



“With Your Safety in Mind”

20 | ANNUAL 24 | REPORT

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Our Vision

"A credible and efficient compulsory standards Regulator".

Our Mission

"To efficiently administer and maintain compulsory standards for public health & safety, consumer and environmental protection".

Our Values

- Integrity
- Teamwork
- Hard work
- Innovation
- Confidentiality
- Accountability

Message by the Board Chairperson

AM pleased to present the Zambia Compulsory Standards Agency's 2024 Annual Report. The Report presents performance information and Financial Statements for the year under review.

The Board carried out its oversight mandate as provided for under Section 7 of the Compulsory Standards Act No. 3 of 2017.

The Board continued implementing measures aimed at keeping the Agency on the path of success, during the year under review. Some of the measures implemented include the initiation of the phased implementation of the revised organisation structure to enhance performance as well as to oversee the production of the Annual Report and audited financial statements as required by the Compulsory Standards Act.

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.

With the support of the Board, the Agency reported above target performance in most activities.

The Agency embarked on an ambitious programme of increasing the number of products covered by compulsory standards. During the year under review, the Agency made significant progress in this area. The underlying consideration is the need to enhance protection of the health and safety of citizens and the environment.

On a sad note, the Agency lost one Board Member, Cyprian Richard Maluba, during the year under review. Mr. Maluba died on April 29, 2024 in a road accident in Chingola.

Going forward, the Board will continue providing oversight on the affairs of the Agency as it executes its mandate.

I wish to convey my sincere gratitude to the Honourable Minister of Commerce, Trade and Industry and his Ministry for the support rendered to the Agency during the year under review. I wish to sincerely thank Board and Committee members and other stakeholders for their contributions to the successes scored in 2024.

Further, I am grateful to Management and staff for their continued hard work and for recording above target performance in most activities in 2024.



Ian Besa Mupeta
BOARD CHAIRPERSON



“ The Board continued implementing measures aimed at keeping the Agency on the path of success... Some of the measures implemented include the initiation of the phased implementation of the revised organisation structure to enhance performance.”

Message by the Executive Director



“The Agency finalised the drafting of 41 proposed compulsory standards covering some packaging materials, solar products, fertilizers, fish feed, food products, lubricants and fuels, beverages, and construction materials.”

THE Zambia Compulsory Standards Agency (ZCSA) continued implementing its mandate of protecting public health and safety during the year under review. This was in line with its mandate under the Compulsory Standards Act No. 3 of 2017.

The Annual report highlights the Agency's achievements, activities, challenges and Audited Financial Statements for the year 2024.

Achievements

During the 2024 financial year, the Agency scored several achievements, some of which are highlighted below:

Finalisation of the drafting of proposed compulsory standards

The Agency finalised the drafting of 41 proposed compulsory standards covering some packaging materials, solar products, fertilizers, fish feed, food products, lubricants and fuels, beverages, and construction materials. Increasing the scope of our regulatory intervention will enhance consumer and environmental protection.

Increased scope of accreditation of inspection

The Agency attained accreditation of its inspection services for inspection of two more food products to the international standard ISO/IEC 17020. The new products include Fruit Flavoured Drinks and Wheat Flour. This brings the total number of products covered by accreditation to four namely Packaged Water, Maize Meal (Mealie Meal), Fruit Flavored Drinks and Wheat Flour. Accreditation is critical in enhancing implementation of our mandate and acceptance of ZCSA certified products in local, regional and international markets.

Increased uptake of Services on the Government Service Bus

The uptake of the Agency's services on Government Service Bus (GSB) continued to increase in 2024. This intervention helped to increase access to ZCSA services by more than 100%. This is in line with the Strategic Objective No. 5 of the Agency's 2022 to 2026 Strategic Plan on enhancing digitalisation of operational processes for efficient service delivery.

Kaizen Awards

The Agency's efforts in enhancing service delivery have not gone unnoticed. As part of these efforts, the Agency's teams continued performing extremely well at various competitions. During the year, the Agency's Trendsetters team won the Roland Msiska Award for making the best presentation in the public sector category at the National Kaizen conference, while team Gurus won a gold award and got an award for the participation in the Africa Kaizen conference. Implementation of Kaizen principles has provided a platform for re-examining and refining our internal processes, for improved service delivery.

Implementation of Coordinated Border Management

Under the Coordinated Border Management (CBM) model which was implemented to reduce the number of agencies operating at the border, the Agency started performing additional delegated functions at the border on behalf of the Forestry Department, Zambia Information and Communication Technology Authority and the Zambia Environmental Management Agency. This followed the signing of Memoranda of Understanding (MOU) with the three institutions.

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, export timber inspections and pre-shipment inspection of used motor vehicles.

The Agency continued to enhance the effectiveness of its monitoring mechanisms through the use of Information and Communication Technology.

Domestic Quality Monitoring

The number of factory inspections increased leading to an attainment rate of 137% of the 2024 targets. Under this function, the Agency exceeded its target for Local Road Tank Vehicle inspections by 83%.

Non-tax Revenue

The Agency collects service fees as non-tax revenue on a cost recovery basis in the execution of its mandate. The target for the year under review was **ZMW411,011,123.00**. The Agency collected **ZMW522,209,088.00**, giving a positive variance of **27%**.

The use of the Single Payment Point (SPP) on the Zambia Electronic Single Window (ZESW), improved controls and the GSB significantly increased the Agency's efficiency in ensuring that service fees were promptly settled by clients.

Improved overall compliance

The overall level of compliance of regulated locally manufactured and imported products increased from 92.8% in 2023 to 93.4% in 2024, reflecting a positive trend.

Challenges

Inadequate Funding

The Appropriation In Aid received by the Agency was inadequate in facilitating the full execution of its mandate. The Agency needed increased funding that would adequately meet its various operational needs to help improve its performance.

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

Staff

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 of the existing staff 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 ZCSA will help to acquire and develop the much needed infrastructure and ultimately strengthen the Agency's capacity for better service delivery.

2025 Focus Areas

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

Compulsory Standards

The Agency will focus on widening the scope of the Agency to cover other products, thereby enhancing public safety through its regulatory intervention. This is in response to the increasing number and complexity of products on the market. The Agency will work towards drafting and implementing additional compulsory standards.

Enforcement and Public Education

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

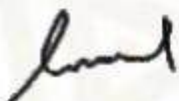
Digitalisation of Internal processes

Having seen the benefits of using Information and Information Communication Technology in service provision, the Agency will continue computerising its internal 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.

As I conclude, it is important to acknowledge the guidance of the Board and the commitment of Agency staff to the Agency's success in 2024. Further, we would not have attained the above achievements without the support of various internal and external stakeholders whose support is duly acknowledged.



Gerald Chizinga
EXECUTIVE DIRECTOR

Governance Statement

1.0 Introduction

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

- (a) Oversee the implementation and successful operation of the policy and functions of the Agency;
- (b) Review and approve the policy and strategic plans of the Agency;
- (c) Approve the annual budget and plans of the Agency;
- (d) Approve the methodology for the development and approval of compulsory Zambian National Standards;
- (e) Approve the investment of the funds of the Agency in accordance with Ministerial approval and relevant regulations; and
- (f) Monitor and evaluate the performance of the Agency against budgets and plans.

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

- Mr. Ian Besa Mupeta - Chairperson
- Mrs. Lucy Banda Shaputu - Vice Chairperson
- Dr. Milapo Kamuwanga
- Dr. Teddy Kavwanda
- Mr. Edwin Zimba
- Ms. Diana Mwewa
- Mr. Cyprian Richard Maluba (Late)

On a sad note, the Agency lost one Board Member, Mr. Cyprian Richard Maluba, in April 2024.

1.1 Committees of the Board

The Board had the following Committees:

- Finance and Administration
- Technical
- Legal and Compliance
- Audit and Risk

The composition of the committees was as follows:

Table 1.1: Finance and Administration Committee

SN.	Name	Position
1.	Mr Cyprian R. Maluba (Late)	Chairperson
2.	Mrs. Lucy Banda Shaputu	Member
3.	Mr. Edwin Zimba	Member
4.	Mr. Dyford Hanzala	Member

Table 1.2: Technical Committee

SN.	Name	Position
1.	Dr. Milapo Kamuwanga	Chairperson
2.	Dr. Teddy Kavwanda	Member
3.	Mr. Edwin Zimba	Member
4.	Mr Cyprian R. Maluba (Late)	Member

Table 1.3: Audit and Risk Committee

SN.	Name	Position
1.	Mrs. Lucy Banda Shaputu	Chairperson
2.	Ms. Diana Mwewa	Member
3.	Mr. Robert Ng'uni	Member

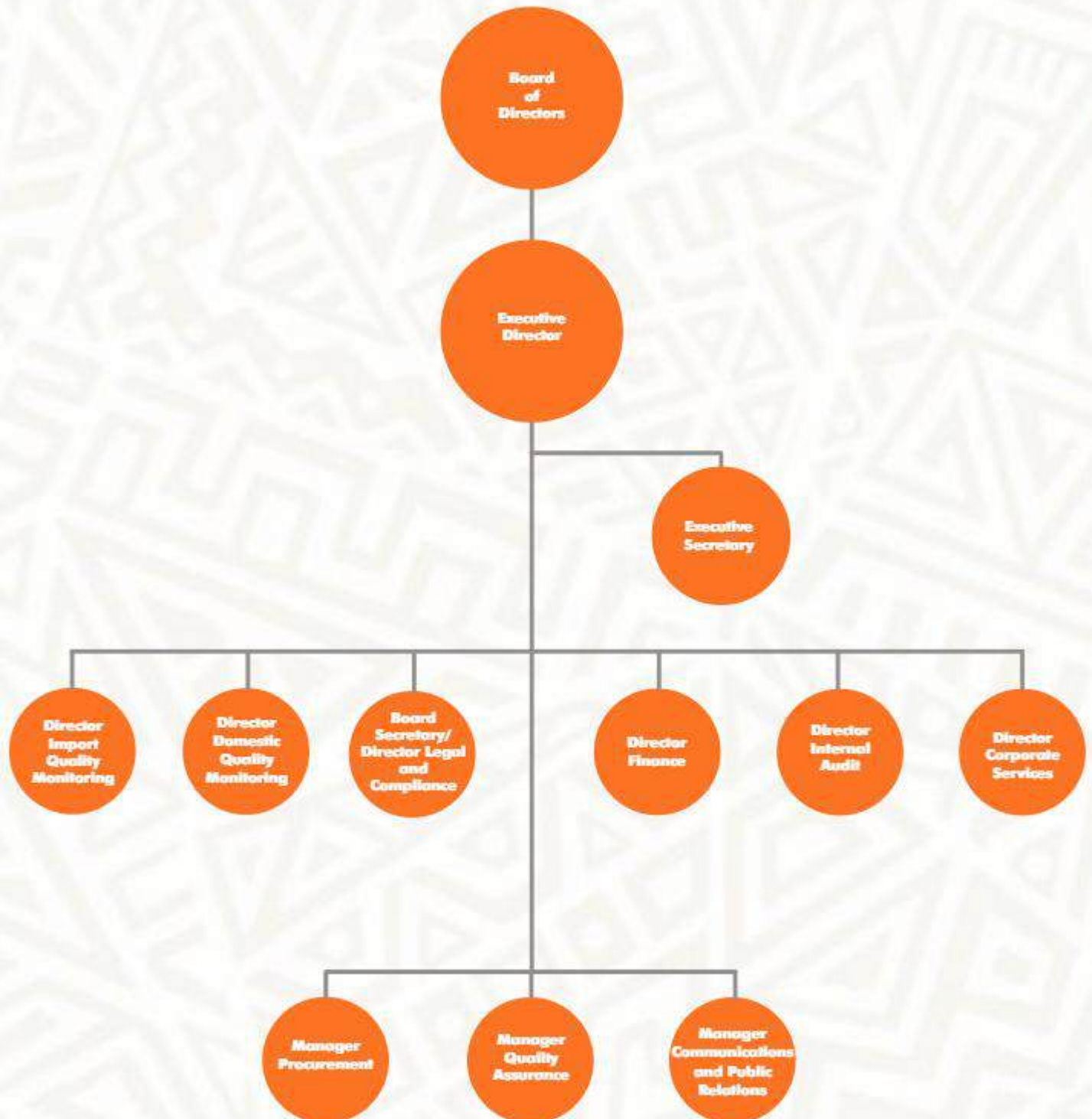
Table 1.4: Legal and Compliance Committee

