ZCSA
ZAMBIA COMPULSORY STANDARDS AGENCY

Zambia Compulsory Standards Agency

2023 ANNUAL REPORT

"With Your Safety in Mind"

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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

Board Chairperson's Statement

"The Board made significant contributions in exercising its oversight role in 2023. I would like to sincerely thank the Minister of Commerce, Trade and Industry, Management, staff, clients, stakeholders and Board members for their contributions to the successes scored in 2023."

It is with great pleasure that I present the Agency's 2023 Annual Report. The report presents performance information for the 2023 financial year. I will comment on governance and related matters.

Governance

The Board, which I am privileged to chair, was appointed in April 2023 by the Hon. Minister of Commerce, Trade and Industry as provided for under the Compulsory Standards Act No.3 of 2017. The Board comprises seven (7) members from both public and private sectors, with diverse experience.

From the time the Board was appointed, several measures aimed at keeping the Agency on the path of success have been implemented. Some of the measures implemented include the approval and launch of the 2022-2026 Strategic Plan and the appointment of sub-committees of the Board to enhance the oversight role.

The Board also embarked on familiarisation visits to the Agency's offices in border areas and provincial centres and conducted benchmarking visits outside Zambia to appreciate the successes, and challenges and identify possible areas of improvement that will help to take the Agency to greater heights.

Implementation of the Agency's mandate

The Agency monitors the safety of products on the market through its inspections and other enforcement activities under the Import Quality Monitoring (IQM) and Domestic Quality Monitoring (DQM) Departments. These enforcement activities relate to products under compulsory regulation. The Agency continued carrying out its mandatory role of inspecting products to which compulsory standards apply and reported above-target performance.

Staff Matters

The Board considers members of staff as key internal stakeholders. In the year 2023, the Board took time to appreciate staff matters and guided Management on staff-related matters resulting in cordial relations with staff.

The Board also finalised the review of the Agency's organisation structure. The implementation of the revised organisation structure will enhance the Agency's performance.

The Board made significant contributions in exercising its oversight role in 2023. I would like to sincerely thank the Minister of Commerce, Trade and Industry, Management, staff, clients, other stakeholders and Board members for their contributions to the successes scored in 2023. Further, I am grateful to the Government of the Republic of Zambia, through the Ministry of Commerce, Trade and Industry, for the support and policy guidance to the Agency in 2023.

Ian Besa Mupeta
Board Chairperson

Commerce, Trade and Industry Minister Chipoka Mulenga (5th from right) with ZCSA Board members when the Board paid a courtesy call on the Minister.

Executive Director's Overview

"The Agency continued enforcing compulsory standards for imported products under its mandate to protect consumers and the environment. Under this function, the Agency exceeded its targets in import inspections, foreign Road Tank Vehicle inspections, export timber inspections and pre-shipment inspections of used motor vehicles."

THE Zambia Compulsory Standards Agency (ZCSA) is a specialised institution mandated to protect public health and safety, consumers and the environment through enforcement of compulsory standards. The Agency continued to serve the country in line with its mandate under the Compulsory Standards Act No. 3 of 2017.

During the 2023 financial year, the Agency scored several achievements, some of which are highlighted below:

Achievements

ZCSA made the following notable achievements:

- **Launch of the 2022-2026 Strategic Plan**

The 2023 financial year saw the launch of the Agency's Strategic Plan, which is supposed to serve as our guiding light as we implement the mandate of protecting consumers and the environment during the Strategic Plan Period. This document highlights the Agency's Vision, Mission and Values of **Integrity, Teamwork, Hard Work, Innovation, Confidentiality and Accountability.**

- **Import Quality Monitoring**

The Agency continued enforcing compulsory standards for imported products under its mandate to protect consumers and the environment. Under this function, the Agency exceeded its targets in import inspections, foreign Road Tank Vehicle inspections, export timber inspections and pre-shipment inspections of used motor vehicles.

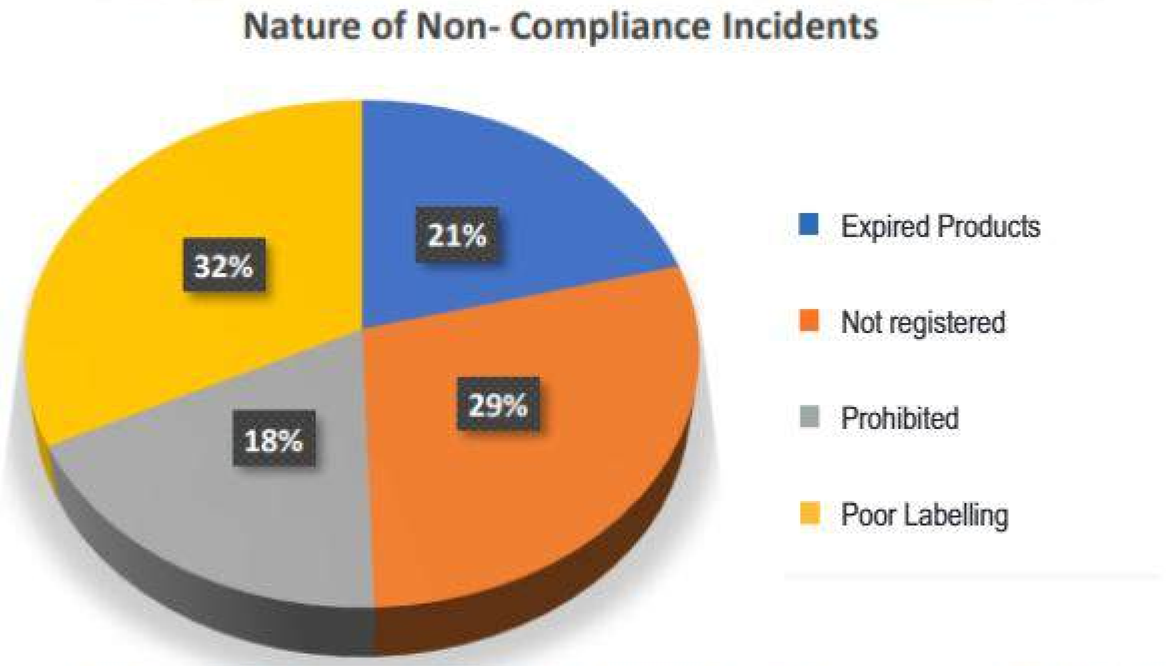
ZCSA continued to enhance the effectiveness of its monitoring mechanisms and recorded above-target performance in most activities.

- **Domestic Quality Monitoring**

ZCSA continued providing services to several manufacturing companies regulated by the Agency. The Agency recorded an 11% increase in inspections of new companies that began production of goods covered by compulsory standards. The number of factory inspections increased by about 13% leading to an attainment rate of 115% of the 2023 targets.
Under this function, the Agency exceeded its target for local Road Tank Vehicle inspections by 43%.

- **Market Surveillance**

ZCSA is also mandated to conduct market surveillance inspections on products falling within the scope of compulsory standards. During the year under review, the Agency conducted market surveillance inspections in selected districts countrywide to ensure continued compliance of products on the market with relevant compulsory standards. This led to non-compliant products being withdrawn from the market to protect consumers. The nature of non-compliance incidents were as follows:



The value of non-compliant products was worth more than **ZMW900,000**. The compliance rate recorded stood at 89%.

- **Extension of Scope of Accreditation of Inspection Services**

In 2022, ZCSA attained accreditation of its inspection services for inspection of some food products subject to compulsory standards to the International Standard ISO/IEC 17020. The scope of the Accreditation is Inspection of Bottled Water and Maize Meal. Accreditation was awarded by the Southern African Development Community Accreditation Services (SADCAS) following an assessment of the Agency's Quality Management System.

During the year under review, the Agency sought to extend the scope of accreditation to two (02) more products namely; Wheat Flour and Fruit Flavoured Drinks. The Agency's Quality Management System was assessed successfully by SADCAS in 2023.

- **Implementation of Services on the Government Service Bus (GSB)**

Following the inclusion of the Agency's services on the Government Service Bus (GSB) in 2022, we continued to increase the uptake of services in 2023. This intervention helped to increase access to ZCSA services through the GSB by more than 1300%. This is in line with the vision of the Government of digitalising all services. The Agency continued engaging the developers of the Government Service Bus to facilitate the resolution of the remaining teething challenges on this digital platform.

