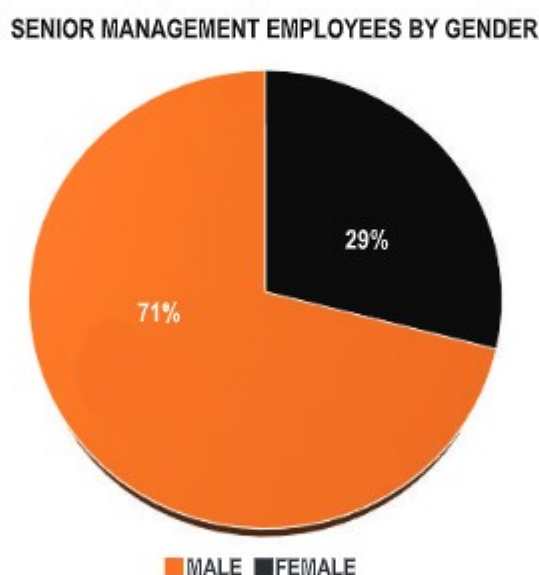


Figure 12: Senior management employees by gender

6.1.2 Staff Training and Development

The Agency facilitated nineteen (19) staff trainings to enhance knowledge and skills in order to improve performance.

6.1.3 Staff Welfare

Staff meetings were held for all members of staff to promote team work and improve staff morale.

6.1.4 Commemoration of National Events

The Agency participated in the commemoration of International Women's Day on 8th March, 2025 which was under the theme, "For all women and girls: Rights. Equality. Empowerment". Four (4) female employees received awards as part of the commemoration.

The Agency took part in the Labor Day celebrations on 1st May, 2025 which was held under the theme, "Shaping Zambia's Future of Work Through Home-Grown Solutions for Inclusive Economic Growth." In commemoration of the day, fifteen (15) members of staff were awarded for their contributions, dedication and hard work.

6.2 Integrity Committee Programme

The Agency implemented its Annual Corruption Prevention Action Plan. Activities implemented included staff sensitization and benchmarking meetings with Integrity Committees of other institutions.

On 9th December, 2025, the Agency also participated in commemoration of International Anti-Corruption Day which was commemorated under the theme, *"Uniting with the Youth Against Corruption: Shaping Tomorrow's Integrity."* The Agency was among ten (10) institutions awarded for having an effective Integrity Committee Programme out of over two hundred and sixty (260) established Integrity Committees from public and private institutions in Zambia.

6.3 Kaizen

The Agency has actively employed Kaizen principles in a bid to reduce operational stress on employees leading to more efficient delivery of services to clients. Continuous improvement initiatives were reinforced through seventeen (17) Kaizen teams and eighty-four (84) Kaizen meetings. Five (5) teams qualified for the National Kaizen Conference, contributing to a culture of staff engagement and operational excellence.

During the 2025 National Kaizen Conference held at Mulungushi International Conference Centre, Lusaka, ZCSA won four awards namely:

- 2 Gold Awards;
- 1 Continuity Award; and
- 1 exceptional performance Award at Africa level.

6.4 Focus for 2026

- Facilitate Continuous Professional Development Programmes for Technical and Administrative staff in line with the expanded scope.



ZCSA Lusaka members of staff participating in the International Women's Day commemoration.



IMPROVE INSTITUTIONAL INFRASTRUCTURE AND LOGISTICAL SERVICES

7.1 Infrastructure

The Agency maintained office accommodation for the Head Office in Lusaka and has physical presence in major border entry points and provincial centres. The Agency has physical presence in Chanida, Chirundu, Katima Mulilo, Kazungula, Livingstone, Mwami, Nakonde, Victoria Falls and all provincial centres.

The Agency conducted renovation works at the new Choma office to create a conducive environment for both employees and clients.

The Agency continued working towards the development of infrastructure, with the support of the Ministry of Infrastructure, Housing and Urban Development.

The Agency also initiated the process of establishing physical presence in Kitwe, to take services closer to its clients.

During the period under review, the Agency upgraded the power backup to enhance system uptime.

7.1 Logistical Services

The Agency maintained a motor vehicle fleet of thirty-one (31) vehicles to support its operations across the country. Further, the Agency initiated the process of enhancing its motor vehicle fleet, to enhance efficiency.

7.3 Focus for 2026

- Ensure the acquisition of Title deeds for the Agency land
- Continue lobbying for resources for the construction of the Head Office Multi-facility office block
- Expansion of office and operational facilities to support growing scope of the Agency
- Increase fleet of transport to facilitate smooth operations and Inspection activities



ANNUAL REPORT & FINANCIAL STATEMENTS

ZAMBIA COMPULSORY STANDARDS AGENCY
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2025

Zambia Compulsory Standards Agency Corporate and Administration Information for the year ended 31 December 2025

Principal activity

The Agency is a statutory body under the Ministry of Commerce, Trade and Industry (MCTI), whose mandate is to administer, maintain and ensure compliance with compulsory standards for the purpose of public safety and health, consumer and environmental protection

Board Members

Mr. Ian Besa Mupeta	Chairperson
Mrs. Lucy B. Shaputu	Vice Chairperson
Dr. Milapo Kamuwanga	Member
Ms. Diana Mwewa	Member
Dr. Teddy Kavwanda	Member
Mr. Edwinimba	Member
Mr. Chivunda Mutelo	Member

Management Team

Mr. Gerald Chizinga	Executive Director
Ms. Chisola Mfula	Director - Internal Audit
Mr. Brian Nyembe Malangisha	Director - Finance
Mr. Patrick Chipoma	Director - Domestic Quality Monitoring
Mr. Maikisa Matthew Ilukena	Director - Corporate Services
Ms. Tafuna Mumba Phiri	Board Secretary & Director - Legal & Compliance
Mr. Albert Sikufele	Director - Import Quality Monitoring
Ms. Mutumu Nzala Mwape	Legal Counsel
Mr. Francis Mwelwa	Quality Assurance Manager
Mr. Kasuba Kasengele	Acting Manager - Import Quality Monitoring
Mr. Boniface Chembe Zulu	Acting Manager - Human Resource, Administration and Planning
Mr. Brian Hatyoka	Manager - Communications and Public Relations
Mr. Elias Kansembe	Manager - Domestic Quality Monitoring - South
Mr. Maxwell Saili	Manager - Domestic Quality Monitoring - North
Mr. Martin Kalale Musonda	Manager - Finance