SN.	Name	Position
1.	Dr. Teddy Kawwanda	Chairperson
2.	Ms. Diana Mwewa	Member
3.	Dr. Milapo Kamuwanga	Member



Copperbelt Province Deputy Permanent Secretary, Daniel Kamenga (second from right), ZCSA Board Chairperson, Ian Besa Mupeta (right), ZCSA Executive Director, Gerald Chizinga (second from left) and ZCSA Board Member, Milapo Kamuwanga, interacting at the Provincial Administration during the ZCSA Board's familiarization tour of the province.

Organisation Structure



Board of Directors

Ian Besa Mupeta
Board Chairperson



Lucy Banda Shaputu
Board Vice-Chairperson



Edwin L. Zimba
Board Member



Milapo Kamuwanga
Board Member



Cyprian R. Maluba (Late)
Board Member



Diana Mwewa
Board Member



Teddy Kavwanda
Board Member



Management Team

Gerald Chizinga
Executive Director



Albert Sikufele
Director – Import Quality Monitoring



Patrick Chipoma
Director – Domestic Quality Monitoring



Brian Nyembe Malangisha
Director – Finance



Tafuna Mumba Phiri
Board Secretary | Director – Legal and Compliance



Chisola Mula
Director – Internal Audit



Maikisa Ilukena
Director – Corporate Services



Kasuba Kasengele
Acting Manager – IQM



Elias Kansembo
Acting Regional Manager – DQM (South)



Brian Halyoka
Acting Manager – Communications and Public Relations



Mutumu Nzala Mwape
Legal Counsel



Francis Nhamu Mwelwa
Manager – Quality Assurance



Boniface Chembe Zulu Jr.
Acting Manager – Human Resource and Administration



Year at a Glance



Factory Inspections
1,645
2023: 1,275



Import Inspections
68,297
2023: 65,319



Market Surveillance
16
2023: 106



Roadworthiness Inspections
28,695
2023: 33,193



Foreign Road Tank Vehicle Inspections
1,821
2023: 1,239



Local Road Tank Vehicle Inspections
2,558
2023: 1,853



Non-Tax Revenue
ZMW522,209,088
2023: ZMW401,995,328

Activity	Target	Actual	Attainment (%)
Factory Inspections	1,200	1,645	137
Import Inspections	60,000	68,297	114
Market Surveillance Inspections	52	16	31
Roadworthiness Inspections	25,000	28,695	115
Foreign Road Tank Vehicle Inspections	2,000	1,821	91
Local Road Tank Vehicle Inspections	1,400	2,558	183
Non-Tax Revenue (ZMW)	411,011,232	522,209,088	127



Commerce, Trade and Industry Minister, Hon. Chipoka Mulenga, MP (second from left) interacting with ZCSA Executive Director Gerald Chizinga (second from right) and other ZCSA officials during the Agricultural and Commercial Show in Lusaka.



Her Honor the Vice President of the Republic of Zambia, Mrs W.K Mutale Nalumango, MP, appreciating ZCSA's mandate during the Africa Public Service Day exhibition.

Photo Focus



ZCSA members of staff in Lusaka and Ndola celebrating Zambia's 60th Independence Anniversary in style by wearing school uniforms, traditional outfits and 80s attires.

Photo Focus



Chongwe Municipal Council staff destroying non-compliant fertilizer that was seized by a joint team of ZCSA and Chongwe Municipal Council inspectors in Chongwe.



Permanent Secretary for Trade and Commerce at the Ministry of Commerce, Trade and Industry, Lillian Bwalya (right), ZCSA Executive Director, Gerald Chizinga (middle) and CCPC Executive Director, Brian Lingela (left) signing an MoU aimed at training SMEs under the Lobito Corridor Trade Facilitation Project.



ZCSA Chipata staff participating in the Labour Day celebrations.



ZCSA Chirundu staff participating in Labour Day celebrations.



ZCSA Board Chairperson Ian Besa Mupeta (second right) and Executive Director Gerald Chizinga (right) with members of staff when ZCSA Board members conducted a familiarisation tour of Ndola Office.



ZANIS Production Manager Henry Himoonde (left) explaining the operations of ZANIS to the ZCSA Quality Assurance Manager Francis Mwelwa (middle), as ZANIS Director Loyce Saili looks on.

Import Quality Monitoring



Import Quality Monitoring

2.0 Introduction

The Import Quality Monitoring (IQM) Department is responsible for monitoring the safety of imported products, subject to compulsory standards. Monitoring of the safety of products covered by compulsory standards is conducted through inspections at border entry point and inland stations where the Agency has physical presence. These inspections are supplemented by post-market compliance activities aimed at ensuring continued compliance of products subject to compulsory standards, for consumer and environmental protection. During the period under review, the department had physical presence at Chaninda, Chirundu, Katima Mulilo, Kazungula, Livingstone, Mwami, Nakonde, Ndola and Victoria Falls stations.

The activities of the department contribute to the achievement of strategic objective No.1 of the 2022-2026 ZCSA Strategic plan on improving compliance to compulsory standards.

2.1 Import Inspections

In the period under review, a total of **68,297** import consignments were cleared compared to **65,319** consignments in **2023** giving an increase of 5%. The increase is attributable to an increase in imported products covered by the Agency's mandate and improved monitoring mechanisms. Table 2.1 below shows import consignments by entry point.

Table 2.1: Consignments By Product and Entry Point

Border Office/ Product	CHN	CHR	KTM	KZU	LVI/VIC	MWA	NKD	NDO	2024	2023
Beverages	0	134	76	2,358	8	8	37	1	2,622	1,799
Chemical	6	365	8	719	19	0	161	0	1,278	1,342
Construction	26	13	0	18	36	21	245	0	359	141
Electrical	69	139	14	649	159	8	705	0	1,743	1,890
Feed	5	1	0	0	0	5	0	0	11	0
Fertilizer	1,733	8 499	4,009	4,407	6	116	997	0	19,767	19,865
Food	711	1 319	4	900	13	7	141	0	3,095	2,140
Fuel	8,256	9 968	432	112	8	0	17,049	929	36,754	35,538
Lubricants	0	45	0	83	2	0	34	0	164	0
Rubber	33	98	28	483	19	6	1 040	46	1,753	1,351
Used Textile	269	8	1	2	0	0	471	0	751	1,253
Total	11,108	20,589	4,572	9,731	270	171	20,880	976	68,297	65,319

Key: CHR – Chirundu, LVI – Livingstone, VIC – Victoria Falls, NKD – Nakonde, KZU – Kazungula, KTM – Katima Mulilo, CHN – Chanida, MWA – Mwami, NDO – Ndola

The largest number of consignments were for fuel, fertilizer and food products accounting for 54%, 29%, and 4.5 %, respectively. Chirundu and Nakonde offices recorded the highest number of consignments accounting for 30% and 30.50% respectively. Figures 2.1 and 2.2 show consolidated imports for general goods by entry point and product type, respectively.

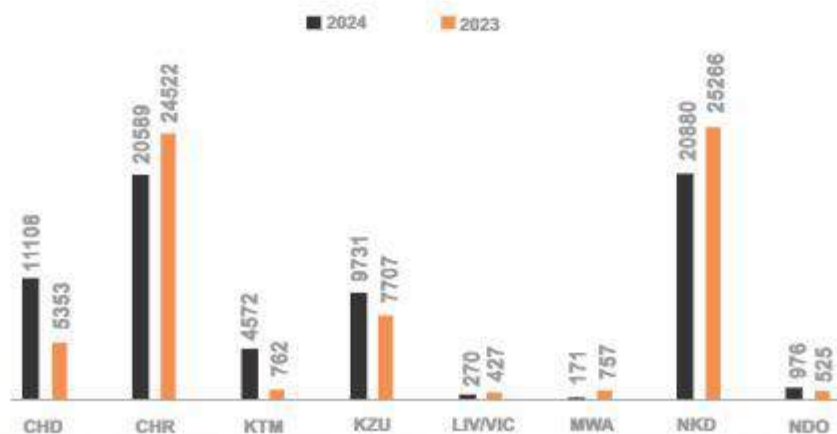


Figure 2.1: Consolidated Imports – General Goods by Entry Point

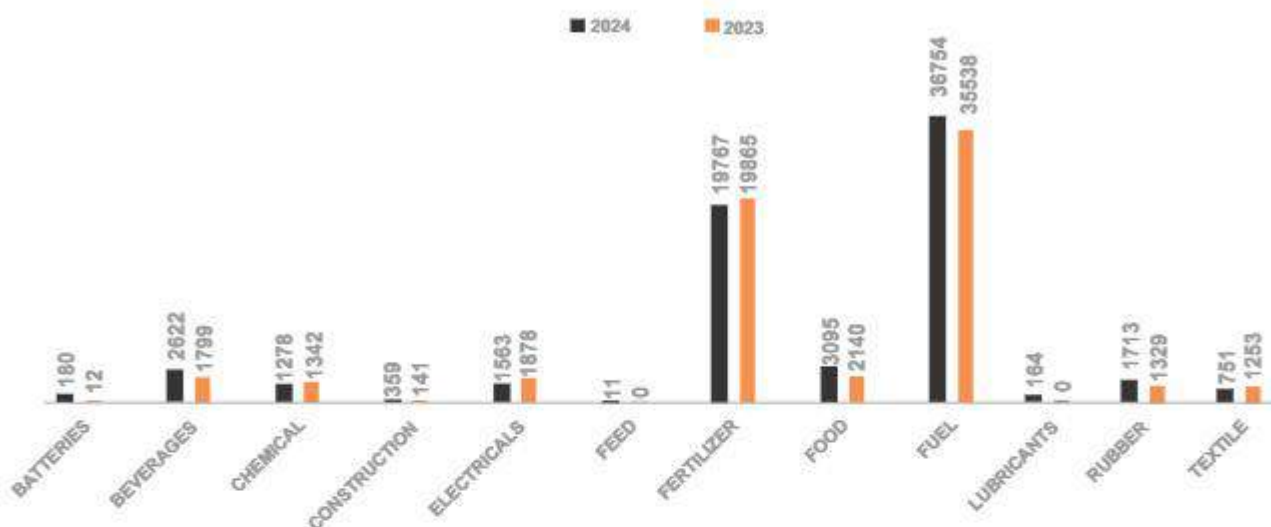


Figure 2.2: Consignments by Product Type

2.2 Roadworthiness Inspections (RWI)

The pre-export inspection of used motor vehicles continued during the period under review. The pre-shipment inspection scheme is conducted by ZCSA-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 2.2 shows the number of inspections carried out by contractors during the period under review. A total of **28,695** used motor vehicles were inspected by ZCSA contractors in the period under review, compared to **33,193** in 2023, giving a reduction of 14%.