- **Non-tax Revenue**

The Agency collects service fees as non-tax revenue in the execution of its mandate. The target for the year under review was **ZMW286,591,271**. The Agency collected **ZMW401,995,328**, giving a positive variance of about 40%.

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

- **Digitalisation of the Agency's Internal processes**

ZCSA computerised some of its internal processes during the year under review. This ongoing initiative is aimed at enhancing operational efficiency.

- **International Cooperation**

One of the functions of the Agency under the Compulsory Standards Act No. 3 of 2017 is to cooperate with international organisations, among others, in enforcing compulsory standards. In line with this function, the Agency signed a Memorandum of Understanding (MOU) with the Namibia Standards Institution (NSI) aimed at enhancing collaboration to support trade between Zambia and Namibia.

2024 Focus Areas

In the new year, our work will be focused towards building on the above achievements by implementing the following, among other activities.

- **Increasing the scope of accreditation**

The Agency will continue to pursue excellence in its service delivery and will make strides towards increasing the scope of accreditation of its inspection services to the international standard ISO/IEC17020 to other products subject to compulsory standards. This will enhance recognition of services provided by the Agency in local, regional and international markets and add value to the implementation of our mandate.

- **Digitalisation of Internal processes**

ZCSA will work towards computerising more of its internal processes to enhance operational efficiency and service delivery. The Agency will enhance the use of Information and Communication Technology in service provision.

- **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.

- **Enforcement**

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

I wish to express my sincere gratitude to staff, clients, other stakeholders and the Board for their contribution to the Agency's success in 2023. We would not have attained the achievements without your support.

Gerald Chizinga
Executive Director

1.0 Introduction

1.1 Mandate

The Zambia Compulsory Standards Agency (ZCSA) is a statutory body under the Ministry of Commerce, Trade and Industry established by the Compulsory Standards Act No. 3 of 2017 for the administration and maintenance of compulsory standards for the purpose of public safety and health, consumer and environmental protection.

1.1.1 Our Functions

Under Section 5 of the Compulsory Standards Act No. 3 of 2017, the specific functions of ZCSA are to:

a. Administer, maintain, and ensure compliance with compulsory standards;
b. Give pre-market approval of high-risk commodities falling within the scope of compulsory standards;
c. Conduct market surveillance for products falling within the scope of compulsory standards to monitor post market compliance of commodities with compulsory standards;
d. 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;
e. Cooperate with Ministries and other State institutions and international organisations in enforcing compulsory standards; and
f. Do all such things related to, or incidental to the functions of the Agency under the Act.

1.2 Governance Structure

The Zambia Compulsory Standards Agency is governed by the Board of the Agency comprising seven (7) members.

Section 6 of the Compulsory Standards Act provides that the Board will consist of:

a. A representative of the Ministry responsible for Industry;
b. A representative of the Office of the Attorney General; and
c. Five persons with experience and knowledge in matters relevant to the Act.

The Agency has two technical departments namely:

a. Import Quality Monitoring
b. Domestic Quality Monitoring

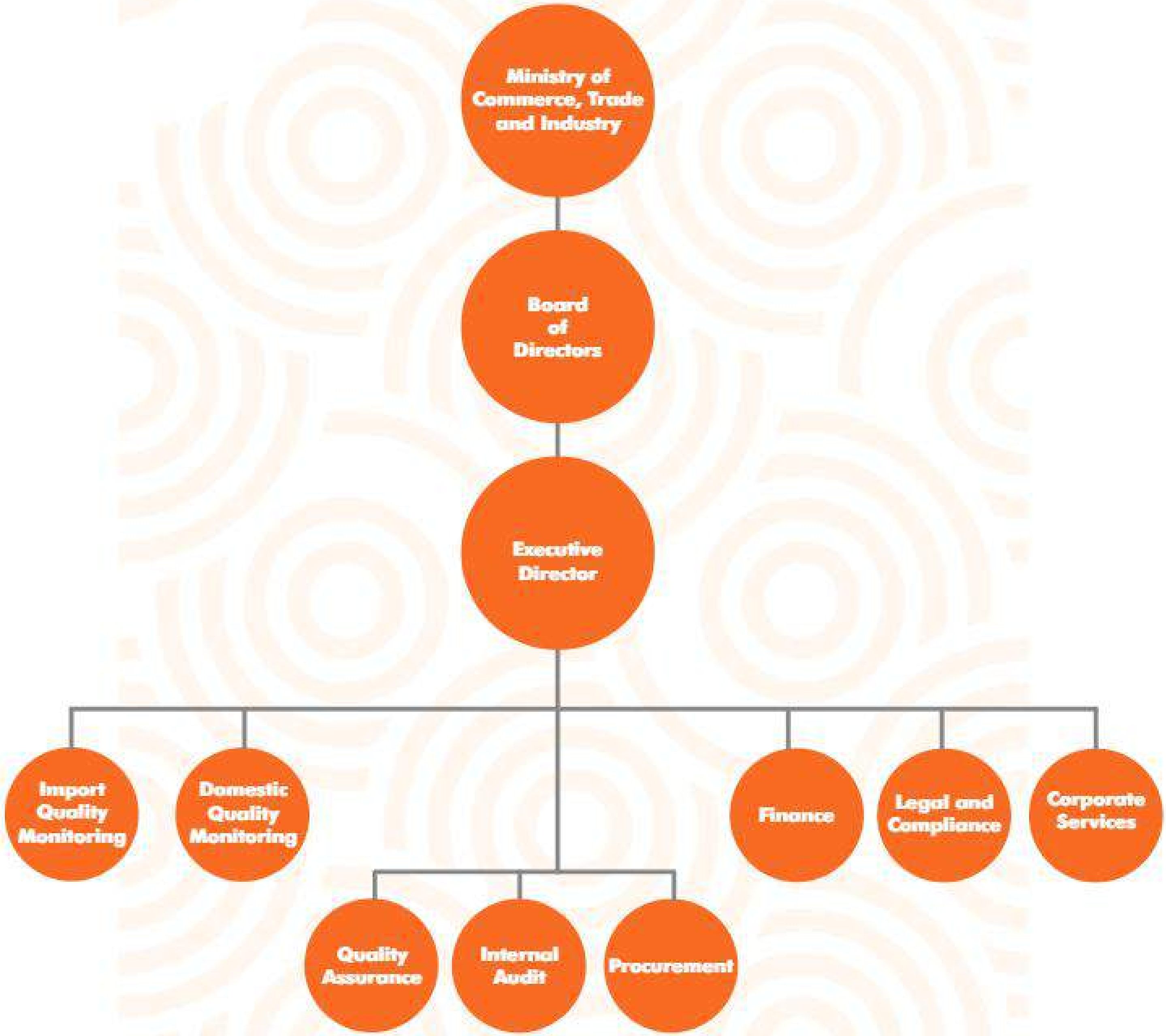
and three support departments namely:

a. Corporate Services
b. Finance;
c. Legal and Compliance;

The units under the Executive Director's office include:

a. Internal Audit;
b. Procurement;
c. Quality Assurance.

Organisation Structure



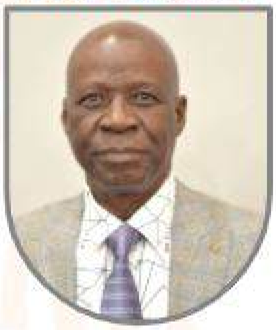
Board of Directors

Ian Besa Mupeta
Board Chairperson

Lucy Banda Shaputu
Board Vice-Chairperson

Edwin L. Zimba
Board Member

Milapo Kamuwanga
Board Member



Cyprian R. Maluba
Board Member

Diana Mwewa
Board Member

Teddy Kavwanda
Board Member

Management Team

Gerald Chizinga
Executive Director

Kasuba Kasengele
Acting Manager – IQM

Mutumu Nzala Mwape
Legal Counsel

Francis Nhamu Mwelwa
Manager – DQM

Brian Nyembe Malangisha
Manager – Finance

Chisola Mfula
Manager – Internal Audit

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

The Year at a Glance

Factory Inspections
1,275
2022: 1,130

Import Inspections
65,319
2022: 58,183

Market Surveillance
106
2022: 62

Roadworthiness Inspections
33,193
2022: 24,745

Non-Tax Revenue
ZMW401,995,328
2022: ZMW351,286,309

Foreign Road Tank Vehicle Inspections
1,239
2022: 1,158

Local Road Tank Vehicle Inspections
1,748
2022: 1,478

A ZCSA Inspector inspecting a Road Tank Vehicle.