Registered Office

Zambia Compulsory Standards Agency
Head Office
Sefalana House
Stand No. 5032
Great North Road
P.O. Box 31302
Lusaka

Bankers

Zambia National Commercial Bank
Lusaka Center Branch
Cairo Road
Lusaka

Auditors

Mark Daniels
CHAZ Complex
Plot No.2882/B/5/10
Third Floor, Suite F3-10/F3-11
Off Great East Road
Mission Drive, Waters
Lusaka

Zambia Compulsory Standards Agency
Annual Report and Financial Statements
For the year ended 31 December 2025

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Zambia Compulsory Standards Agency
Report of the Board
For the year ended 31 December 2025

Report of the Board

The Agency submits its report together with the financial statements for the Zambia Compulsory Standards Agency ("the Agency") for the year ended 31st December 2025.

1. Background

The Zambia Compulsory Standards Agency was established by the Compulsory Standards Act, Chapter 422 of the Laws of Zambia.

2. Principal Activity

The Agency is a statutory body under the Ministry of Commerce, Trade and Industry (MCTI), whose mandate is to administer, maintain and ensure compliance with compulsory standards for the purpose of public safety and health, consumer and environmental protection. Its principal place of business is on Plot No. 5032, Great North Road, in Lusaka. It has presence in 9 provincial capital cities of Zambia, together with (7) seven border offices.

3. Activities and Services

(a) The functions of the Agency are to:

- (i) Administer, maintain and ensure compliance with compulsory standards;
- (ii) Give premarket approval of high-risk commodities falling within the scope of compulsory standards;
- (iii) Conduct market surveillance for products falling within the scope of compulsory standards in order to monitor post-market compliance of commodities with compulsory standards;
- (iv) Educate the public on Compulsory Standards and provide public information for the protection of the consumers on products and services which do not comply with the Act;
- (v) Cooperate with Ministries and other State institutions and international organisations in enforcing Compulsory Standards; and
- (vi) Do all such things as are connected with, or incidental to, the functions of the Agency under the Act.

(b) The Agency may, in the implementation of its functions under this Act:

- (i) Enter into agreements with conformity assessment service providers to inspect, test or analyse samples on behalf of the Agency;
- (ii) Establish specialist committees to provide input into the process of interpreting and implementing compulsory standards;
- (iii) Participate in activities of regional or international bodies with similar functions to those of the Agency;

Zambia Compulsory Standards Agency
Report of the Board
For the year ended 31 December 2025

3. Activities and Services (continued)

- (iv) Establish pre- and post-market surveillance systems; and
- (v) Obtain information from suppliers of commodities falling within the scope of compulsory standards.
- (c) The Agency may:
 - (i) Withdraw the declaration of a compulsory standard in relation to a product or service; and
 - (ii) Determine the fees payable for an inspection conducted for the purposes of the Act;
 - (iii) Determine fees for the testing and analysis of samples; and
 - (iv) Determine what portion of any fee is payable in respect of any part of a year and the date on which the fee or portion of the fee is payable.

4. Capital and resources

The Agency has no subscription capital. Its capital resources comprise of accumulated funds and unamortised deferred credits relating to capital and deferred revenue grants.

5. Financial and Operational Highlights

(a) Operating Results

The operating surplus for the year ended 31st December 2025 amounted to ZMW 1.45 million (2024: Deficit of ZMW 27.6 million).

(b) Income

Total incoming resources for the year amounted to ZMW 110.49 million (2024: ZMW 62.11 million).

(c) Expenditure

Expenditure totalled ZMW 109.04 million (2024: ZMW 89.673 million).

The main operating costs were amortisation ZMW -0.0128 million (2024: ZMW 0.156 million), Depreciation ZMW 3.802 million (2024: ZMW 3.6 million) costs of personnel ZMW 75.7 million (2024: ZMW 63.5 million) and recurrent expenditures ZMW 28.6 million (2024: ZMW 21.9 million).

(d) Capital Expenditure

Capital expenditure amounted to ZMW 0.969 million (2024: ZMW 1. 7 million)

Zambia Compulsory Standards Agency
Report of the Board
For the year ended 31 December 2025

6. Risk Factors

The Agency faces a number of operational, legal and financial risks in its operations:

(a) Operational Risk

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

- (i) Financial Crime Risk – Financial crime risk is the risk that the Agency suffers losses as a result of internal and external fraud or intentional damage, loss or harm to people, premises or its movable assets.
- (ii) Technology Risk – Technology is a key business enabler in ZCSA and requires an appropriate level of control to ensure that the most significant technology risks are effectively managed. Such risks include the non-availability of testing and calibration systems, inadequate design and testing of new and changed solutions and inadequate system security.
- (iii) People Risk – People risk arises from failures of the Agency to manage its key risks as an employer, including lack of appropriate people resource, failure to manage performance and reward, unauthorized or inappropriate employee activity and failure to comply with employment related requirements.

(b) Legal Risk

The Agency is subject to a comprehensive range of legal obligations, mostly covered by the *Compulsory Standards Act, Chapter 422 of the Laws of Zambia*. As a result, it is exposed to many forms of legal risk, which may arise in a number of ways: its business may not be conducted in accordance with requirements of the *Act*; contractual obligations may either not be enforceable as intended or may be enforced against the Agency in an adverse way; the Agency may face risk where legal proceedings are brought against it, in the course of carrying out its mandate, etc. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered, even if the Agency is successful.

(c) Reporting Risk

- (i) Financial Reporting Risk

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

6. Risk Factors (continued)

(c) Reporting Risk (continued)

(ii) Accounting Risks

The Agency's future performance and results could be materially different from expected results depending on the outcome of certain potential risks and uncertainties, details of which are discussed above. The reported results of the Agency are also sensitive to the accounting policies, assumptions and estimates that underlay the preparation of its financial statements. Details of its critical accounting policies and key sources of accounting judgments are included on pages 62 to 85.