Table 2.2: Number of Used Motor Vehicles Inspected by Contractors

Contractor	2024	2023
EAA	2,613	4,430
QISJ	227	125
ATJ	25,855	28,638
Total	28,695	33,193

2.3 Foreign Road Tank Vehicles Inspections

The inspection of foreign road tank vehicles for compliance with the **Zambian Standard ZS 371: Road Tank Vehicles for Petroleum-Based Flammable Liquids - Specification** continued during the period under review. The number of foreign tank vehicles inspected in the year under review was **1,821** as compared to the **1,289** in 2023.

Table 2.3 shows the number of foreign road tank vehicles inspected. Compliance of the foreign road tank vehicles to the standard stood at **96%**.

Table 2.3: Foreign Road Tank Vehicle Inspections

Road Tank Vehicles	2024	2023
Certified	1,741	1,211
Failed	80	78
Total Inspected	1,821	1,289



ZCSA Inspectors captured during the market surveillance inspections.



Her Honor the Vice President of the Republic of Zambia, Mrs W.K Mutale Nalumango, MP, (left) interacting with ZCSA Quality Assurance Officer Julie Munsaka during the International Women's Day.

Domestic Quality Monitoring



Domestic Quality Monitoring

3.0 Introduction

This section covers activities conducted by the Domestic Quality Monitoring Department in the period under review. The department's activities include inspection of locally manufactured products and inland compliance monitoring activities for all products.

3.1 Inspections

The total number of factory inspections carried out in 2024 was **1,645** compared to **1,275** in 2023. Inspections of local products in the year under review are broken down by product type per province in Table 3.1 and by purpose in Table 3.2. Table 3.3 shows inspections for Road Tank Vehicles.

Figures 3.1, 3.2 and 3.3 are graphs that depict the information contained in tables 3.2 and 3.3.

Table 3.1: Inspections by Product Category

Product/Province	Western	Southern	Lusaka	Central	Eastern	Copperbelt	North Western	Luapula	Northern	Muchinga	2024	2023
Food	40	34	180	64	46	195	52	46	52	45	754	625
Beverages	6	37	196	14	34	249	24	24	19	16	619	433
Animal Feed	0	5	39	12	10	10	8	0	3	0	87	81
Fertilizers	0	0	12	1	0	2	0	0	0	0	15	11
Engineering Products	0	10	5	2	3	5	4	4	0	21	54	60
Chemical Products	0	2	67	9	0	8	0	1	0	5	92	35
Construction Materials	0	0	4	0	0	8	0	0	0	0	12	20
Cables	0	0	4	0	0	5	0	0	0	0	9	6
Other	0	0	2	0	0	0	0	0	0	1	3	4
	46	88	509	102	93	482	88	75	74	88	1,645	1,275

Table 3.2: Factory Inspection Activity by Type

Inspection Activity/ Quarter	1 st	2 nd	3 rd	4 th	2024	2023
Initial	36	25	26	27	114	91
Renewal	90	41	34	276	441	482
Factory Surveillance	225	241	269	70	805	702
Spot Check	28	70	97	90	285	-
Total	379	377	426	463	1,645	1,275

Table 3.3: Local Road Tank Vehicle Inspections

Activity/ Quarter	1 st	2 nd	3 rd	4 th	North	South	2024	2023
Inspections	867	568	168	955	1,311	1,247	2,558	1,853

Most inspections conducted were for food products at forty-six per cent (46%) followed by Beverages at thirty-eight percent (38%).

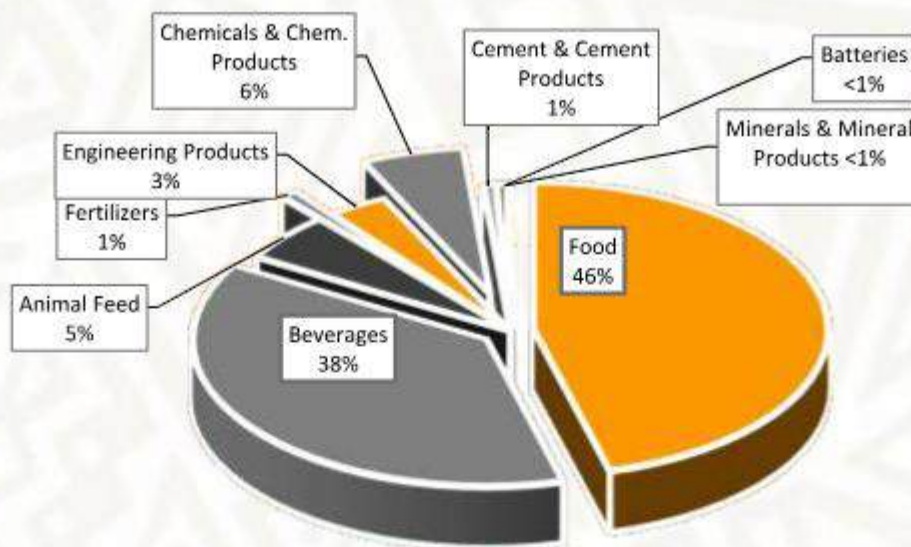


Figure 3.1: Local Inspections by Product Type

3.2 Inspections by Purpose

Most of the inspections conducted were factory surveillance inspections to ensure continued compliance of products being produced and supplied by the manufacturers. These were **805** in total, representing **43%** of the total inspections.

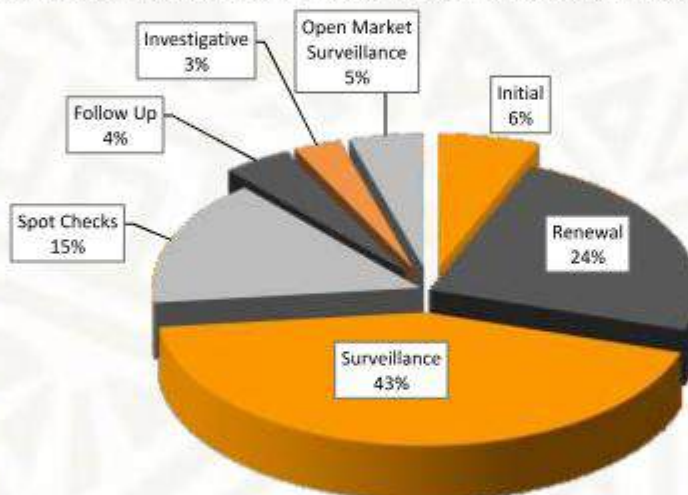


Figure 3.2: Local Inspections by Purpose

3.3 Inspections by Location

Lusaka Province conducted 508 factory inspections and Copperbelt Province 482 inspections. Figure 3.3 below shows inspections by location.

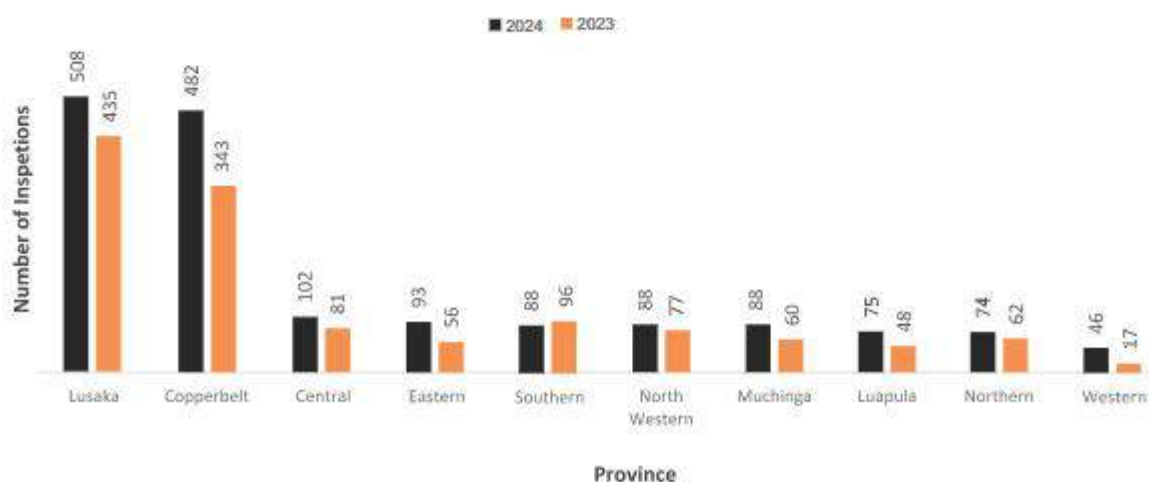


Figure 3.3: Local Inspections by Province

3.4 Key Enforcement Activities

The Agency intensified compliance efforts across the country. Enforcement actions were taken against establishments for various violations, such as operating without permits and non-compliance to standards.