ZCSA Inspectors interact with an official from one of the co-operating partners after conducting inspections.

Import Quality Monitoring

"Market surveillance inspections were conducted in some selected towns in the country. The aim was to inspect new and existing products that fall within the Agency's mandate. Non-compliant products were seized and marked for disposal."

2. Import Quality Monitoring

The Import Quality Monitoring Department is responsible for monitoring the safety of imported products, subject to compulsory standards. Monitoring of the safety of products subject to compulsory standards is done through inspections conducted at border entry points 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 in Chanida, Chirundu, Katima Mulilo, Kazungula, Livingstone, Mwami, Nakonde, Ndola and Victoria Falls stations.

2.1 Import Inspections

Monitoring of the safety imported products continued during the period under review. Table 2.1 below shows import consignments by entry point. In the period under review, a total of 65,319 import consignments were cleared compared to 58,183 consignments in 2022 giving an increase of about 10%.

Table 2.1: Consignments - By Product Type and Entry Point

Product	CHN	CHR	KTM	KZU	LVI/VIC	MWA	NKD	NDO	2023	2022
Food	792	485	1	596	10	11	240	5	**2,140**	**2,509**
Beverages	3	225	28	1,385	81	11	66	0	**1,799**	**1,571**
Chemical	24	273	7	439	5	189	385	20	**1,342**	**1,427**
Fertilizer	1,435	10,198	620	4,394	93	533	2,584	8	**19,865**	**17,376**
Fuel	2,828	13,043	71	333	4	0	18,805	454	**35,538**	**31,311**
Rubber	30	102	17	78	4	6	1,086	28	**1,351**	**720**
Electricals	77	165	17	419	206	2	988	4	**1,878**	**1,882**
Construction	3	23	1	51	24	4	35	0	**141**	**251**
Batteries	0	1	0	6	0	0	0	5	**12**	**1**
Textile	161	7	0	6	0	1	1,077	1	**1,253**	**1,135**
Total	**5,353**	**24,522**	**762**	**7,707**	**427**	**757**	**25,266**	**525**	**65,319**	**58,183**
Timber (m3)	0	0	19,114	349	30	2	324	1	**19,819**	**37,920**
RWI	10	2,549	1,333	3,702	36	285	43,048	3	**50,966**	**40,946**
Tankers	120	309	9	18	0	0	833	0	**1,289**	**1,158**

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. Chirundu and Nakonde offices recorded the highest number of consignments. Figures 2.1 and 2.2 show consolidated import consignments by entry point and product type respectively.