(iii) Financial Risks

The Agency through its normal operations is exposed to a number of risks on its financial instruments, the most significant of which are *credit and liquidity. Market (currency and interest) risks* are generally low. The two main risks on its financial instruments are generally deemed to be within manageable limits.

The Agency's financial risk exposures are discussed on pages 74 to 78 in Note 15 to the financial statements.

7. Risk Management and Control

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

8. Governance of the Board

The supervision of the management of the Agency is vested in the Board.

The following are the Board Members who held office during the year and to the date of this report:

Mr. Ian Besa Mupeta	-	Chairperson
Ms. Lucy B. Shaputu	-	Vice Chairperson
Dr. Milapo Kamuwanga	-	Member
Ms. Diana Mwewa	-	Member
Dr. Teddy Kavwanda	-	Member
Mr. Edwinimba	-	Member
Mr. Chivunda Mutelo	-	Member

Zambia Compulsory Standards Agency
Report of the Board
For the year ended 31 December 2025

9. Management Team

The following form part of the Management Team responsible for administration of the Agency:

Mr. Gerald Chizinga	Executive Director
Ms. Chisola Mfula	Director Internal Audit
Mr. Brian Nyembe Malangisha	Director Finance
Mr. Patrick Chipoma	Director – Domestic Quality Monitoring
Mr. Maikisa Matthew Ilukena	Director – Corporate Services
Ms. Tafuna Mumba Phiri	Board Secretary & Director – Legal & Compliance
Mr. Albert Sikufele	Director – Import Quality Monitoring
Ms. Mutumu Nzala Mwape	Legal Counsel
Mr. Francis Mwelwa	Quality Assurance Manager
Mr. Kasuba Kasengele	Acting Manager - Import Quality Monitoring
Mr. Boniface Chembe Zulu	Acting Manager - Human Resource, Administration and Planning
Mr. Brian Hatyoka	Manager – Communications
Mr. Elias Kansembe	Regional Manager - Domestic Quality Monitoring – South
Mr. Maxwell Saili	Regional Manager – Domestic Quality Monitoring – North
Mr. Martin Kalale Musonda	Manager – Finance

10. Pension Scheme

The Agency has a pension scheme for all permanent and pensionable staff. It is duly registered with the Ministry of Labour, the Pensions and Insurance Authority and Zambia Revenue Authority. It is a defined contribution retirement benefit plan for all qualifying employees, with minimum contributions being 5% of employee compensation, in 1:2 split between the member and the employer. The Scheme is administered by a separate Board of trustees.

11. Related Party Transactions

The Agency has a common enterprise relationship with the Government of the Republic of Zambia ("GRZ") and its departments. Other related party relationships and material balances that the Agency has with its related parties are listed in Note 32 to the financial statements.

12. Events Subsequent to the Reporting Period

There have been no significant events between the year-end and the date of approval of these financial statements.

13. Auditors

The auditors, Mark Daniels, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the Board meeting.

By order of the Board



Executive Director

Zambia Compulsory Standards Agency
Statement of Responsibility for Annual Financial Statements
For the year ended 31 December 2025

Responsibilities of the Board

The Board is responsible for the preparation and fair presentation of the financial statements of Zambia Compulsory Standards Agency, comprising the statement of financial position as at 31st December 2025, and statements of profit or loss and other comprehensive income, changes in Agency funds and cash flows for the year ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with the International Financial Reporting Standards and the Compulsory Standards Act No. 3 of 2017.

The Board members' responsibilities include: designing, implementing and monitoring internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Board members' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The Board and ZCSA Management in consultation with the parent ministry made an assessment of the Agency's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Approval of the financial statements

The financial statements of the Agency as indicated below, were approved by the Board on 31st March, 2026 and are signed on its behalf by:



Executive Director



Board Chairperson

REPORT OF THE INDEPENDENT AUDITORS TO THE MINISTER OF COMMERCE, TRADE AND INDUSTRY

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Zambia Compulsory Standards Agency (ZCSA), which comprise the statement of financial position as at 31 December 2025, and the statement of financial performance, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the financial statements give a true and fair view of the financial position of the Zambia Compulsory Standards Agency (ZCSA) as at 31 December 2025 and of its financial performance and cash flows for the year ended and have been properly prepared in accordance with the International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board (IPSASB)

Emphasis of matter

The accompanying financial statements have been prepared assuming that the Agency will continue as a going concern. As discussed in note 2 to the financial statements, the Agency has recorded net liabilities amounting to ZMW 44.4 million and has an accumulated deficit that raises substantial doubt about the Agency's ability to continue as a going concern beyond a reasonable time. Financial statements do not include any adjustments that might result from the outcome of this uncertainty. However, the opinion on the financial statements has not been qualified in this respect.

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

Other information

Directors and Management are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this respect.

INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF COMMERCE, TRADE AND INDUSTRY (CONTINUED)

Responsibilities of Management and those Charged with Governance for the Financial Statements

Directors and Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, Management is responsible for assessing the Agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. Those charged with Governance are responsible for overseeing the Agency's reporting process.

Auditor's Responsibility 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls 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 Agency's internal controls.
- 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 Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Agency to express an opinion on the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MINISTER OF COMMERCE, TRADE AND INDUSTRY (CONTINUED)

- We are responsible for the direction, supervision and performance of the Agency's 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.

Report on other Legal and Regulatory Requirements

We are required that in carrying out our audit of the Agency, we report on whether:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion proper books of accounts, other records and registers have been kept by the Agency, so far as appears from our examinations of those books and registers; and
- The Agency's statements of financial position and financial performance are in agreement with the books of account.

In respect of the foregoing requirements, we have no matter to report.