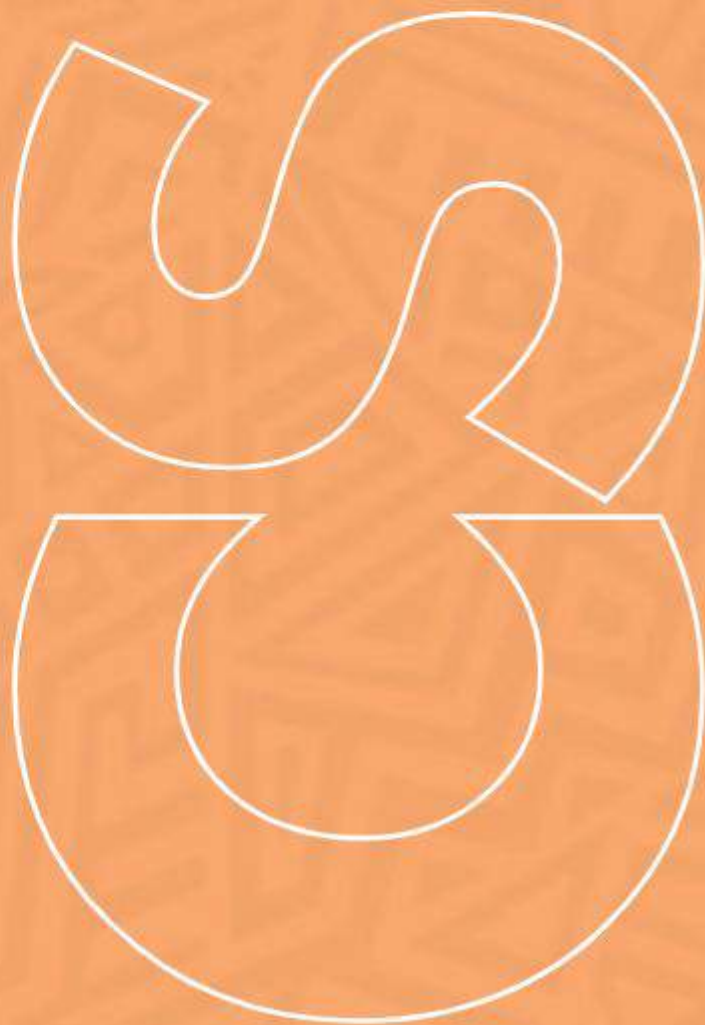


Permanent Secretary for Investments and Industrialisation at the Ministry of Commerce, Trade and Industry, Crusivia Hichikumba (left) looks on as ZCSA Acting Regional Manager for South under Domestic Monitoring Quality (DQM) Department, Elias Kansembe (right) explains ZCSA's mandate at the Agricultural and Commercial Show.



ZCSA Inspector (centre) during factory inspections in Lusaka.

Corporate Services



Corporate Services

4.0 Introduction

The Corporate Services Department is responsible for the formulation, coordination, and implementation of human resource and training policies in order to enhance performance and achieve the Agency's objectives. The Department is also responsible for Administrative Support Services, Transport Services, Records Management and Planning, and Monitoring and Evaluation of the implementation of the Agency's plans.

4.1 Staffing

As at 31st December 2024, the Agency had a total staff complement of 140 employees, broken down per department as follows:

Table 4.1: Staffing

Department	Number
Executive Director's Office	6
Corporate Services	34
Finance	16
IQM	45
DQM	27
Legal and Compliance	10
Internal Audit	2
Total	140

4.2 Gender Distribution

The staff complement by gender was 45 female employees, representing 32 percent and 95 male employees, representing 68 percent. The figure below shows staff distribution by gender.

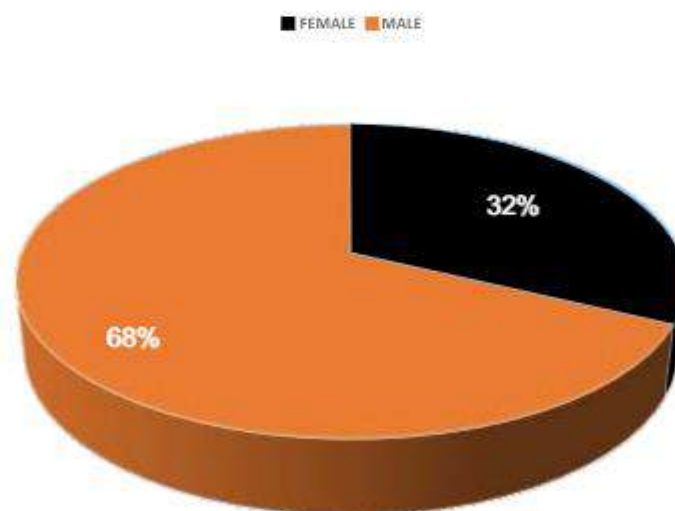


Figure 4.1: Staff Distribution by Gender

4.3 Staff Recruitment, Transfers and Separations

The Agency recorded seven (7) recruitments, eight (8) transfers and three (3) separations as shown in the table below:

Table 4.2: Staff Recruitments, Transfers and Separations

Activity	Number of Staff
Recruitments	7
Transfers	8
Separations	3

4.4 Staff Training and Development

The Department facilitated staff training to enhance knowledge and skills and enhance performance.

4.5 Commemoration of National Events

During the period under review, the Agency joined the rest of the country in celebrating Labour Day, Women's Day, Public Service Day, Independence Day and International Anti-Corruption Day.

4.5.1 Labour Day

During the commemoration of International Labour Day held under the theme: **"Building Resilience: Workers at the Heart of Zambia's Economic Recovery"**, the Agency awarded thirteen (13) employees to recognize high-performing employees and encourage hard work.

4.5.2 Women's Day

The Agency participated in the commemoration of the International Women's Day to recognize the role played by female employees at the Agency.

4.5.3 Independence Day

Agency staff celebrated Zambia's 60th Independence Anniversary in style by showcasing the country's diversity.

4.5.4 National and Africa Kaizen Conferences

The Agency participated at the 2024 National and Africa Kaizen Conferences. The Agency's Trendsetters team won the Roland Msiska Award for making the best presentation in the public sector category at the National Kaizen conference, while team Gurus won a gold award and got an award for the participation in the Africa Kaizen conference. Implementation of Kaizen principles has provided a platform for re-examining and refining our internal processes, for improved service delivery.



ZCSA Executive Director Gerald Chizinga (standing, middle) with ZCSA staff at the International Women's Day meeting in Lusaka.

4.5.5 International Anti-Corruption Day

The Agency participated in the Commemoration of the International Anti-corruption Day under the theme *"Uniting with Youth Against Corruption: Shaping Tomorrow's Integrity"*, in order to raise awareness among the Youth on the fight against corruption.

4.6 Integrity Promotion

Integrity is one of the Agency's core values. The Agency wants integrity to be at the core of all its activities. As part of its efforts to promote a culture of zero tolerance to corruption within the institution, the Agency has an Integrity Committee (IC). The Committee is assisted by focal point persons in satellite stations throughout the country.

In line with the mandate of spearheading the prevention of corruption and fostering ethical conduct among staff members, the following were notable achievements of the IC:

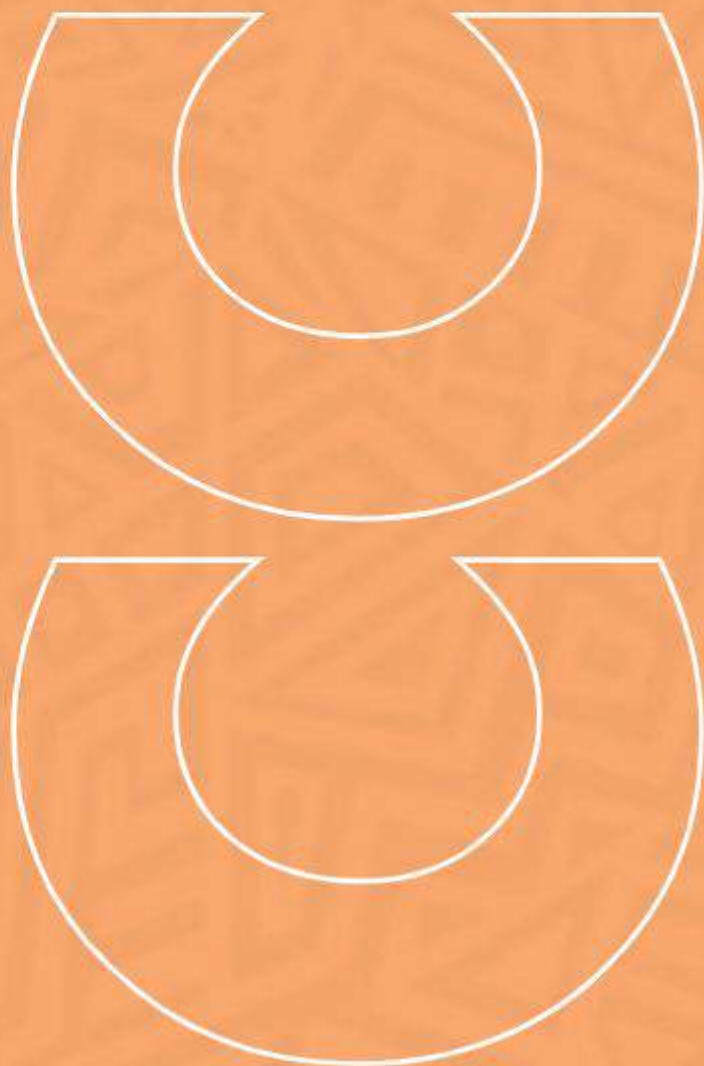
- Development of the Annual Corruption Prevention Action Plan (ACPAP) and the Monitoring Evaluation and Assessment tool to guide the activities of the Committee during the year;
- Development of two new policies on integrity promotion;
- Conducted IC related training to new members of staff;
- Facilitated training of the Integrity Committee members, Management and key members of staff by the Anti –Corruption Commission;
- Participated in the commemoration of the International Anti-Corruption Day.

As a result of the efforts on Integrity promotion, an Agency officer was awarded by the Anti-Corruption Commission (ACC) for exemplary demonstration of integrity and ethical conduct at the Chief Executive Officers' Forum.



ZCSA and ACC officials during an Integrity Committee (IC) training for the Agency's Management and IC members.

Corporate Communications



Corporate Communications

5.0 Introduction

The Corporate Communications Unit is responsible for the management of the Agency's communications, public relations and corporate branding activities in order to enhance the Agency's corporate image and facilitate effective information flow as well as promote understanding among stakeholders.

5.1 Key Achievements/ Activities

The Unit undertook and participated in the following activities:

Table 5.1: Key Achievements/ Activities

Activity	2024	2023
Production of TV Documentaries	1	12
News Coverage and Interviews on TV	75	86
Production of Adverts	7	1
Radio Interviews	218	94
Digital Media Stories	248	79
Newspaper articles	76	69
Responses to Press Queries	34	31
Production of ZCSA Newsletter	1	1
Participation in Exhibitions	26	19
Issuance of Press /Media Statements	35	19

5.2 Media Training for Journalists who broadcast in Local Languages of Zambia

The Agency trained journalists from all the provinces of Zambia, mainly those who broadcasts in seven major local languages. This was aimed at enhancing the journalists' knowledge and understanding of compulsory standards to raise public awareness on product safety in local languages.