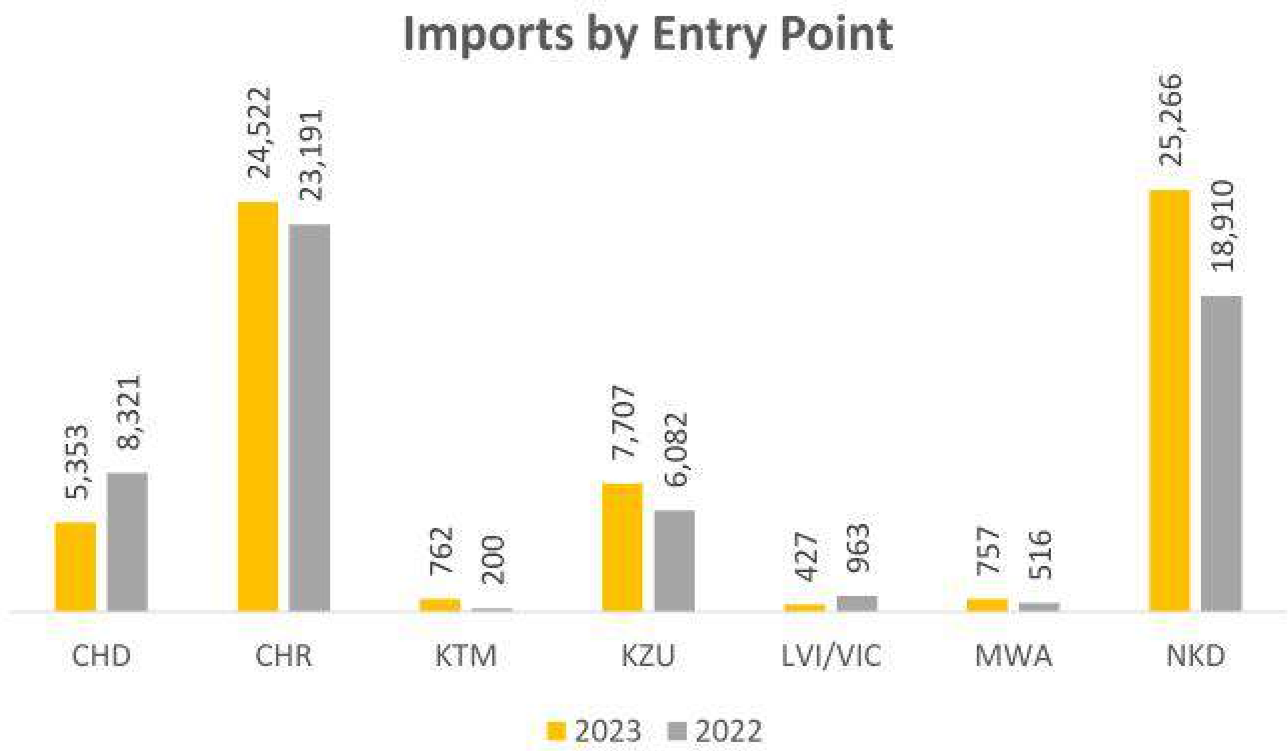


Figure 2.1: Import Consignments by entry point

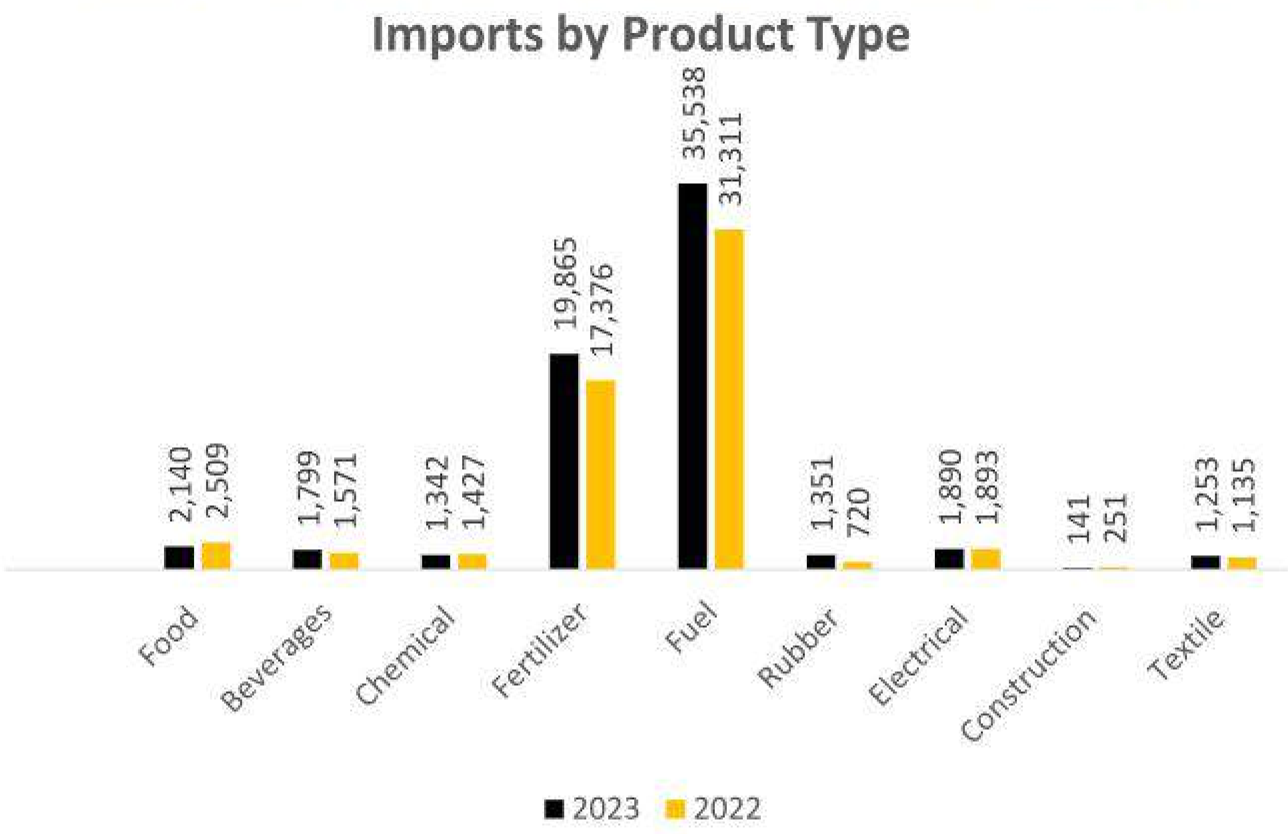


Figure 2.2: Import Consignments by product type

2.2. Roadworthiness Inspections (RWI)

For the promotion of public safety, the Agency implements the Zambian Standard **ZS 560 – Code of practice for inspection and testing of used motor vehicles for roadworthiness**. This compulsory standard is implemented through a pre-shipment inspection scheme for roadworthiness inspection (RWI) of all used motor vehicles destined for use within Zambia conducted by ZCSA appointed agents.

The pre-shipment inspection of used motor vehicles by ZCSA contractors continued during the period under review. The Agency had three (03) contractors during the period under review, namely Auto-Terminal Japan Limited (ATJ), EAA Company Limited and Quality Inspection Services Japan (QISJ) Company Limited.

Table 2.2 shows the number of inspections carried out by contractors at various locations during the period under review. A total of **33,193** used motor vehicles were inspected by ZCSA contractors in the period under review compared to **24,745** in 2022, giving an increase of about 34%.

Table 2.2: Number of used Motor Vehicles inspected

Contractor	2023	2022
EAA	4,430	6,151
QISJ	125	351
ATJ	28,638	18,243
Total	**33,193**	**24,745**

2.3. Foreign Road Tank Vehicle Inspections

The inspection of foreign road tank vehicles continued during the period under review. Table 2.3 shows the number of foreign Road Tank Vehicles inspected at border entry point offices. The number of Foreign Road Tank vehicles inspected in the year under review was **1,289** compared to **1,158** in 2022. Compliance of the Foreign Road Tank vehicles to the compulsory standard **ZS 371: 2019: Road tank vehicles for Petroleum-Based Flammable Liquids specification** stood at about 94%.

Table 2.3: Foreign Road Tank Vehicles Inspected

Road Tank Vehicles	2023	2022
Certified	1,211	1,106
Failed	78	52
Total Inspected	**1,289**	**1,158**

2.4. Annual Certificates Issued

A total of seventy-one (71) Annual Import Quality certificates were issued to compliant clients in the period under review, as shown in table 2.4 below. The processing efficiency for Annual Import Quality certificates greatly improved as a result of the use of the Government Service Bus (GSB) which accounted for 95% of the certificates issued.

Table 2.4: Annual Certificate Issued

Product	2023	2022
Food	7	9
Beverages	4	1
Chemical	12	4
Fuel/Oils	1	0
Rubber	1	0
Batteries	20	0
Electricals	9	0
Construction	11	1
Fertilizers	6	0
Total	71	15

2.5. Key Enforcement Activities

In ZCSA's endeavour to ensure continued compliance with compulsory standards on the market, the department conducted eighty-one (81) enforcement activities during the year under review. The market surveillance inspections were conducted in selected towns in the country. The aim was to inspect new and existing products that fall under the Agency's mandate. Non-compliant products were seized and marked for disposal as provided for under the Compulsory Standards Act.

ZCSA Executive Director Gerald Chizinga (right) and Namibia Standards Institution Chief Executive Officer, Eino Mvula signing an MoU by the two National Quality Institutions as Ministers look on.

Domestic Quality Monitoring

"Enforcement actions were taken against establishments for various violations, such as operating without permits and non-compliance with standards."

3.0. Domestic Quality Monitoring

The Domestic Quality Monitoring (DQM) covers locally manufactured products and inland compliance monitoring activities for all products covered by compulsory standards. These include factory, local Road Tank Vehicle and Market Surveillance Inspections.

3.1. Inspections

The total number of factory inspections conducted in 2023 was **1,275** against a target of **1,100** (giving an attainment rate of about 115 %), compared to **1,130** in 2022. The number of open market surveillance inspections carried out in 2023 was 106 against a target of 52 giving an attainment of 204%, compared to 62 in 2022.

A total number of **1,768** local Road Tank Vehicle inspections were conducted against a target of **1,300**,giving an attainment rate of about 143%.

Inspections of locally manufactured products, in the year under review, are brokendown by product type per province in Table 3.1 and by purpose in Table 3.2. Table 3.4 shows inspections for Road Tank Vehicles. Table 3.3 shows Market Surveillance Inspections by type.

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

Table 3.1: Factory Inspection Activity by Product Type

Product \ Province	Western	Southern	Lusaka	Central	Eastern	Copperbelt	North Western	Luapula	Northern	Muchinga	2023	2022
Food	16	43	194	53	24	146	42	26	41	40	**625**	**533**
Beverages	1	41	147	12	23	157	21	18	13	0	**433**	**401**
Animal Feed	0	6	31	13	7	12	7	0	5	0	**81**	**59**
Fertilizers	0	0	11	0	0	0	0	0	0	0	**11**	**3**
Engineering Products	0	6	12	3	2	8	7	3	1	18	**60**	**44**
Chemicals & Chem. Products	0	0	23	0	0	11	0	1	0	0	**35**	**79**
Cement & Cement Products	0	0	10	0	0	5	0	0	0	0	**15**	**7**
Construction Materials	0	0	4	0	0	1	0	0	0	0	**5**	**0**
Cables	0	0	3	0	0	3	0	0	0	0	**6**	**4**
Others	0	0	0	0	0	0	0	0	2	2	**4**	**0**
Total	**17**	**96**	**435**	**81**	**56**	**343**	**77**	**48**	**62**	**60**	**1,275**	**1,130**

Table 3.2: Factory Inspection Activity by Purpose

Inspection Activity / Quarter	1st	2nd	3rd	4th	2023	2022
Initial	12	20	37	22	**91**	**82**
Renewal	102	57	44	279	**482**	**441**
Surveillance	137	245	266	54	**702**	**607**
Total	**251**	**322**	**347**	**355**	**1,275**	**1,130**

Table 3.3: Market Surveillance Inspection Activity by Type

Inspection Activity / Quarter	1st	2nd	3rd	4th	2023	2022
Follow Up	22	21	28	15	86	67
Investigative	10	16	24	16	66	31
Spot Check	8	64	51	48	171	182
Open Market Surveillance	5	20	51	30	106	62
Total	**45**	**121**	**154**	**109**	**429**	**342**

Table 3.4: Local Road Tank Vehicle Inspections

Description / Quarter		1st	2nd	3rd	4th	Total North	Total South	2023	2022
Total Number of Inspection Requests		418	359	263	813	1,077	776	**1,853**	**1,768**
Total Number of Inspections		418	359	263	813	1,077	776	**1,853**	**1,768**
Total Number of Certificates Issued	Inspection	418	359	263	813	1,077	776	**1,853**	**1,768**
	Re-inspection	0	0	0	4	4	0	**4**	**0**
Total Number of Failed Tankers		0	0	0	4	4	0	**4**	**0**

3.1.1. Factory Inspections by Product type

Most of the inspection activities conducted were for food products at 49% followed by beverages at 34%.