Mark Daiels

Chartered Accountants
Lusaka

31st March, 2026

WKKK Kasongo

Winston Kasongo AUD/F003127
Partner signing on behalf of the firm

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Statement of financial performance

	Notes	2025 ZMW	2024 ZMW
Revenue from Non-Exchange Transactions			
Grant income	19	109,119,300	61,332,790
Revenue from Exchange Transactions			
Other income	20	1,375,586	777,986
		<u>110,494,886</u>	<u>62,110,776</u>
Expenditure			
Direct costs	21	846,417	501,150
Depreciation	22	3,802,978	3,621,398
Amortisation	23	(12,855)	156,642
Employee costs and benefits	Appendix I	75,726,110	63,498,532
Recurrent costs	Appendix II	28,681,919	21,896,168
		<u>109,044,569</u>	<u>89,673,890</u>
Operating Results		<u>1,450,317</u>	<u>(27,563,114)</u>
Surplus/(Deficit) for the year		<u>1,450,317</u>	<u>(27,563,114)</u>

The notes on pages 62 to 85 form an integral part of these financial statements

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Statement of financial position

	Notes	2025 ZMW	2024 ZMW
ASSETS			
Non-current assets			
Property, plant and equipment	22	8,325,180	11,159,077
Intangible assets	23	65,076	52,221
		<u>8,390,256</u>	<u>11,211,298</u>
Current assets			
Inventory	24	684,643	779,383
Other financial assets	25	2,450,340	811,598
Cash and cash equivalents	26	22,122,726	1,709,572
		<u>25,257,708</u>	<u>3,300,553</u>
Total assets		<u>33,647,964</u>	<u>14,511,851</u>
FUNDS AND LIABILITIES			
Funds			
Revenue Reserves		(44,398,128)	(45,848,444)
		<u>(44,398,128)</u>	<u>(45,848,444)</u>
Current Liabilities			
Deferred income	27	86,107	1,102,273
Capital grants	28	261,612	261,612
Payables, Accruals and provisions	29	68,957,516	51,628,506
Employee-related payables	30	8,740,857	7,367,904
		<u>78,046,092</u>	<u>60,360,295</u>
Total Equity and Liabilities		<u>33,647,964</u>	<u>14,511,851</u>

The notes on pages 62 to 85 form an integral part of these financial statements

The financial statements on pages 58 to 85 were approved by the board on 31st March, 2026 and signed on its behalf by:


Executive Director


Board Chairperson

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Statement of changes in accumulated funds

	Notes	Revenue Reserves ZMW
Balance as at 1 January 2024		(17,597,358)
Prior year adjustments	34	(687,973)
Deficit for the year		(27,563,114)
At 31 December 2024		(45,848,444)
At 1 January 2025		(45,848,444)
Surplus for the year		1,450,317
At 31 December 2025		(44,398,127)

The notes on pages 62 to 85 form an integral part of these financial statements

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Statement of cash flows

	Notes	2025 ZMW	2024 ZMW
Cash flow from operating activities			
Surplus/(Deficit) for the year		1,450,316	(27,563,114)
-Prior year adjustment		-	(687,973)
-Adjustment in depreciation		12,855	
-Profit on disposal		-	(702,722)
-Depreciation	22	3,802,978	3,621,398
-Amortisation of software	23 (b)	(12,855)	156,642
-Deferred income amortisation	28	(1,016,166)	-
Changes in operating assets and liabilities			
-Increase in inventory		94,740	(310,080)
-(Increase)/decrease in other receivables		(1,638,742)	154,417
-Increase in payables		18,701,962	21,388,643
Cash generated from/(used on) operations		<u>21,382,233</u>	<u>(3,942,788)</u>
Cash flows from Investing activities			
Acquisition of assets	22	(969,081)	(1,735,075)
Proceeds on disposal of assets		-	702,722
Adjustment to fixed assets		-	44,452
Cash used on investing activities		<u>(969,081)</u>	<u>(987,901)</u>
Cashflows from financing activities			
Deferred income received		-	1,048,000
Cash from financing activities		<u>-</u>	<u>1,048,000</u>
Increase/(decrease) in cash and cash equivalents		20,413,152	(3,882,689)
Opening cash and cash equivalents		<u>1,709,572</u>	<u>5,592,261</u>
Closing cash and cash equivalents		<u>22,122,724</u>	<u>1,709,572</u>
Represented by:			
Cash in hand and at bank	26	<u>22,122,726</u>	<u>1,709,572</u>
		<u>22,122,726</u>	<u>1,709,572</u>

The notes on pages 62 to 85 form an integral part of these financial statements

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Notes

1. Basis of preparing financial statements

The financial statements of Zambia Compulsory Standards Agency have been prepared on the going concern basis and in accordance with the International Public Sector Accounting Standards (IPSAS) and comply with the Compulsory Standards Chapter (Cap) 422 of the laws of Zambia. They have been prepared under the historical cost convention adjusted by the revaluation of tangible fixed assets. The financial statements are presented in Kwacha (ZMW) except where otherwise indicated.

2. Basis of preparation

The financial statements of Zambia Compulsory Standards Agency have been prepared on the going concern basis and in accordance with the International Public Sector Accounting Standards (IPSAS). They have been prepared under the historical cost convention adjusted by the revaluation of tangible fixed assets. The financial statements are presented in Kwacha and all values are rounded to the nearest thousands (ZMW'') except where otherwise indicated.

At the reporting date, the Agency recorded net current liabilities of ZMW 53 million and has an accumulated loss of ZMW 44 million. The Agency meets its day to day working capital requirements from support from Government.

The Financial Statements have been prepared on a going concern basis, which assumes that the Agency will continue in operational existence for the foreseeable future.

The validity of this assumption depends on continued support from the Government.

If the Agency were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify property, plant and equipment as current assets.

3. Basis of Measurement

Historical cost is generally based on the fair value of the consideration given in exchange for assets. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the entity uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the entity (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/liability that market participants would take into account.

Notes (continued)

3. Basis of Measurement (continued)

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

- (a) *Level 1 fair value measurements* are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (b) *Level 2 fair value measurements* are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) *Level 3 fair value measurements* are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

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

4. Statement of Compliance

The financial statements have been prepared in accordance with *International Public Sector Accounting Standards ("IPSASs")* applicable for the reporting period to 31st December 2025.

5. Application of new and revised International Public Sector Accounting Standards (IPSASs)

(a) Application of New IPSAS

As explained above, the financial statements have been prepared in accordance with *International Public Sector Accounting Standards* for the first time for the financial year beginning on or after 1st January 2025.