5.3 Media Awards

The Agency hosted the inaugural ZCSA Media Awards in Lusaka at which journalists who excelled in reporting matters related to product safety were awarded in the following categories: Best Compulsory Standards (Print/Newspapers), Best Compulsory Standards (Digital), Best Compulsory Standards Most Consistent, Best Compulsory Standards (Electronic/Radio), Best Compulsory Standards (Electronic/TV) and Overall Winner.

5.4 Focus for 2025

The Unit will focus on enhancing public education/ sensitisation on the Agency's mandate, and product safety, brand visibility, stakeholder engagement and foster strong relationships between the Agency and its key stakeholders.



ZCSA Inspector Benny Sichuunda (right) interacting with Pupils from Roan Antelope Secondary School (RASS) of Luanshya at the Zambia International Trade Fair in Ndola.

Legal and Compliance



Legal and Compliance

6.0 Legal and Compliance Department

The Legal and Compliance department of the Zambia Compulsory standards Agency is responsible for addressing legal challenges, enforcing and administering the compliance to Compulsory Standards Nationwide. In addition, the Department is also responsible for monitoring post market compliance to Compulsory Standards and on providing strategic input through its risk assessment function, into the activities of the Agency. This is done by providing an anticipatory review and record drawn from empirical data to guide the inspections and enforcement activities of the Agency.

It is the Agency's strategic focus to provide compliance for safety, health and protection of the consumer and the environment, in a manner that promotes local industry while staying abreast with international best practice.

6.1 Compulsory Standards

Administering Compulsory Standards is the core business of the Agency. Parts I, II and III of the Compulsory Standards Act No. 3 of 2017 are primarily focused on formulation of standards, and the powers and permutations available to the agency to ensure that Consumers and the Environment are protected. The Agency function is twofold in the sense that it simultaneously fosters growth, cultivates improved business and manufacturing practices with local traders, suppliers and manufacturers through education and information dissemination while regulating the market environment to ensure continued safety of products within the consumer's reach.

A Compulsory Standard is defined as a document that spells out the minimum standard that any product should meet before it can be put on the market for consumption. It may contain production specifications, handling specifications, content parameters, packaging specifications, and many others, all of which are generated to ensure the consumer has access to a product that is not only satisfactory and fit for purpose but also safe.

In the year, 2024, the Department finalised the draft forty-one (41) proposed compulsory standards. The 41 proposed Standards to be declared compulsory are categorized as, food products; beverages; fish and fish feed; construction materials; fuel and lubricants; packaging materials; solar products; and fertilizers. The Department also drafted a fee schedule for Small and Medium Enterprises (SMEs) and a new penalty regime.

The Agency, through collaboration with the Business Regulatory Review Agency (BRRA), conducted a robust and well-attended Regulatory Impact Assessment (RIA) for the 43 pieces of proposed legislation in the first quarter of 2024.

The year closed before all the legislative formalities were concluded. However, the Agency is hopeful that the laws will come into effect in 2025. This legislative change will bring a renewed vigour to the regulatory landscape of the Agency and expand the scope of products in which the institution will ensure compliance.

6.2 Compliance Monitoring

The Compliance Unit was set up in 2023 and has set a firm foundation in its operations to ensure the health and safety of consumers, with robust spot checks and market surveillance activities. Some of the salient operations include seizure of packaged water from an unregistered supplier in a joint operation with the Drug Enforcement Commission, seizure of various electrical products from major outlets in the Lusaka District, closure of an institution involved in the manufacture and supply of packaged water contrary to the provision of the compulsory standards for these products.

The Unit spearheaded the four major disposal operations in 2024, these included the disposal of defective electrical products, including adaptors, extension cables and wiring cables for non-compliance with the parameters of the household and other electrical standards. The Unit also spearheaded the disposal of non-compliant fruit flavoured drinks, mealie meal and peanut butter.

The section aims to foster a general curiosity for the contents of products on the market including the desire to counter-check labels for manufacturers' details, manufacturing dates, expiry date and batch number. This is one way in which consumers can self-preserve their right to access safe products. The section also encourages the Zambian consumer to follow up non-compliances with a complaint to the Agency.

The year 2025 promises to be a year in which the Compliance Unit will continue to build capacity in-house on easier methods for determining non-compliance effectively for better service delivery. This is supposed to be coupled with stakeholder engagements to eliminate more non-compliances aimed at creating more opportunities for local manufacturers to produce, better quality, safe and trusted products for consumption.

6.3 Risk Management

The Risk Management Unit registered some significant strides in 2024. The Unit implemented a thorough mechanism for reporting on critical parameters of products tested which helped Inspectors to make risk assessment-based decisions. The future of inspections will largely steer towards more risk-based decisions. The section also spearheaded the negotiations and pursuant of service level agreements with different testing facilities to reduce the turnaround time on testing results, giving the Agency an opportunity to respond to issues in a relevant period.

6.4 Forecast for 2025

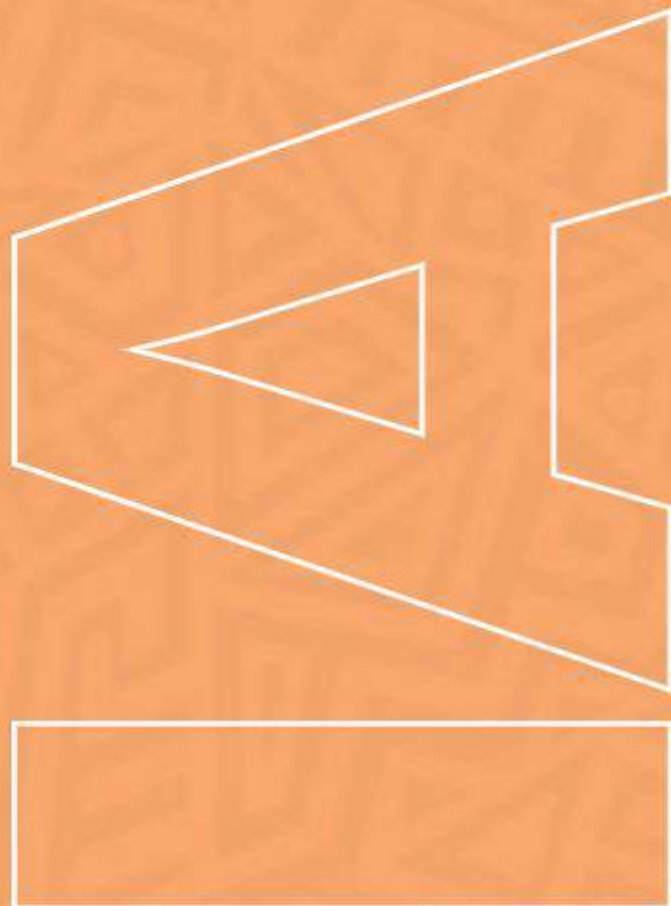
The Department has mapped out a plan for stakeholder engagements with pertinent industry players and consumers. The aim is to ensure that the leading players are sensitised on compulsory standards. Sensitisation of stakeholders such as consumers, suppliers, manufacturers and importers on the Agency's mandate and on the parameters of compulsory standards is cardinal to the enforcement of standards.

The Department plans to facilitate the drafting of additional compulsory standards with a view to expanding the scope of the Agency's mandate.



ZCSA Staff with stakeholders who attended the Regulatory Impact Assessment (RIA) meeting on proposed compulsory standards.

Internal Audit



Internal Audit

7.0 Internal Audit

The Zambia Compulsory Standards Agency has an Internal Audit function designed to add value to the Agency and improve operations by providing an independent assurance service to the Board, the Audit and Risk Committee and Management.

The Internal Audit (IA) function is formally defined and it assists ZCSA in accomplishing its objectives by bringing a systematic approach to the evaluation of the effectiveness of the governance, risk management and control processes that Management has put in place.

The Director of Internal Audit attends the Audit and Risk Committee meetings and has unrestricted access to the Chairperson of the Committee.

7.1 Internal Control

The Agency maintains a comprehensive system of internal controls to mitigate identified risks and to ensure that its objectives are consistently achieved.

The control systems are established by Agency policies and procedures and are implemented by trained personnel, with an appropriate segregation of duties. Further, these controls are based on the principle of acceptable risk being inherent to the design and implementation of a cost-effective system. To this end, the systems of internal controls include monitoring mechanisms and mitigation measures for deficiencies when they are detected.

The effectiveness of these internal controls and systems is monitored by the Internal Audit Department, with the aid of self-assessment audit checklists.

The IA programme for the financial year (FY) ended 2024 delivered thirteen (13) assurance and advisory engagements, which focused on mandatory reviews and those with significant risks for the Agency. The work program covered operations, corporate and administrative areas.

Given the processes across the Agency, the IA FY2024 work program provided an adequate mix of audits, assurance reviews, and advisory reviews that balance Internal Audit's primary role as a provider of assurance with the delivery of additional consulting services.

Nothing came to the attention of the Internal Audit Department to indicate that any material breakdown in the functioning of the above-mentioned internal controls and systems had occurred during the year under review.

7.2 Enterprise Risk Management

The Zambia Compulsory Standards Agency has developed a comprehensive risk management framework which comprises its systems, structures, policies, processes, and people involved in the management of risk across the Agency.

The risk management framework is subject to limited assurance from ZCSA's external assurance providers in accordance with prescribed auditing standards as well as further comprehensive review from the Internal Audit function.

During the year, the Agency appointed four (4) risk focal point persons in Chirundu, Nakonde, Kazungula and Ndola. This was with the aim of establishing a risk champion network where focal point persons would report up the management chain on how risks are being managed, monitored and assured. Localisation of the process allows for a better understanding of the risk environment and identification of specific risks enabling a more efficient and effective risk management system.