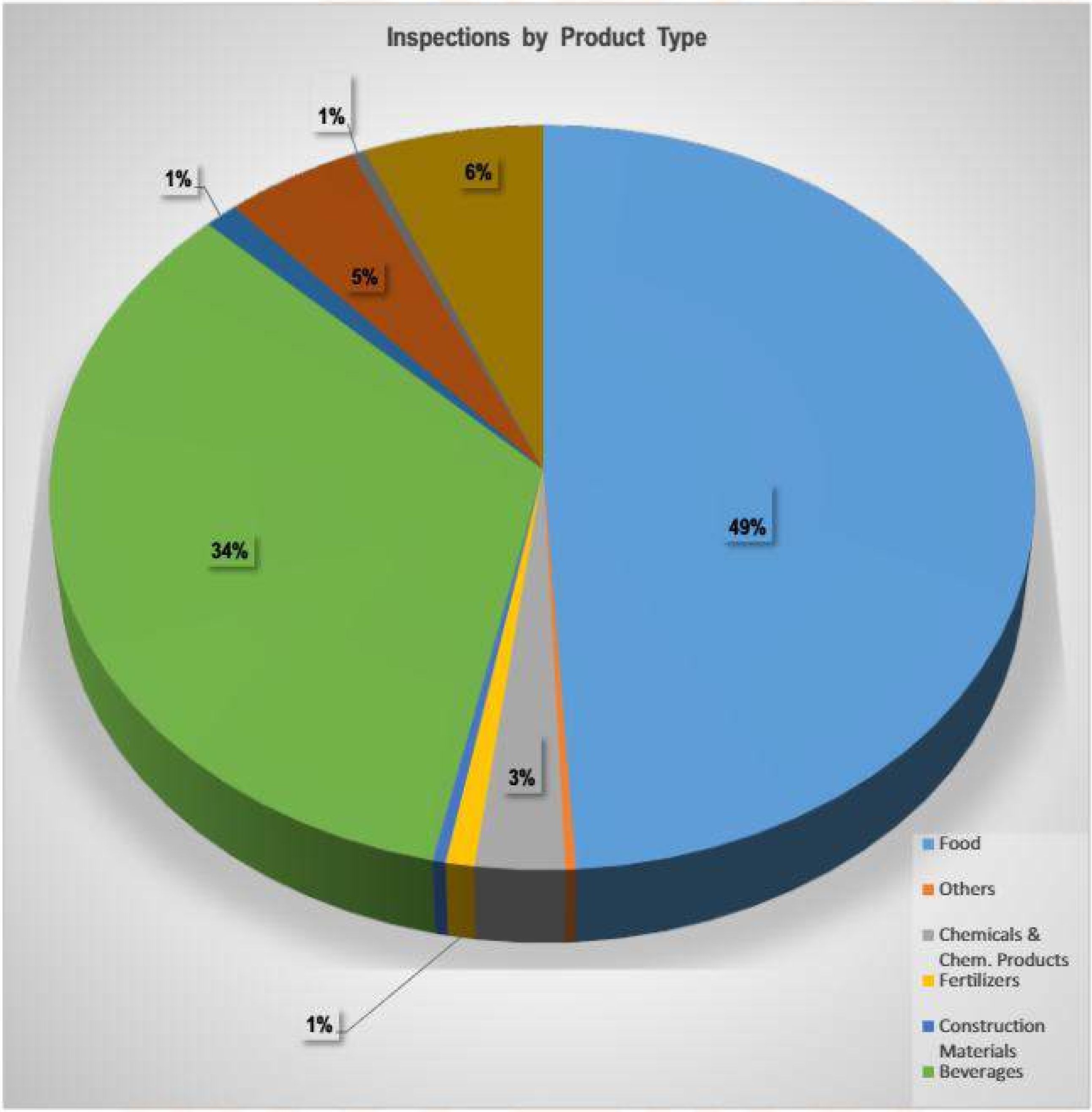


Figure 3.1: Factory Inspections by Product Type

3.1.2 . Factory Inspections by Purpose

Surveillance inspections dominated as a means to ensure continued compliance with compulsory standards at 41%. Followed by the renewal of the Permit to Supply at 28%. There was an increase in new companies registering with the Agency by 6%. This translated to nine more companies compared to the year 2022.

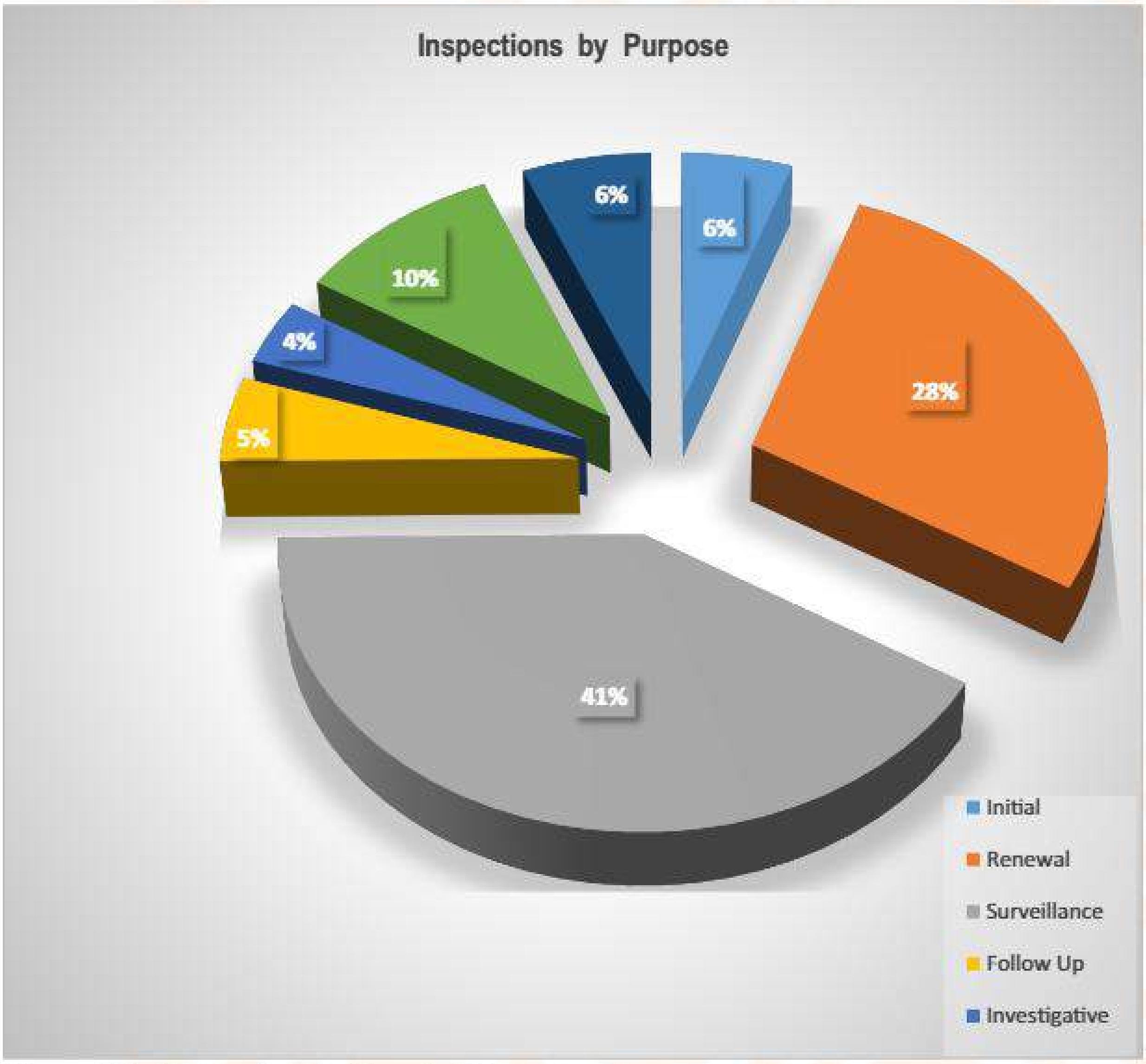


Figure 3.2: Factory Inspections by Purpose

3.1.3. Factory Inspections by Location

Figure 3.3 below shows factory inspections by location. There was a general increase in inspection activities in most provinces.

Figure 3.3: Factory Inspections by Province

3.2. 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 with standards. The Agency also participated in joint inspections with other statutory bodies.

ZCSA Acting Manager - Human Resource and Administration, Boniface Zulu (left) and ZCSA DQM Senior Inspector Elias Kansembe (right) show journalists seized products in Lusaka.

Corporate Services

"...the Agency developed and launched its Strategic and Implementation Plans. The Strategic Plan is for the period 2022 to 2026."

4.0. Corporate Services Department

The Corporate Services Department is responsible for the formulation, coordination, and implementation of human resource and training policies to enhance performance and achieve the Agency's objectives. The Department provides administrative support, Public Relations, Information and Communications Technology (ICT) services, Transport, and Records Management. Additionally, the Department is responsible for Corporate Planning and implementation of the Agency's work plans.