(b) Statement of compliance

As explained above, the financial statements have been prepared in accordance with *International Public Sector Accounting Standards* for the reporting period to 31st December 2025.

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Summary of Significant Accounting Policies (continued)

5. Application of new and revised International Public Sector Accounting Standards (IPSASs) (continued)

(a) New standards and amendments-applicable 1 January 2025

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2025.

Title	Key requirements	Effective date*
IPSAS 45 – Property, Plant and Equipment	Replaces IPSAS 17; introduces current operational value as a measurement basis; provides guidance on heritage and infrastructure assets.	1 Jan 2025
IPSAS 46 – Measurement	Consolidates measurement guidance; introduces fair value and current operational value; requires initial measurement at transaction price plus/minus transaction costs.	1 Jan 2025
IPSAS 47 – Revenue	Replaces IPSAS 9, 11, and 43; aligned with IFRS 15 but adapted for public sector; introduces binding arrangement model and compliance obligations.	1 Jan 2025
IPSAS 48 – Transfer Expenses	Provides guidance for transactions where resources are transferred without direct return; distinguishes between binding and non-binding arrangements.	1 Jan 2025
IPSAS 49 – Retirement Benefits	Establishes accounting/reporting for retirement benefit plans; introduces prudence guidance and updated materiality considerations.	1 Jan 2025

Zambia Compulsory Standards Agency
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Summary of Significant Accounting Policies (continued)

5. Application of new and revised International Public Sector Accounting Standards (IPSASs) (continued)

(b) Forthcoming requirements

There are a number of standards, amendments to standards, interpretations which have been issued by the IPSASB that are effective in future periods and the entity has decided not to adopt early.

Title	Key requirements	Effective date*
IPSAS 51 – Tangible Natural Resources held for Conservation	Provides recognition, measurement, and disclosure requirements for natural resources managed for conservation purposes.	1 January 2026
IPSASB SRS 1 – Climate – related Disclosures	Provides recognition, measurement, and disclosure requirements for natural resources managed for conservation purposes.	1 January 2026
Presentation of financial statements (Amendments)	Updates presentation requirements, including categorisation of revenue and expenses for improved transparency.	1 January 2026
IFRIC Alignment – Narrow Scope Amendments	Clarifies the application of existing IPAS principles by aligning with IFRIC interpretations.	1 January 2026
Materiality Amendments	Adds “obscuring” information to misstating/omitting as factors in materiality judgments.	1 January 2026

(f) Early Adoption of Standards

The Entity did not early – adopt any new or amended standards in year 2025. The Agency does not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Agency in future periods.

(g) New Standards and Interpretations

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

Notes (continued)

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

(a) Judgments

The preparation of the Agency's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Areas of judgement that have the most significant effect on the financial statements:

- (i) Grant accounting and amortisation
- (ii) Estimation of asset lives and carrying values
- (iii) Determination of fair values of non-current assets
- (iv) Provisions and contingencies

(b) Estimates and Assumptions

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

- (i) Review of asset carrying values and impairment charges and reversals
- (ii) Estimation of employee related provisions and post-retirement benefits

(c) Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- (i) The condition of the asset based on the assessment of experts employed by the Agency;
- (ii) The nature of the asset, its susceptibility and adaptability to changes in technology and processes;
- (iii) The nature of the processes in which the asset is deployed.
- (iv) Availability of funding to replace the asset
- (v) Changes in the market in relation to the asset

Notes (continued)

6. Significant Judgments and Sources of Estimation Uncertainty – IPSAS 1 (continued)

(d) Provisions

Provisions were raised and management determined an estimate based on the information available. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

7. Changes in Accounting Policies and Estimates – IPAS 3

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

8. Foreign Currency Transactions – IPSAS 4

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

9. Revenue

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

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

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

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Notes (continued)

9. Revenue (continued)

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

b) Revenue from Exchange Transactions – IPSAS 9

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

- (i) **Rendering of services:** The Agency recognises revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are recoverable.
- (ii) **Sale of goods:** Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and the revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the Agency.
- (iii) **Interest income:** Interest income is accrued using the effective yield method. The method applies this yield to the principal outstanding to determine interest income each period.

10. Administrative Costs

Operating and administrative costs are accrued as incurred.

11. Taxation

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

Notes (continued)

12. Property, Plant and Equipment – IPSAS 17

(a) Cost and Valuation

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

(b) Subsequent Expenditure

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

(c) Depreciation

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

(d) De-recognition

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

(e) Impairment

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

Zambia Compulsory Standards Agency
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Notes (continued)

13. Intangible Assets – IPSAS 31

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation is based on the estimated useful life of the intangible assets, which can be assessed as either finite or indefinite.

14. Inventories – IPSAS 31

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

15. Financial Instruments

(a) Composition

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

(b) IPSAS 29: Financial Assets

(i) Classification

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

- **Cash and cash equivalents** include cash in hand and deposits held at call with banks, including bank overdrafts. Bank overdrafts are shown as net of cash balances within current assets on the statement of financial position.
- **Accounts receivables and sundry receivables** are stated in the balance sheet at original amount less an allowance for any uncollectible amounts. An estimate for impairment is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

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

Zambia Compulsory Standards Agency
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For the year ended 31 December 2025

Notes (continued)

15. Financial Instruments (continued)

(b) IPSAS 29: Financial Assets

(ii) Initial recognition and measurement

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

(iii) Loans and receivables

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

(iv) Cash and cash equivalents

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

(v) Impairment of Financial Assets

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

Evidence of impairment may include the following indicators:

- (i) The debtors or entity of debtors are experiencing significant financial difficulty;
- (ii) Default or delinquency in interest or principal payments;
- (iii) The probability that debtors will enter bankruptcy or other financial reorganization;

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Notes (continued)

15. Financial Instruments (continued)

(b) IPSAS 29: Financial Assets (continued)

- (iv) Observable data indicates a measurable decrease in estimated future cash flows (e.g., changes in arrears or economic conditions that correlate with defaults).
- (v) The Agency recognises a loss allowance for expected credit losses on receivables and contract assets.
- (vi) The expected credit losses on these financial assets are estimated using a provision matrix based on the Agency's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(vi) De-recognition