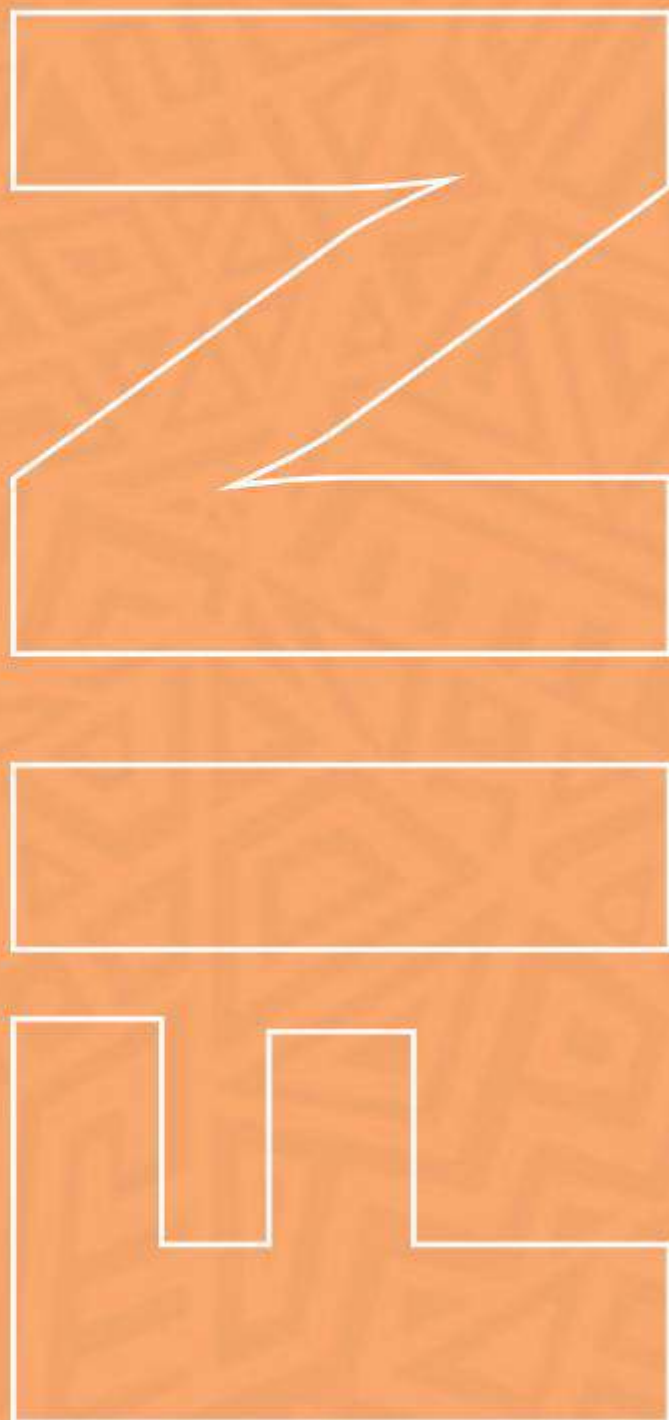
During the year, mitigation measures for the risks identified were monitored and the overall risk profile of the Agency continued to improve in 2024.

7.3 Conclusion

Internal Audit will base its 2025 plans on the results of the identification of the most important risks for the coming calendar year.

IA further wishes to utilise collaborations to leverage resources and create synergy with other partners such as internal oversight functions and external assurance providers. This will ensure that the activities of the Internal Audit unit are configured to enable the Agency to fulfil its duty to be accountable and transparent to the public while achieving the objective of fulfilling its mandate in an efficient, economical, and ethical manner.

Finance



Finance

8.0 Introduction

The major objective of the Finance Department is to ensure effective and efficient use of financial resources availed to the Agency through Appropriation In Aid (AIA) by Ministry of Finance and National Planning (MOFNP) and coordinate the collection of Non-Tax Revenue (NTR).

In order to achieve the above objective, the Department seeks to ensure full implementation of internal controls meant to safeguard public funds in line with the provisions of Public Finance Management Act.

During the year under review, the Agency collected actual Non- Tax Revenue of ZMW 522,209,088 against a target of ZMW 411,011,232 giving a positive variance of ZMW 111,197,856 representing a 27% above target.

The Agency received funding of ZMW 61,132,792 in the period under review from MOFNP. This represented 12% of actual Non- Tax Revenue collected during the period under review.

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

Table 8.1: Non-Tax Revenue Collected vs Funding Received

Description	2024	2023
Non-Tax Revenue Collection – Target (ZMW)	411,011,232	286,591,271
Non-Tax Revenue Collection – Actual (ZMW)	522,209,088	401,995,328
Attainment rate (%)	127	140
Appropriation in Aid – Allocation (ZMW)	61,132,792	60,732,792
Appropriation in Aid – Actual (ZMW)	61,132,792	60,732,792
Attainment rate (%)	100	100
% of AIA against Actual NTR	12%	15%

The Agency exceeded the non-tax revenue target by 27% during the period under review. Some of the reasons for the above target performance on non-tax revenue are:

- Enhanced internal controls relating to the collection of non-tax revenue;
- Implementation of the Government Service Bus (GSB) thereby enhancing access to Agency services by clients; and
- Enhanced monitoring of products covered by compulsory standards through the Zambia Electronic Single Window (ZESW) and the Single Payment Point (SPP).

Figure 8.1 below shows Non-Tax Revenue collection for the years 2024 and 2023.

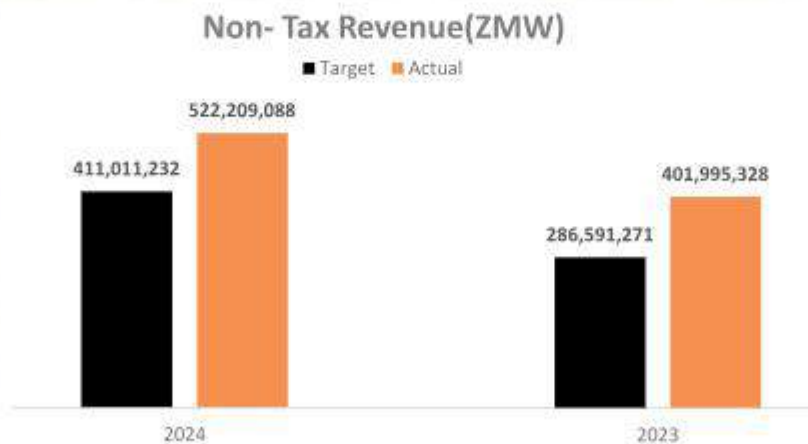
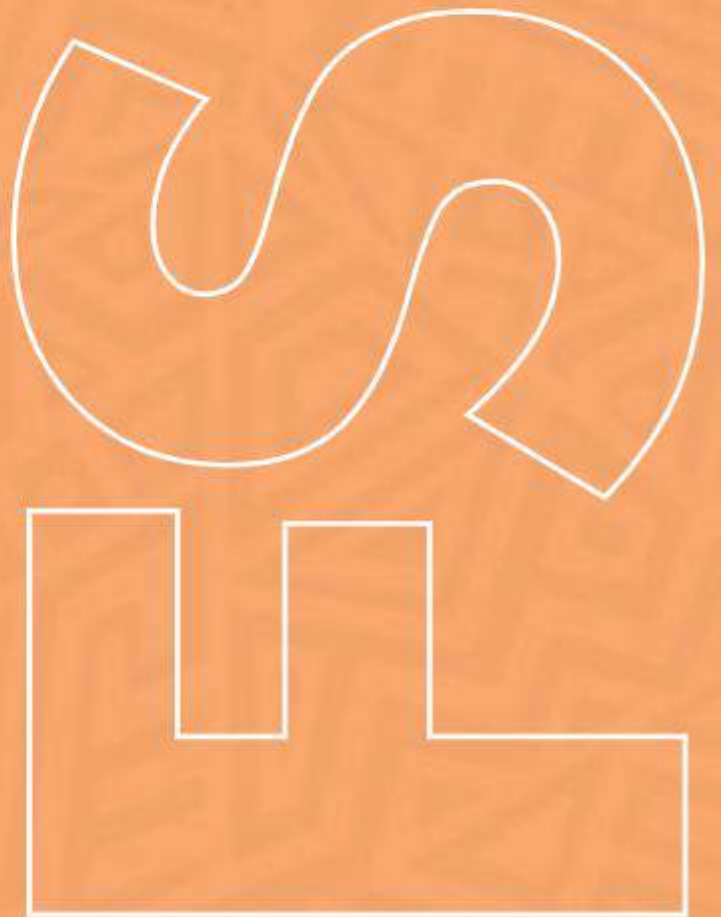


Figure 8.1: Non-Tax Revenue Collected

The next pages of the Annual Report give full highlights of the Agency's audited financial performance for the year 2024.

Financial Statements



Zambia Compulsory Standards Agency Corporate and Administration Information for the year ended 31 December 2024

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
Mrs. Lucy Shaputu
Dr. Milapo Kamuwanga
Mr. Cyprian R. Maluba (Late)
Ms. Diana Mwewa
Dr. Teddy Kavwanda
Mr. Edwin Zimba

Chairperson
Vice Chairperson
Member
Member (Up to 28th April 2024)
Member
Member
Member

Management Team

Mr. Gerald Chizinga
Ms. Chisola Mfula
Mr. Brian Nyembe Malangisha
Mr. Patrick Chipoma
Mr. Maikisa Matthew Ilukena
Ms. Tafuna Mumba Phiri
Mr. Albert Sikufele
Ms. Mutumu Nzala Mwape
Mr. Francis Mwelwa

Mr. Kasuba Kasengele
Mr. Boniface Chembe Zulu
Mr. Brian Hatyoka

Mr. Elias Kansembe

Executive Director
Manager - Internal Audit – Appointed Director on 26th August 2024
Manager – Finance – Appointed Director on 26th August 2024
Director – Domestic Quality Monitoring – 26th August 2024
Director – Corporate Services – 2nd September 2024
Board Secretary & Director – Legal & Compliance - 7th October 2024
Director – Import Quality Monitoring – 21st October 2024
Legal Counsel
Manager- Domestic Quality Monitoring Appointed Quality Assurance
Manager on 26th August, 2024
Acting Manager - Import Quality Monitoring
Acting Manager - Human Resources and Administration
Acting Manager – Communications and Public Relations appointed on 13th May 2024
Acting Regional Manager for South under Domestic Monitoring Quality
- 26th August 2024

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 2024

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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 2024.

1. Background

The Zambia Compulsory Standards Agency was established by the Compulsory Standards Act No. 3 of 2017.

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 and maintain standards 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;

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 deficit for the year ended 31st December 2024 amounted to ZMW 27.6 million (2023: ZMW 16.7 million).

(b) Income

Total incoming resources for the year amounted to ZMW 61.332 million (2023: ZMW 60.732 million).

(c) Expenditure

Expenditure totalled ZMW 89.673 million (2023: ZMW 78.882 million).

The main operating costs were amortisation ZMW 0.156 million (2023: ZMW 0.3 million), Depreciation ZMW 3.6 million (2023: ZMW 3.5 million) costs of personnel ZMW 63.5 million (2023: ZMW 52.9 million) and recurrent expenditures ZMW 21.9 million (2023: ZMW 21.8 million).

(d) Capital Expenditure

Capital expenditure amounted to ZMW 1.7 million (2023: ZMW 2.6million)

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 No. 3 of 2017*. 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)

(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 14 to 32.