4.1. Human resource management

- **Staffing**

As at 31st December 2023, the Agency had a total staff complement of 138 employees brokendown per department as follows:

Table 4.1. Staff Complement

Department	Number of staff
Executive Director's Office	6
Corporate Services	32
Finance	17
IQM	46
DQM	26
Legal and Compliance	9
Audit	2
TOTAL	**138**

4.1.1. Gender Distribution

The staff complement by gender was 43 female employees, representing 31 percent and 95 male employees, representing 69 percent.

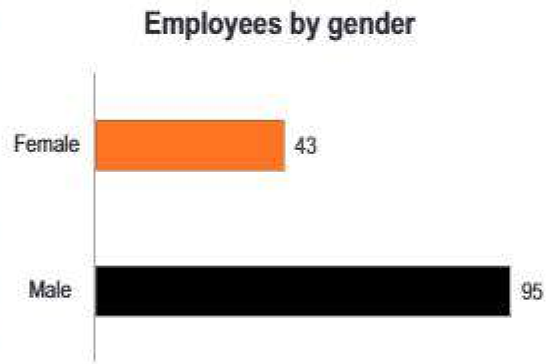


Figure 4.1: Gender Distribution

4.1.2. Recruitment
Twenty-six (26) recruitments were recorded as shown in Table 4.2 below.

Table 4.2. Recruitment by Department

Department	Number of staff
Executive Director's Office	0
Corporate Services	5
Finance	2
IQM	10
DQM	6
Legal and Compliance	2
Audit	1
TOTAL	**26**

- **Transfers:** Twenty (20) transfers were recorded.
- **Separations:** Three (3) separations were recorded. The separations were due to resignation.

4.1.3. Training and development
Eight (8) trainings were recorded as shown below.

a. Sida's International Training Programme ITP320 - Thematic Module "Risk Assessment and Risk Management of Chemicals.
b. International Public Sector Accounting Standards (IPSAS)
c. Government Service Bus (GSB)
d. Public Private Partnership
e. Kaizen Level I
f. Kaizen Level II
g. Electronic Government Procurement (e-GP)
h. Advanced International Training Programme ITP320/7 2023, Developing Strategies for National Chemicals Management.

4.1.4. Staff Welfare
The Agency has continued encouraging employees to embark on health and fitness activities. Aerobics sessions and health talks were organised for members of staff. Further, to promote team cohesion and coexistence, a staff meeting was held for all members of staff.

ZCSA Members of staff pose for a group photo during the Team Building event in Lusaka.

4.1.5. Corporate planning
The Agency developed and launched its Strategic and Implementation Plans. The Strategic Plan is for the period 2022 to 2026.

4.1.6. Infrastructure development
The Agency has continued to lobby funds towards the construction of the Head Office Complex. Public-Private Partnership (PPP) was considered to be among the avenues for infrastructure development. Key personnel were identified to spearhead the project through collaboration with the Ministry of Finance and National Planning (MoFNP) PPP Unit, for possible identification of partners.

4.1.7. Kaizen Activities
- Three (3) teams participated in the National Kaizen Conference. These include Team Gurus (Corporate Services Department), Team Trendsetters (Import Quality Monitoring Department - Lusaka), and Team Thunderbolt (Ndola Office).

- Team Gurus received a Gold award for the project that was presented while Teams Trendsetters and Thunderbolt got Silver awards.

4.1.8. Integrity committee
The Agency has a fully functional Integrity Committee (IC). The mandate of the IC is to spearhead the prevention of corruption and foster ethical conduct among members of staff.

The activities of the IC are mainly conducted through the implementation of the Annual Corruption Prevention Action Plan (ACPAC).

4.1.8.1. Activities undertaken
During the period under review, the following activities were undertaken;

i. **Prevention:** The Integrity Committee reviewed, developed and distributed integrity-related documents.
ii. **Education:** During the period under review, the IC conducted training workshops for members of staff. The trainings were conducted with staff at Kazungula, Chirundu and Nakonde Border Posts. The IC also conducted an on-boarding training seminar for new members of staff.

4.1.9. Commemoration of National events
The Agency participated in the commemoration of International Women's Day, Labour Day, the Africa Public Service Day and International Anti-corruption Day.

- **International Labour Day**

ZCSA recognised the important role played by employees in implementing the Agency's mandate.

ZCSA Executive Director Gerald Chizinga (4th from right) with some recipients of the Agency's Labour Day Awards as they display their certificates.

- **Africa Public Service Day**

The Agency participated in the Africa Public Service Day exhibitions and received an award as the 2nd Most e-transformed.

Minister of Commerce, Trade and industry, Chipoka Mulenga (middle), presenting a trophy to ZCSA staff.

- **International Women's Day**

The Agency participated in the commemoration of International Women's Day.

ZCSA staff marching on International Women's Day in Lusaka.

Communications and Public Relations

"Our focus is to enhance public education/ sensitisation on ZCSA's mandate, brand visibility, stakeholders engagement and foster strong relationships between ZCSA and its key stakeholders."

5.0. Communications

The Communications section is responsible for the management of the Agency's Communications, Public Relations and Corporate Branding activities.

The ultimate goal is to build and maintain a positive corporate image, enhance the Agency's visibility and credibility, foster strong relationships with key stakeholders and facilitate effective dissemination of information.

5.1. 2023 Activities

The Section undertook and participated in the following activities; -

a. **Production of TV Documentaries**: Twelve (12) TV documentaries were aired on different TV stations.
b. **News Coverage and Interviews on Television (TV)**: Eighty-six (86) stories aired on different TV stations.
c. **Radio Interviews/stories**: Ninety-four (94) stories aired on different radio stations.
d. **Digital/Online Media Stories**: Seventy (70) stories were published on different Digital/online platforms.
e. **Newspaper articles**: Sixty-nine (69) articles were published in different newspapers.
f. **Responses to Press Queries Published and aired in the media**: Thirty-one (31) responses to press queries were made.
g. **Enhancement of the ZCSA Website**: The Communications Section worked with the ICT Unit to update the website.
h. **Enhancement of ZCSA Facebook**: During the period under review, our Facebook page was regularly updated. In terms of Facebook followers, 1,400 new followers were added to the Platform as at December 2023. The feedback from the online public was analysed and appropriate responses were promptly given to those who sent their inquiries.
i. **Issuance of Press Statements**: Nineteen (19) Press statements were issued to the media regarding the Agency's mandate.

5.2. Participation in Exhibitions/Shows and other stakeholder engagement events

The Unit participated in twenty-six (26) Exhibitions, Shows and Stakeholder Engagement events including the Police Open Day, World Consumer Rights Day, Lusaka Agriculture and Commercial Show, Public Service Day, CAMINEX in Kitwe, Zambia International Trade Fair in Ndola, International Anti-Corruption Day, Food Safety Symposium, Donation to Matero Aftercare Centre, Organising of Media Coverage for ZCSA Board tours, Road shows in Kitwe and Lusaka, Media Workshop for Journalists from 10 provinces of Zambia and a workshop for Soweto Market Peanut Butter Producers, among others.

5.3. Launch of the Strategic Plan

The Agency launched its 2022-2026 Strategic Plan on 31st October 2023 at the Hilton Hotel Conference facility and the Guest of Honour was the Ministry of Commerce, Trade and Industry Permanent Secretary, John Mulongoti. The ZCSA Board Chairperson, Board Members, ZCSA Executive Director, Management and employees were also in attendance. This event was widely covered in the media.

Commerce, Trade and Industry Permanent Secretary, John Mulongoti (seated 2nd from right) with ZCSA Management and some Board Members at the launch of the 2022-2026 Strategic Plan in Lusaka.

5.4. Corporate Branding

New Billboards were installed at the ZCSA Head Office in Lusaka and Chirundu Office, while the Annual Report for 2022 was designed and produced. Pop-ups, backdrops, exhibition tools, corporate shirts, gift bags, notebooks, pens and other branded materials were secured for different events to enhance brand visibility.

5.5. Focus for 2024

Our focus is to enhance public education/ sensitisation on ZCSA's mandate, brand visibility, stakeholder engagement and foster strong relationships between ZCSA and its key stakeholders.

ZCSA Head of Communications Brian Hatyoka (middle) being interviewed by a Prime TV journalist.