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

(c) IPSAS 29: Financial liabilities

(i) Classification and Measurement

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

- **Payables and accruals** are stated at their nominal value.
- **Provisions** are recognised when the Agency has a present legal or constructive obligation as a result of a past event, and it is probable that the Agency will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
- When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(ii) Recognition

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

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Notes (continued)

15. Financial Instruments (continued)

(c) IPSAS 29: Financial liabilities (continued)

(iii) Provisions – IPSAS 19

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

(iv) Employee Benefits – IPSAS 25 Retirement Benefit Plans

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

(b) **Pension Schemes** –Employees of the Agency are members of the government-managed defined contribution scheme, the *National Pension Scheme*. The Agency is required to contribute to the scheme 10% of each employee's compensation, split evenly between the employer and the employee. The only obligation of the Agency with respect to the retirement benefit plan is to make the specified contributions.

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

(d) **Gratuity obligations**

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

(v) Contingent Liabilities

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

(vi) De-recognition

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

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Notes (continued)

15. Financial Instruments (continued)

(c) IPSAS 29: Financial liabilities (continued)

(iv) Employee Benefits – IPSAS 25 Retirement Benefit Plans (continued)

(vii) Offsetting of Financial Assets and Liabilities

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

(viii) Fair Values of Financial Assets and Liabilities

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

(ix) Contingent Assets

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

(x) Financial Risks

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

16. Capital Maintenance

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

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Notes (continued)

17. Comparative figures

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

18. Budget information – IPSAS 24

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

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Notes (continued)

	2025 ZMW	2024 ZMW
19. Appropriation in Aid		
Appropriation in Aid	109,119,300	61,332,790
Appropriation from GRZ	<u>109,119,300</u>	<u>61,332,790</u>
(a) Revenue Grants		
Revenue grants from GRZ represents Appropriation in Aid received from government, charged to income in the period of receipt.		
20. Other income		
Other income	295,309	35,500
Amortised grant	1,016,166	-
Profit on sale of assets	-	702,722
DQMS-products	-	9,535
Foreign exchange gains	64,111	30,228
	<u>1,375,586</u>	<u>777,986</u>
21. Cost of certification and testing		
Sample containers seals and labels	177,402	167,894
Testing	669,016	333,256
	<u>846,417</u>	<u>501,150</u>

Zambia Compulsory Standards Agency
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For the year ended 31 December 2025

Notes (continued)

22. (a) Property, plant and equipment
(a) Summary

	Land & Buildings	Plant and Machinery	Motor Vehicles	Laboratory equipment	Furniture	Office equipment	Computer Hardware	CWIP	Totals
Cost									
Balance at 1 January 2025	132,000	133,000	16,099,017	10,050	3,310,490	1,108,215	5,403,641	76,420	26,272,834
Additions					201,202	166,535	601,344		969,081
Balance at 31 December 2025	132,000	133,000	16,099,017	10,050	3,511,692	1,274,750	6,004,985	76,420	27,241,915
Depreciation									
Balance at 1 January 2025	-	23,840	9,318,415	10,050	1,621,760	785,793	3,353,899	-	15,113,757
Depreciation		2,660	2,621,660	-	266,967	130,376	781,315	-	3,802,978
Balance at 31 December 2025	-	26,500	11,940,075	10,050	1,888,727	916,169	4,135,214		18,916,735
Net Book Value									
Balance at 31 December 2024	132,000	109,160	6,780,602	-	1,688,731	322,422	2,049,742	76,420	11,159,077
Balance at 31 December 2025	132,000	106,500	4,158,942	-	1,622,965	358,581	1,869,771	76,420	8,325,180

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Notes (continued)

22. (a) Property, plant and equipment (continued)
(a) Summary

	Land & Buildings	Plant and Machinery	Motor Vehicles	Laboratory equipment	Furniture	Office equipment	Computer Hardware	CWIP	Totals
Cost									
Balance at 1 January 2024	122,600	133,000	16,604,977	10,050	3,119,813	1,041,704	4,835,071	76,420	25,943,635
Additions	9,400	-	783,299	-	190,677	66,511	685,188	-	1,735,075
Disposals	-	-	(1,289,259)	-	-	-	(116,618)	-	(1,405,877)
Balance at 31 December 2024	132,000	133,000	16,099,017	10,050	3,310,490	1,108,215	5,403,641	76,420	26,272,834
Depreciation									
Balance at 1 January 2024	-	21,180	7,974,064	10,050	1,370,306	644,149	2,834,034	-	12,853,783
Depreciation and Amortization	-	2,660	2,633,610	-	251,454	141,644	592,030	-	3,621,398
Eliminated on disposal	-	-	(1,289,259)	-	-	-	(72,165)	-	(1,361,424)
Balance at 31 December 2024	-	23,840	9,318,415	10,050	1,621,760	785,793	3,353,899	-	15,113,757
Net Book Value									
Balance at 31 December 2023	122,600	111,820	8,630,913	-	1,749,507	397,555	2,001,037	76,420	13,089,852
Balance at 31 December 2024	132,000	109,160	6,780,602	-	1,688,731	322,422	2,049,742	76,420	11,159,077

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Notes (continued)

	2025 ZMW	2024 ZMW
23. Intangible asset		
(a) Analysis of balances		
Cost	1,600,391	1,600,391
At 31 December	<u>1,600,391</u>	<u>1,600,391</u>
(b) Amortisation		
At beginning of the period	1,548,170	1,391,528
Adjustment (Prior Years 2021 to 2024)	(148,250)	
Charge for the year	135,395	156,642
At 31 December	<u>1,535,315</u>	<u>1,548,170</u>
Net book value	<u>65,076</u>	<u>52,221</u>
24. Inventory		
Office Consumables	684,643	779,383
	<u>684,643</u>	<u>779,383</u>
25. Other Financial Assets		
Salary Advances	370,118	465,836
Staff loans and advances	2,068,037	260,303
Other receivables	12,185	85,457
	<u>2,450,340</u>	<u>811,598</u>
26. Cash and Cash Equivalents		
Bank Balances	22,101,921	1,695,776
Cash in Hand	20,805	13,796
	<u>22,122,726</u>	<u>1,709,572</u>
27. Deferred income		
At beginning of the year	1,102,273	54,273
Received during the year	-	1,048,000
Amortised during the year	(1,016,166)	-
At end of the year	<u>86,107</u>	<u>1,102,273</u>