(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 26 to 30 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. The Board of Agency

(a) Composition of the Agency

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

(b) Board Members who held office during the year and to the date of this report were:

Mr. Ian Besa Mupeta	-	Chairperson-
Ms. Lucy Banda Shaputu	-	Vice Chairperson
Dr. Milapo Kamuwanga	-	Member
Mr. Cyprian R. Maluba (Late)	-	Member Up to 28 th April 2024
Ms. Diana Mwewa	-	Member
Mr. Teddy Kavwanda	-	Member
Mr. Edwin Zimba	-	Member

9. Executive Management

The following form part of the executive management responsible for administration of the Agency:

Mr. Gerald Chizinga	Executive Director
Ms. Chisola Mfula	Manager - Internal Audit – Appointed Director on 26 th August 2024
Mr. Brian Nyembe Malangisha	Manager – Finance – Appointed Director on 26 th August 2024
Mr. Patrick Chipoma	Director – Domestic Quality Monitoring – 26 th August 2024
Mr. Maikisa Matthew Ilukena	Director – Corporate Services – 2 nd September 2024
Ms. Tafuna Mumba Phiri	Board Secretary & Director – Legal & Compliance - 7 th October 2024
Mr. Albert Sikufele	Director – Import Quality Monitoring – 21 st October 2024
Ms. Mutumu Nzala Mwape	Legal Counsel
Mr. Francis Mwelwa	Manager- Domestic Quality Monitoring Appointed Quality Assurance Manager on 26 th August, 2024
Mr. Kasuba Kasengele	Acting Manager - Import Quality Monitoring
Mr. Boniface Chembe Zulu	Acting Manager - Human Resources and Administration
Mr. Brian Hatyoka	Acting Manager – Communications and Public Relations appointed on 13 th May 2024
Mr. Elias Kansembe	Acting Regional Manager for South under Domestic Monitoring Quality - 26 th August 2024

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

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 2024, 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.

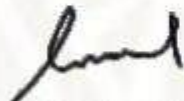
The Board members' responsibilities include: designing, implementing and monitoring internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting 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 4th April, 2025 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 2024, 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 2024 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 57 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:

- (a) 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;
- (b) 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
- (c) 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.

Max Daniels
Chartered Accountants
Lusaka

4th April 2025

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

Statement of financial performance

	Notes	2024 ZMW	2023 ZMW
Revenue from Non-Exchange Transactions			
Grant income	19	61,332,790	60,732,790
Revenue from Exchange Transactions			
Other income	20	777,986	1,436,264
		<u>62,110,776</u>	<u>62,169,054</u>
Expenditure			
Direct costs	21	501,150	296,599
Depreciation	22	3,621,398	3,549,603
Amortisation	23	156,642	316,256
Employee costs and benefits	Appendix I	63,498,532	52,931,370
Recurrent costs	Appendix II	21,896,168	21,787,866
		<u>89,673,890</u>	<u>78,881,694</u>
Operating Results		<u>(27,563,114)</u>	<u>(16,712,640)</u>
Deficit for the year		<u>(27,563,114)</u>	<u>(16,712,640)</u>

The notes on pages 38 - 64 form an integral part of these financial statements

Statement of financial position

	Notes	2024 ZMW	2023 ZMW
ASSETS			
Non-current assets			
Property, plant and equipment	22	11,159,077	13,089,852
Intangible assets	23	52,221	208,863
		<u>11,211,298</u>	<u>13,298,715</u>
Current assets			
Inventory	24	779,383	469,303
Other financial assets	25	811,598	966,015
Cash and cash equivalents	26	1,709,572	5,592,261
		<u>3,300,553</u>	<u>7,027,579</u>
Total assets		<u>14,511,851</u>	<u>20,326,294</u>
FUNDS AND LIABILITIES			
Funds			
Revenue Reserves		(45,848,444)	(17,597,358)
		<u>(45,848,444)</u>	<u>(17,597,358)</u>
Current Liabilities			
Deferred income	27	1,102,273	54,273
Capital grants	28	261,612	261,612
Payables, Accruals and provisions	29	51,628,506	32,758,916
Employee-related payables	30	7,367,904	4,848,851
		<u>60,360,295</u>	<u>37,923,652</u>
Total Equity and Liabilities		<u>14,511,851</u>	<u>20,326,294</u>

The notes on pages 38 - 64 form an integral part of these financial statements

The financial statements on pages 34 to 64 were approved by the Board on 4th April, 2025 and signed on its behalf by:


Executive Director


Board Chairperson

Statement of changes in accumulated funds

	Notes	Revenue Reserves ZMW
Balance as at 1 January 2023		(1,572,691)
Prior year adjustments	34	687,973
Deficit for the year		(16,712,640)
At 31 December 2023		(17,597,358)
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)

The notes on pages 38 - 64 form an integral part of these financial statements

Statement of cash flows

	Notes	2024 ZMW	2023 ZMW
Cash flow from operating activities			
Deficit for the year		(27,563,114)	(16,712,640)
-Prior year adjustment		(687,973)	687,973
-(Profit)/loss on disposal		(702,722)	
-Depreciation	22	3,621,398	3,549,603
-Amortisation of software	23 (b)	156,642	316,256
-Deferred income amortisation	28	-	(1,719,786)
Changes in operating assets and liabilities			
-Increase in inventory		(310,080)	(205,131)
-(Increase)/decrease in other receivables		154,417	(586,987)
-Increase in payables		21,388,643	9,124,409
Cash (used in)/generated from operations		<u>(3,942,788)</u>	<u>(5,546,303)</u>
Cash flows from Investing activities			
Acquisition of assets	22	(1,735,075)	(2,646,821)
Proceeds on disposal of assets		702,722	-
Adjustment to fixed assets		44,452	
Cash used in investing activities		<u>(987,901)</u>	<u>(2,646,821)</u>
Cashflows from financing activities			
Deferred income received		1,048,000	-
Cash from financing activities		<u>1,048,000</u>	<u>-</u>
Decrease in cash and cash equivalents		(3,882,689)	(8,193,124)
Opening cash and cash equivalents		5,592,261	13,785,385
Closing cash and cash equivalents		1,709,572	5,592,261
Represented by:			
Cash in hand and at bank	26	1,709,572	5,592,261
		1,709,572	5,592,261

The notes on pages 38 - 64 form an integral part of these financial statements

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 Act No. 3 of 2017. 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 57 million and has an accumulated loss of ZMW 46 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 2024.

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

(a) Application of New IPAS

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 2023.

(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 2023.

Notes (continued)

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

(a) New standards and amendments-applicable 1 January 2024

There no new standards and interpretations that apply for the first time to financial reporting periods commencing on or after 1 January 2024.

Notes (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*
<i>IPSAS 45, Property, Plant and Equipment</i>	<p>Published in May 2023, IPSAS 45 replaces IPSAS 17, Property, Plant and Equipment and adds current operational value as a measurement basis in the updated current value model for assets within its scope, identifies the characteristics of heritage and infrastructure assets, and incorporates new guidance on how these important types of public sector assets could be recognised and measured.</p> <p>Paragraph AG3 of IPSAS 45 outlines distinguishing characteristics of a heritage asset in the following manner:</p> <ul style="list-style-type: none"> • They have restrictions on their use and/or disposal. • They are irreplaceable; and • They have long and sometimes indefinite useful lives. <p>While paragraph AG5 of IPSAS 45 listed out the following characteristics of infrastructure assets:</p> <ul style="list-style-type: none"> • They are networks or systems; and • They have long useful lives. 	1 January 2025
<i>IPSAS 46, Measurement</i>	<p>IPSAS 46 provides new guidance in a single standard addressing the measurement bases that assist in reflecting fairly the cost of services, operational capacity and financial capacity of assets and liabilities. It brings in generic guidance on fair value for the first time, and introduces current operational value, a public sector specific current value measurement basis addressing constituents' views that an alternative current value measurement basis to fair value is needed for certain public sector assets.</p> <p>Paragraph 7 of IPSAS 46 requires an item to be initially measured at its transaction price, plus or minus transaction costs for assets and liabilities respectively. In accordance with paragraph 6 of IPSAS 46, transaction price is defined as the consideration given to acquire, construct or develop an asset or received to assume a liability.</p> <p>Subsequently, after initial measurement, paragraph 17 of IPSAS 46 requires an entity to make an accounting policy choice to measure an asset or liability whether on a historical cost basis or a current value basis. The accounting policy choice is reflected through the selection of the measurement bases.</p>	1 January 2025

Notes (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*
<i>IPSAS 47, Revenue</i>	<p>IPSAS 47 replaces the three revenue standards – IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts and IPSAS 43, Revenue from Non-Exchange Transactions (Taxes and Transfers). The new IPSAS is aligned with IFRS 15, Revenue from Contracts with Customers while broadening its applicability across the public sector. Additional guidance is included to help entities apply the accounting principles to public sector-specific transactions, such as capital transfers⁴ and compelled transactions⁵.³</p> <p>IPSAS 47 outlines two accounting models for the recognition and measurement of public sector revenue transactions based on the existence of a binding arrangement. Paragraph 4 of IPSAS 47 defines a binding arrangement as an arrangement that confers both rights and obligations, enforceable through legal or equivalent means on the parties to the arrangement.</p> <p>Paragraph 29 of IPSAS 47 requires an entity to recognise revenue from a transaction without a binding arrangement when the entity satisfies any obligations associated with the inflow of resources that meet the definition of a liability or immediately if the entity does not have an enforceable obligation associated with the i While aligned in principles, the accounting model for revenue with binding arrangements in IPSAS 47 broadens the approach in IFRS 15 to address public sector transactions. Two key aspects adapted for the public sector are binding arrangements and compliance obligations. Paragraph 87 of IPSAS 47 states that “when an entity receives an inflow of resources in a revenue transaction with a binding arrangement that meets the definition of and recognition criteria for an asset in accordance with paragraphs 18-25, the entity shall recognise revenue for any satisfied compliance obligations in respect of the same inflow and a liability for any unsatisfied compliance obligations in respect of the same inflow”.</p> <p>An entity shall account for a binding arrangement using the binding arrangement accounting model if all the recognition criteria in paragraph 56 from IPSAS 47 are met.</p> <p>When a compliance obligation is satisfied, paragraph 108 of IPSAS 47 requires an entity to recognise as revenue the amount of the transaction consideration that is allocated to that compliance obligation. Paragraph 109 of IPSAS 47 defines transaction consideration as the amount of resources to which an entity expects to be entitled in the binding arrangement for satisfying its compliance obligations, excluding amounts collected on behalf of third parties.</p>	1 January 2025

Notes (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*
<i>IPSAS 48, Transfer Expenses</i>	<p>IPSAS 48 introduces guidance for transfer expenses, where a transfer provider provides resources to another entity without receiving anything directly in return, which is common in the public sector. The accounting for transfer expenses is driven by whether the transaction results in an enforceable right to have the transfer recipients satisfy their obligations. ³ Paragraph 6 of IPSAS 48 defines a transfer expense as an expense arising from a transaction, other than taxes, in which an entity provides a good, service, or other asset to another entity (which may be an individual) without directly receiving any good, service, or other asset in return.</p> <p>IPSAS 48 presents two accounting models based on the existence of a binding arrangement which are as follows:</p> <p>When a transfer expense arises from a transaction without a binding arrangement, paragraph 18 of IPSAS 48 requires an entity to first consider whether it has a constructive or legal obligation related to the transfer. If so, the entity recognises an expense and a provision under IPSAS 19, Provisions, Contingent Liabilities, and Contingent Assets. The subsequent transfer of resource to the transfer recipient settles the provision and if there is no related constructive or legal obligation, the entity derecognises the assets to be transferred and recognises a transfer expense when it ceases to control these resources.</p> <p>Meanwhile, for transfer expense transaction with binding arrangements, paragraph 24 of IPSAS 48 requires an entity to recognise expenses when a transfer right asset⁶ is derecognised or when a transfer obligation liability is recognised.</p>	1 January 2025