ZCSA DQM Inspector Chishimba Lombe (left) interacting with Soweto Market Peanut Butter producers (right) at a Stakeholder Engagement meeting in Lusaka.

Legal and Compliance

"The Department hopes to facilitate the review of at least 25 percent of our current standards and the promulgation of about 40 new compulsory standards for better protection of the consumer and the environment."

6.0. Legal and Compliance

The Legal and Compliance Department of the Zambia Compulsory Standards Agency (ZCSA) is responsible for monitoring post-market compliance to Compulsory Standards and addressing legal challenges and dimensions of enforcing and administering compliance to Compulsory Standards Nationwide.

In addition to this function, the Department is focused 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.

The Agency's activities are mandated by the Compulsory Standards Act No. 3 of 2017. ZCSA's strategic focus is to provide compliance for the safety, health and protection of the consumer and the environment, in a manner that promotes local industry while staying abreast with international best practices.

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 the formulation of standards, and the powers and permutations available to the Agency ensure that Consumers and the Environment are protected. The Agency's function is two-fold in the sense that it simultaneously fosters growth, and cultivates better business and manufacturing practices with local traders, suppliers and manufacturers through education and information dissemination, while at the same time regulating the market environment to ensuring the continued safety of products within the consumer's reach.

A Compulsory Standard is by definition a document that spells out the minimum standard that any product should meet before it can be set 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 is met with a product that is not only satisfactory and fit for purpose but also safe.

6.2. Appointment of the ZCSA Board of Directors

In April 2023, the Agency welcomed the appointment of the new Board of Directors for the Agency. The Compulsory Standards Act provides for the appointment of a Board as the highest echelon in the governance structure of the Agency by the Minister of Commerce, Trade and Industry.

Section six of the Act provides for a Board that is constituted of the following part-time members appointed by the Minister:

a. A representative of the Ministry responsible for industry;
b. A representative of the Attorney-General; and
c. Five persons with experience and knowledge in matters relevant to this Act.

In April 2023, the Honourable Minister, Mr. Chipoka Mulenga, appointed the Chairperson of the ZCSA Board, Mr. Ian Besa Mupeta, and the Board thereafter elected the Vice Chairperson, Mrs. Lucy Banda Shaputu.

2023 was a year in which the Board undertook several familiarisation tours to have a practical picture of the Agency's work and challenges.

The Board visited the Border offices in Mwami and Kazungula, which are both One-Stop Border posts with the latest infrastructure and competent conformity assessment officers on the ground. The Board visited Chanida border between Zambia and Mozambique, and Chirundu, which is between Zambia and Zimbabwe. The Board further visited offices in Chipata, Kabwe, Livingstone, Mongu, and ended the year 2023 with a visit to the Katima Mulilo border post in Sesheke District.

International orientation visits, which included benchmarking opportunities of Accreditation and conformity assessment bodies, were done in Kenya, Ethiopia and South Africa.

2024 promises to be the year in which the Board will enhance the Agency's compliance activities by providing the necessary governance support to source funds for pertinent activities and operations.

6.3. Compliance and Risk Assessment

Operations of the Compliance section commenced in March 2023 and saw the beginning of a robust trend of spot checks and joint activities on different product lines to ensure post-compliance of goods covered by Compulsory Standards. This also marked the beginning of Risk Assessment for purposes of building a database to launch risk-based inspections for more efficient and cutting-edge application of the conformity assessment tools under the Agency.

6.4. Forecast for 2024

The Agency intends to continue educating clients and the general public on compulsory standards. Members of the public need to understand the services rendered through compliance to these standards, and equally our clients, to understand the benefits of the built trust relationship that comes with a consistent application of quality assurance and adherence to the basic safety guidelines of producing, manufacturing and retailing in products covered by Compulsory Standards.

The Department hopes to facilitate the review of at least 25 percent of our current standards and the promulgation of about 40 new compulsory standards for better protection of the consumer and the environment.

In conclusion, the Agency, through the Legal and Compliance Department, has renewed vigour to pursue ZCSA's mandate through the emerging and existing innovations and resources available. The preparedness to adjust and respond to new challenges ensures that the Agency remains a relevant stakeholder in the Government's programme to standardise and ensure the protection of the consumers and the environment.

Non-compliant products seized by ZCSA and Lusaka City Council inspectors in Lusaka.

Assorted products seized by ZCSA and Lusaka City Council inspectors in Lusaka.

Internal Audit

"The Internal Audit programme for the financial year ended 2023 delivered 25 assurance and advisory engagements, which focused on mandatory reviews and those with significant risks for the Agency."

7.0. Internal Audit

The Internal Audit (IA) Unit is an independent function within the Zambia Compulsory Standards Agency (ZCSA)'s corporate governance structure, with dual reporting roles i.e. functionally to the Audit and Risk Committee and administratively to the Office of the Executive Director.

The role of IA is to support, protect and enhance the delivery of the Agency's mandate by providing an objective assessment, assurance, advice and insight regarding corporate performance, governance, risk management and internal controls. In the course of its work, the IA Unit works closely with other departments to strengthen operational effectiveness within the Agency.

To achieve greater accountability over the IA functions, the Agency Management is responsible for the implementation of recommendations, which are then monitored and tracked by the Unit. The work of IA is reviewed by the Audit and Risk Committee, which provides an independent appraisal of the IA function.

7.1. Work Programme Overview

7.1.1. Internal Audit Products

Internal Audit provides both assurance and advisory services to provide audit, assurance and advisory reviews. The output from each audit engagement is primarily determined by the maturity of the process to be reviewed and the results of the needs assessment.

The IA programme for the financial year (FY) ended 2023 delivered 25 assurance and advisory engagements, which focused on mandatory reviews and those with significant risks for the Agency.
The work programme covered operations, corporate and administrative areas. Given the processes across the institution, the IA FY23 work programme provided an adequate mix of audits, assurance reviews, and advisory reviews that balance IA's primary role as a provider of assurance with the delivery of additional consulting services.

7.1.2. Governance and Management

Following the appointment of the Agency's Board, and subsequently the Audit and Risk Committee, the following guidance documentation was approved by the Committee in 2023:

a. Audit and Risk Committee Charter
b. Risk Management Policy

7.1.3. Enterprise Risk Management

The Agency has implemented an Enterprise Risk Management (ERM) programme. During the year, mitigation measures for the risks identified were monitored and the overall risk profile of the Agency continued to improve.

To address the threats and enhance resilience, the Agency has integrated ERM with the Strategic Plan 2022 -2026. The Agency is cognisant of the emerging risk brought about by a changing business environment and realises the need to adapt to surrounding vulnerabilities to be able to deliver on its mandate.

7.2. Focus for the financial year 2024

The core mandate of IA remains the same – to provide an independent view on whether processes for managing risks and overall governance of these processes are adequately designed and functioning effectively.

To position itself to support the Agency to be as effective as possible and in maintaining strong controls and governance, IA will:

- Adapt the IA audit methodology and internal processes to improve efficiencies so that the IA function can be more nimble and responsive, and add more value to assignments undertaken.
- Continue to deepen collaboration across ZCSA to ultimately provide Senior Management and the Board a holistic and comprehensive picture of key risks across who owns them, and how robustly they are managed.
- Increase our service delivery scope and provide more real-time insight, advice, and foresight.
- Advocate to equip our staff with skills and training, to increase their business knowledge and keep up with the latest industry standards and developments.

7.3. Audit Opinion

Sufficient assurance work was carried out to enable IA to form a reasonable conclusion on the adequacy and effectiveness of ZCSA's internal control environment. The ZCSA risk management and management control was assessed as 'Adequate' and audit testing demonstrated controls to be working in practice. Where weaknesses were identified through internal audit reviews, IA worked with Management to agree on appropriate corrective actions and a time scale for improvement.

The framework of governance was addressed with the appointment of the Board and the Audit and Risk Committee in April 2023.

Commerce, Trade and Industry Minister Chipoka Mulenga (right) stresses a point when addressing ZCSA Board members in Lusaka. This was when ZCSA Board members paid a courtesy call on the Minister, following their appointment.

ZCSA Board Members and Management after attending an induction workshop facilitated by the Institute of Directors in Lusaka.

Finance

"The Agency exceeded the non-tax revenue target collection by 40% during the period under review."

8.0. Finance

The major objective of the Finance Department is to ensure effective and efficient use of financial resources availed to the Agency as well as resource mobilization by coordinating 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 accordance with the provisions of the Law regarding Public Finance Management.