Zambia Compulsory Standards Agency
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For the year ended 31 December 2025

Notes (continued)

	2025	2024
	ZMW	ZMW
28. Capital grants		
At beginning of the year	261,612	261,612
Balance at end of the year	<u>261,612</u>	<u>261,612</u>
29. Payables, Accruals and Provisions		
Payables	664,168	2,372,903
NAPSA	1,528	641,174
PAYE	67,918,569	47,839,644
Sundry Payables	373,250	774,786
Balance at Close of Year	<u>68,957,515</u>	<u>51,628,506</u>
30. Employee benefit obligations		
Current liability		
Provision for gratuity	4,254,726	3,646,100
Leave days	4,481,179	3,029,377
Pension contribution	4,952	692,426
	<u>8,740,857</u>	<u>7,367,904</u>

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Notes (continued)

31. Financial instruments

The Agency faces exposure to the following financial risks:

(a) Total financial instruments

31 December 2025				
	Receivables	Assets at Fair Value through P & L	Assets at Amortised Cost	Total
Assets				
Loans and Receivables:				
-Trade and Other receivables	2,450,340	-	-	2,450,340
-Cash and Equivalents	22,122,726	-	-	22,122,726
Total	24,573,066	-	-	24,573,066
		Liabilities at Fair Value through P & L	Other Financial Liabilities at Amortised Cost	Total
Liabilities				
Other Financial Liabilities	-	-	8,740,857	8,740,857
Trade and Other Payables	-	-	68,957,516	68,957,516
Total	-	-	77,698,373	77,698,373

31 December 2024				
	Receivables	Assets at Fair Value through P & L	Assets at Amortised Cost	Total
Assets				
Loans and Receivables:				
-Trade and Other receivables	811,598	-	-	811,598
-Cash and Equivalents	1,709,572	-	-	1,709,572
Total	2,521,170	-	-	2,521,170
		Liabilities at Fair Value through P & L	Other Financial Liabilities at Amortised Cost	Total
Liabilities				
Other Financial Liabilities	-	-	7,367,904	7,367,904
Trade and Other Payables	-	-	51,628,506	51,628,506
Total	-	-	58,996,410	58,996,410

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Notes (continued)

31. Financial instruments (continued)

The Agency faces exposure to the following financial risks:

(b) Credit Risk

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

Category	Rating	Expected Credit Loss (ECL)	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
2025					
Bank and cash	Performing	12-Month ECL	22,122,726	-	22,122,726
Financial assets	Performing	Simplified Approach	2,450,340	-	2,450,340
			24,573,066	-	24,573,066

Category	Rating	Expected Credit Loss (ECL)	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
2024					
Bank and cash	Performing	12-Month ECL	1,709,572	-	1,709,572
Financial assets	Performing	Simplified Approach	811,598	-	811,598
			2,521,170	-	2,521,170

The Agency's primary credit exposure from liquidity of cash and cash equivalents amounted to ZMW 22.1 million (2024: ZMW 1.7 million).

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

At the balance sheet date, other significant concentrations of credit risks lay in receivables, which at the reporting date amounted to **ZMW 2.4million** (2024: ZMW 0.811 million). The nature of services offered by the Agency means it does not have significant credit risk exposure to a single counterparty.

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Notes (continued)

31. Financial instruments (continued)

(c) Currency Risk

The Agency is not exposed to foreign currency exchange risks on its bank balances and unspent portion of capital grant balances in deferred revenue.

(d) Liquidity Risk and Interest Rate Risk

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

	Up to 1 Month	1-3 Months	4-12 Months	1-5 years	Total
As at 31 December 2025					
Non-interest bearing	4,629,562	15,320,728	57,748,083	-	77,698,373
	4,629,562	15,320,728	57,748,083	-	77,698,373

As at 31 December 2024					
Non-interest bearing	4,916,367	14,749,102	39,330,940	-	58,996,410
	4,916,367	14,749,102	39,330,940	-	58,996,410

(e) Fair Value Estimation

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

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Financial statements
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Notes (continued)

32. Related parties

(a) Identity of related parties

The Agency has a common enterprise relationship with the Government of the Republic of Zambia. Related parties include members of the Agency's Board and key Management team.

(b) Control and governance of the Agency

The Agency has a common enterprise relationship with the Government of the Republic of Zambia and falls under the auspices of the Ministry of Commerce, Trade and Industry. Internal supervision of its Management and control of the affairs of the Agency, however, is vested in the Board.

(c) Key Management of the Agency

The key Management of the Agency i.e., officers other than Board members with the ability, directly or indirectly, to control or exercise significant influence over the Agency in making financial and operating decisions, are listed on Corporate and Administration Information and their remuneration is shown below.

(d) Transactions with related parties

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

	2025 ZMW	2024 ZMW
Government Funding received	<u>109,119,300</u>	<u>61,332,790</u>
Key Management remuneration	23,272,898	12,912,836
Board Members	<u>2,321,176</u>	<u>1,154,503</u>
	<u>25,594,074</u>	<u>14,067,339</u>

33. Capital Management

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

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Notes (continued)

33. Capital Management (continued)

The gearing ratios as at 31 December 2025

	2025 ZMW	2024 ZMW
Debt	-	-
Cash	(22,122,726)	(1,709,572)
Net debt	(22,122,726)	(1,709,572)
Equity	(44,398,128)	(45,848,444)
Net debt to equity ratio	49.83%	3.73%

34. Prior year adjustment

This represents the difference between the opening balances as per the ledger and the financial statements. This one in particular was reversing that which was introduced in the previous year

34. Capital Commitments

The Agency had no capital commitments at the year end.

35. Contingent liabilities

As at the reporting date, there were no known contingent liabilities.