Notes (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*
<i>IPSAS 49, Retirement benefits</i>	<p>IPSAS 49 establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans, with participants comprising current and former public sector employees and other eligible members. IPSAS 49 guides the accounting and reporting by a retirement benefit plan from the perspective of the plan itself. ⁷</p> <p>The updated chapter includes guidance on prudence, which is not a separate qualitative characteristic in its own right and adds 'obscuring' information to 'misstating' and 'omitting' information as a factor relevant to materiality judgments. ⁸</p> <p>The updated chapter includes guidance on the role of prudence in supporting neutrality in the context of qualitative characteristic of faithful representation. Prudence is the exercise of caution when making judgments under conditions of uncertainty. The exercise of prudence means that assets and revenue are not overstated, and liabilities and expenses are not understated.</p> <p>Paragraph 3.32 of the Conceptual Framework states that information is material if omitting, misstating, or obscuring it could reasonably be expected to influence the discharge of accountability by the entity, or the decisions that users make on the basis of the entity's General Purpose Financial Reports (GPFRs) prepared for that reporting period. Materiality depends on both the nature and amount of the item judged in the particular circumstances of each entity.</p>	1 January 2025

(f) Early Adoption of Standards

The Entity did not early – adopt any new or amended standards in year 2024. 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

(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.

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.

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.

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;

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.

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.

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.

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.

Notes (continued)

	2024 ZMW	2023 ZMW
19. Appropriation in Aid		
Appropriation in Aid	61,332,790	60,732,790
Appropriation from GRZ	<u>61,332,790</u>	<u>60,732,790</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	35,500	(283,522)
Amortised grant	-	1,719,786
Profit on sale of assets	702,722	-
DQMS-products	9,535	-
Foreign exchange gains	<u>30,228</u>	<u>-</u>
	<u>777,986</u>	<u>1,436,264</u>
21. Cost of certification and testing		
Sample containers seals and labels	167,894	255,213
Testing	<u>333,256</u>	<u>41,386</u>
	<u>501,150</u>	<u>296,599</u>

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 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	-	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

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 2023	92,600	133,000	15,830,243	10,050	2,585,818	763,239	3,806,294	75,570	23,296,814
Additions	30,000	-	774,734	-	533,995	278,465	1,028,777	850	2,646,821
Balance at 31 December 2023	122,600	133,000	16,604,977	10,050	3,119,813	1,041,704	4,835,071	76,420	25,943,635
Depreciation									
Balance at 1 January 2023	-	18,520	5,384,951	10,050	1,135,966	516,156	2,238,537	-	9,304,180
Depreciation and Amortization	-	2,660	2,589,113	-	234,340	127,993	595,497	-	3,549,603
Balance at 31 December 2023	-	21,180	7,974,064	10,050	1,370,306	644,149	2,834,034	-	12,853,783
Net Book Value									
Balance at 31 December 2022	92,600	114,480	10,445,292	-	1,449,853	247,083	1,567,757	75,570	13,992,634
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

Notes (continued)

	2024	2023
	ZMW	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	1,391,528	1,075,271
Charge for the year	156,642	316,256
At 31 December	<u>1,548,170</u>	<u>1,391,528</u>
Net book value	<u>52,221</u>	<u>208,863</u>
24. Inventory		
Office Consumables	779,383	469,303
	<u>779,383</u>	<u>469,303</u>
25. Other Financial Assets		
Salary Advances	465,836	571,949
Staff loans and advances	260,303	356,211
Other receivables	85,457	37,855
	<u>811,598</u>	<u>966,015</u>
26. Cash and Cash Equivalents		
Bank Balances	1,695,776	5,565,752
Cash in Hand	13,796	26,509
	<u>1,709,572</u>	<u>5,592,261</u>
27. Deferred income		
At beginning of the year	54,273	1,514,340
Received during the year	1,048,000	-
Transfer to capital grant	-	(1,460,067)
At end of the year	<u>1,102,273</u>	<u>54,273</u>

Notes (continued)

	2024	2023
	ZMW	ZMW
28. Capital grants		
At beginning of the year	261,612	521,331
Transferred from deferred income	-	1,460,067
Transferred to income	-	(1,719,786)
Balance at end of the year	<u>261,612</u>	<u>261,612</u>
Total Amortisation		
Capital grant amortisation (Note 20)	-	(1,719,786)
Balance as at year end	<u>-</u>	<u>(1,719,786)</u>
29. Payables, Accruals and Provisions		
Payables	2,372,903	774,260
NAPSA	641,174	(346,462)
PAYE	47,839,644	31,913,937
Sundry Payables	774,786	417,181
Balance at Close of Year	<u>51,628,506</u>	<u>32,758,916</u>
30. Employee benefit obligations		
Current liability		
Provision for gratuity	3,646,100	2,444,000
Leave days	3,029,377	2,399,901
Pension contribution	692,426	4,950
	<u>7,367,904</u>	<u>4,848,851</u>

Notes (continued)

31. Financial instruments

The Agency faces exposure to the following financial risks:

(a) Total financial instruments

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

31 December 2023				
		Assets at Fair Value through P & L	Assets at Amortised Cost	Total
Assets as per statement of financial position				
Loans and Receivables:				
-Trade and Other receivables	966,015	-	-	966,015
-Cash and Equivalents	5,592,261	-	-	5,592,261
Total	6,558,276	-	-	6,558,276

		Liabilities at Fair Value through P & L	Other Financial Liabilities at Amortised Cost	Total
Liabilities as per statement of financial position				
Other Financial Liabilities	-	-	4,848,851	4,848,851
Trade and Other Payables	-	-	32,758,915	32,758,915
Total	-	-	37,607,767	37,607,767

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
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

Category	Rating	Expected Credit Loss(ECL)	Gross Carrying Amount	Loss Allowance	Net Carrying Amount
2023					
Bank and cash	Performing	12-Month ECL	5,592,261	-	5,592,261
Financial assets	Performing	Simplified Approach	966,015	-	966,015
			6,558,276	-	6,558,276

The Agency's primary credit exposure from liquidity of cash and cash equivalents amounted to ZMW 1.7 million (2023: ZMW 5.6 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 0.811 million** (2023: ZMW 0.966 million). The nature of services offered by the Agency means it does not have significant credit risk exposure to a single counterparty.

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 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
As at 31 December 2023					
Non-interest bearing	3,133,981	9,401,942	25,071,844	-	37,607,767
	3,133,981	9,401,942	25,071,844	-	37,607,767

(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.

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.

	2024 ZMW	2023 ZMW
Government Funding received	<u>61,332,790</u>	<u>60,732,790</u>
Key Management remuneration	<u>12,912,836</u>	12,073,956
Board Members	<u>1,154,503</u>	<u>2,111,026</u>
	<u>14,067,339</u>	<u>14,184,982</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.

Notes (continued)

33. Capital Management (continued)

The gearing ratios as at 31 December 2024

	2024 ZMW	2023 ZMW
Debt	-	-
Cash	(1,709,572)	(5,592,261)
Net debt	(1,709,572)	(5,592,261)
Equity	(45,848,444)	(17,597,358)
Net debt to equity ratio	3.73%	31.78%

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.

Appendix I

Employee Costs and benefits

	2024 ZMW	2023 ZMW
<u>Wages and Salaries</u>		
Salaries & Wages	34,965,083	29,014,712
Housing Allowance	6,980,761	5,725,794
Acting Allowances	682,930	394,644
Fuel Allowances	1,959,307	1,647,944
Responsibility Allowances	32,781	12,612
Transport Allowances	2,742,429	2,314,462
Overtime	1,163,598	1,110,431
Casual & Temporal Wages	115,531	49,100
	<u>48,642,421</u>	<u>40,269,699</u>
<u>Benefits</u>		
Gratuity	3,342,325	2,078,493
Leave Pay & Benefits	4,996,134	3,477,999
NAPSA Employers Contribution	2,267,840	1,812,244
Pension Contributions	2,667,890	2,034,450
NHIMA	341,549	280,412
	<u>13,615,737</u>	<u>9,683,598</u>
<u>Other Employee Costs</u>		
Performance Bonuses	-	2,395,158
Medical Allowances	379,291	331,774
Lunch Allowances	134,694	157,061
Telephone Allowances	-	94,080
Car allowance	726,389	
	<u>1,240,374</u>	<u>2,978,073</u>
	<u>63,498,532</u>	<u>52,931,370</u>

Appendix II

Recurrent expenditure

	2024 ZMW	2023 ZMW
Audit and Consultancy Services	264,712	130,400
Bank Charges & Commissions	98,950	88,749
Cleaning Materials & Expenses	217,290	205,695
Electricity	145,424	126,556
Equipment Accessories	3,250	9,755
Fuel & Lubricants	1,820,634	2,103,058
Insurance	403,193	467,563
Legal Fees	47,718	1,000
Newspaper and communication	8,203	35,178
Marketing & Public Relations Expenses	872,710	611,847
Office & Meetings Expenses	329,975	244,882
Standards, Periodicals and Manuals	-	28,807
Postage, Post Box Rentals & Courier Services	522,585	438,835
Printing & Stationery	1,074,376	983,338
Recruitment Expenses	61,269	60,407
Rent & Rates	4,031,369	3,102,926
Renewal of Payroll Package Licenses	39,707	588,188
Repairs & Maintenance	1,047,077	851,594
Security Services	25,865	21,054
Staff Training	260,867	115,254
Staff Welfare	1,195,451	1,589,080
Subscriptions	3,946	(6,977)
Subsistence Allowances-Foreign	2,470,865	3,604,042
Subsistence Allowances-Local	638,338	621,956
Telephone, Fax, Email	2,522,633	1,017,018
Travel Expenses-Foreign	157,474	272,622
Travel Expenses-Local	460,203	1,027,848
Water & Sewerage	24,606	67,678
Workshop Expenses	1,019,772	962,338
Board expenses	1,154,503	2,111,027
Protective clothing	180,423	124,026
Health and safety	43,308	-
Workers Compensation	95,026	182,122
Madson funeral	5,401	-
Operating costs	9,003	-
VAT interest/NAPSA	640,043	-
	21,896,168	21,787,866





"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



www.linkedin.com/company/zambia-compulsory-standard-agency/



www.facebook.com/zcsa.org.zm

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