36. Events occurring after balance sheet date

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

The Agency has evaluated subsequent events through to the date the financial statements were available for issuance, and has determined that there has not arisen since the end of the period any transaction or event of a material and unusual nature likely, in the opinion of Management, to affect substantially the operations of the Agency, the results of those operations or the state of affairs of the Agency in subsequent financial periods.

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Appendix I

Employee Costs and benefits

	2025 ZMW	2024 ZMW
<u>Wages and Salaries</u>		
Salaries & Wages	37,981,483	34,965,083
Housing Allowance	7,516,036	6,980,761
Acting Allowances	754,359	682,930
Fuel Allowances	2,639,522	1,959,307
Responsibility Allowances	-	32,781
Transport Allowances	4,035,467	2,742,429
Overtime	1,120,480	1,163,598
Casual & Temporal Wages includes Funeral policy	245,287	115,531
	<u>54,292,634</u>	<u>48,642,421</u>
<u>Benefits</u>		
Gratuity	3,689,402	3,342,325
Leave Pay & Benefits	4,986,067	4,996,134
NAPSA Employers Contribution	2,366,083	2,267,840
Pension Contributions	2,685,016	2,667,890
NHIMA	375,607	341,549
	<u>14,104,175</u>	<u>13,615,737</u>
<u>Other Employee Costs</u>		
Performance Bonuses	2,576,548	-
Medical Allowances	549,877	379,291
Lunch Allowances	221,543	134,694
Car allowance	3,983,333	726,389
	<u>7,331,301</u>	<u>1,240,374</u>
	<u>75,726,110</u>	<u>63,498,532</u>

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2025

Appendix II

Recurrent expenditure

	2025 ZMW	2024 ZMW
Audit and Consultancy Services	533,217	264,712
Bank Charges & Commissions	133,495	98,950
Cleaning Materials & Expenses	279,207	217,290
Electricity	158,347	145,424
Equipment Accessories	36,500	3,250
Fuel & Lubricants	1,687,339	1,820,634
Implementation of new compulsory standards	964,065	
Insurance	485,371	403,193
Legal Fees	1,080,375	47,718
Lobito project expenses	1,001,847	
Newspaper and communication	-	8,203
Marketing & Public Relations Expenses	894,812	872,710
Office & Meetings Expenses	522,844	329,975
Standards, Periodicals and Manuals	20,000	-
Postage, Post Box Rentals & Courier Services	472,115	522,585
Printing & Stationery	1,749,027	1,074,376
Recruitment Expenses	6,930	61,269
Rent & Rates	4,131,257	4,031,369
Renewal of Accounting & Payroll Package Licenses	1,157,401	39,707
Repairs & Maintenance	1,578,453	1,047,077
Security Services	10,815	25,865
Staff Training	268,087	260,867
Staff Welfare	635,315	1,195,451
Subscriptions	(3,628)	3,946
Subsistence Allowances-Foreign	156,956	2,470,865
Subsistence Allowances-Local	3,640,695	638,338
Telephone, Fax, Email	1,917,348	2,522,633
Travel Expenses-Foreign		157,474
Travel Expenses-Local	1,282,551	460,203
Water & Sewerage	19,776	24,606
Workshop Expenses	714,597	1,019,772
Board expenses	2,032,176	1,154,503
Protective clothing	947,722	180,423
Health and safety	64,272	43,308
Workers Compensation	97,761	95,026
Madson funeral	-	5,401
Operating costs	4,873	9,003
VAT interest/NAPSA	-	640,043
	<u>28,681,918</u>	<u>21,896,168</u>



"With Your Safety in Mind"

HEAD OFFICE

Plot No. 5032
Great North Road
Lusaka, Zambia.



+260211224900

PROVINCIAL OFFICES

Zambia Compulsory Standards Agency
First Floor, Western wing
New NAPSA Building
Nambuluma Road
New Town
P.O BOX 480031
CHINSALI
Tel: +260 977 456103

Zambia Compulsory Standards Agency
NAPSA Building, Room 205 and 206
CHIPATA
Tel: +260 979 548585

Zambia Compulsory Standards Agency
Off Livingstone Road
CHOMA
Tel: +260 977 878309

Zambia Compulsory Standards Agency
Mukuni House
Room 116
Independence Avenue
KABWE
Tel: +260 979 212372

Zambia Compulsory Standards Agency
Compensation House
Rooms 21-22
Zambia Road
KASAMA
Tel: +260 972 410044

Zambia Compulsory Standards Agency
Plot No. 90
Caritas Building
Room 4
MANSA
Tel: +260 979 838395

Zambia Compulsory Standards Agency
Mongu-Lusaka Road
PACRA House
MONGU
Tel: +260 779 671796

Zambia Compulsory Standards Agency
Mpendwa House
President Avenue
NDOLA
Tel: +260 977 676107

Zambia Compulsory Standards Agency
Rooms: 36 & 40
NAPSA Building
Independence Road
SOLWEZI
Tel: +260 968 603840

BORDER OFFICES

Zambia Compulsory Standards Agency
Customs Building
Chanida Border Post
CHANIDA
Tel: +260 977 167155; +260 978 391808

Zambia Compulsory Standards Agency
Mwami Border Post
Malawi Road
CHIPATA
Phone: +260 977 291901; +260 970 391273

Zambia Compulsory Standards Agency
Commercial Terminal
Chirundu One Stop Border Post
P.O BOX CRU 44
CHIRUNDU
Tel: +260 978 332111; +260 953 567934

Zambia Compulsory Standards Agency
Kazungula Border Post
Passenger/Freight Terminal
Rooms 1&2
KAZUNGULA
Tel: +260 977 420263

Zambia Compulsory Standards Agency
Customs Building
Victoria Falls Border Post
P.O BOX 60682
LIVINGSTONE
Tel: +260 977 420263

Zambia Compulsory Standards Agency
Customs Building
Nakonde Border Post
P.O BOX 430063
NAKONDE
Tel: +260 977 192506

Zambia Compulsory Standards Agency
Customs Building
Katima Mulilo Border Post
P.O BOX 184
SESHEKE
Tel: +260 979 947679



info@zcsa.org.zm



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