During the year under review, the department coordinated the collection of actual Non-Tax Revenue (NTR) of **ZMW401,995,328** against budget of **ZMW286,591,271** representing 40% above target.

The Agency received funding of **ZMW60,732,792** in the period under review from Ministry of Finance and National Planning through Appropriation in Aid (AIA). This represented 15% of the actual NTR collected during the period under review.

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Table 8.1 below shows a summary of the Non-Tax Revenue collected and the funding received under Appropriation in Aid (AIA) by the Agency during the period under review.

Table 8.1: Non-tax revenue collected vs funding received

Description	2023	2022
Non-Tax Revenue Collection (ZMW)-Target	286,591,271	225,426,056
Non-Tax Revenue Collection (ZMW)-Actual	401,995,328	351,286,309
Attainment rate	140%	155%
Appropriation in Aid (ZMW) -Allocation	60,732,792	56,132,790
Appropriation in Aid (ZMW) -Actual	60,732,792	56,132,790
Attainment rate	100%	100%
% of AIA against Actual NTR	15%	16%

The Agency exceeded the non-tax revenue collections by 40% during the period under review. Some of the reasons for the overperformance on non-tax revenues collected can be attributed to the following:

- Enhanced internal controls related to the collection of non-tax revenue.
- Implementation of the Government Service Bus (GSB) thereby enhancing access to Agency services by the clients.
- Enhanced monitoring of products covered by compulsory standards through the Zambia Electronic Single Window (ZESW) and the Single Payment Point (SPP). This has enabled the Agency to intervene and capture all related non-tax revenues.
- Enhanced the monitoring and verification of non-tax revenues reported by revenue-generating units through the Internal Audit Unit.

The next pages of the Annual Report give full highlights of the Agency's audited financial performance for the year 2023.

Financial Report

ZAMBIA COMPULSORY STANDARDS AGENCY

ZAMBIA COMPULSORY STANDARDS AGENCY

(ESTABLISHED UNDER COMPULSORY STANDARDS ACT NO 3 OF 2017)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2023

Zambia Compulsory Standards Agency
Corporate and Administration Information
for the year ended 31 December 2023

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

Board Members

Mr. Ian Besa Mupeta	Chairperson
Ms. Lucy Banda Shaputu	Vice Chairperson
Dr. Milapo Kamuwanga	Member
Mr. Cyprian R. Maluba	Member
Ms. Diana Mwewa	Member
Mr. Teddy Kavwanda	Member
Mr. Edwin Zimba	Member

Management Team

Mr. Gerald Chizinga	Executive Director
Mr. Francis Mwelwa	Manager- Domestic Quality Monitoring
Mr. Kasuba Kasengele	Acting Manager- Import Quality Monitoring
Mr. Boniface Chembe Zulu	Acting Manager- Human Resources and Administration
Ms. Chisola Mfula	Internal Audit Manager
Ms. Mutumu Nzala Mwape	Legal Counsel
Mr. Brian Nyembe Malangisha	Finance Manager

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 2023

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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 2023.

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. 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 2023 amounted to ZMW 16.7 million (2022: ZMW 6.317 million).

(b) Income

Total incoming resources for the year amounted to ZMW 60.732 million (2022: ZMW 56.132 million).

(c) Expenditure

Expenditure totalled ZMW 78.882 million (2022: ZMW 63.230 million).

The main operating costs were amortisation ZMW 0.3 million (2022: ZMW 0.3 million), Depreciation ZMW 3.5 million (2022: ZMW 2.2 million) costs of personnel ZMW 52.9 million (2022: ZMW 43.9 million) and recurrent expenditures ZMW 21.8 million (2022: ZMW 16.6 million).

(d) Capital Expenditure

Capital expenditure amounted to ZMW 2.6 million (2022: ZMW 9.8 million)

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- 11th April 2023
Ms. Lucy Banda Shaputu	-	Vice Chairperson 11th April 2023
Dr. Milapo Kamuwanga	-	Member 11th April 2023
Mr. Cyprian R. Maluba	-	Member 11th April 2023
Ms. Diana Mwewa	-	Member 17th May 2023
Mr. Teddy Kavwanda	-	Member 11th April 2023
Mr. Edwin Zimba	-	Member 11th April 2023

9. Executive Management

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

Mr. Gerald Chizinga	-	Executive Director
Mr. Francis Mwelwa	-	Manager- Domestic Quality Monitoring
Mr. Kasuba Kasengele	-	Acting Manager- Import Quality Monitoring
Mr. Boniface Chembe Zulu	-	Acting Manager- Human Resources and Administration
Ms. Chisola Mfula	-	Internal Audit Manager
Ms. Mutumu Nzala Mwape	-	Legal Counsel
Mr. Brian Nyembe Malangisha	-	Finance Manager

10. Pension Scheme

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

11. Related Party Transactions

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

12. Events Subsequent to the Reporting Period

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

13. Auditors

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

By order of the Board

Executive Director

Zambia Compulsory Standards Agency
Statement of Responsibility for Annual Financial Statements
For the year ended 31 December 2023

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 2023, 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 28th March, 2024 and are signed on its behalf by:

Board Chairperson **Executive Director**

28th March 2024

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 2023, 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 2023 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 1 to the financial statements, the Agency has recorded net liabilities amounting to ZMW 37.9 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.

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

- 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.

- 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.

Mark Daniels

Chartered Accountants
Lusaka

28th March **2024**

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

Statement of financial performance

	Notes	2023 ZMW	2022 ZMW
Revenue from Non-Exchange Transactions			
Grant income	19	**60,732,790**	56,132,791
Revenue from Exchange Transactions			
Other income	20	**1,436,264**	780,514
		62,169,054	56,913,305
Expenditure			
Direct costs	21	**296,599**	155,229
Depreciation	22	**3,549,603**	2,173,685
Amortisation	23	**316,256**	329,109
Employee costs and benefits	Appendix I	**52,931,370**	43,970,407
Recurrent costs	Appendix II	**21,787,866**	16,602,566
		78,881,694	63,230,996
Operating Results		**(16,712,640)**	(6,317,691)
Deficit for the year		**(16,712,640)**	(6,317,691)

The notes on pages 45 to 73 form an integral part of these financial statements

Statement of financial position

	Notes	2023 ZMW	2022 ZMW
ASSETS			
Non-current assets			
Property, plant and equipment	22	**13,089,852**	13,992,634
Intangible assets	23	**208,863**	525,119
		13,298,715	14,517,753
Current assets			
Inventory	24	**469,303**	264,172
Other financial assets	25	**966,015**	379,028
Cash and cash equivalents	26	**5,592,261**	13,785,385
		7,027,579	14,428,585
Total assets		**20,326,294**	28,946,338
FUNDS AND LIABILITIES			
Funds			
Revenue Reserves		**(17,597,358)**	(1,572,691)
		(17,597,358)	(1,572,691)
Current Liabilities			
Deferred income	27	**54,273**	1,514,340
Capital grants	28	**261,612**	521,331
Payables, Accruals and provisions	29	**32,758,916**	24,040,997
Employee-related payables	30	**4,848,851**	4,442,361
		37,923,652	30,519,028
Total Equity and Liabilities		**20,326,294**	28,946,338

The notes on pages 45 to 73 form an integral part of these financial statements

The financial statements on pages 41 to 73 were approved by the Board on 28th March 2024 and signed on its behalf by:

Board Chairperson **Executive Director**

Statement of changes in accumulated funds

	Revenue Reserves ZMW
Balance as at 1 January 2022	4,745,000
Deficit for the year	(6,317,691)
At 31 December 2022	**(1,572,691)**
At 1 January 2023	(1,572,691)
Prior year adjustments	687,973
Deficit for the year	(16,712,640)
At 31 December 2023	**(17,597,358)**

The notes on pages 45 to 73 form an integral part of these financial statements

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2023

Statement of cash flows

	Notes	2023 ZMW	2022 ZMW
Cash flow from operating activities			
Deficit for the year		**(16,712,640)**	(6,317,691)
-Prior year adjustment		**687,973**	-
-Depreciation	22	**3,549,603**	2,173,685
-Amortisation of software	23 (b)	**316,256**	329,109
-Deferred income amortisation	28	**(1,719,786)**	(324,451)
Changes in operating assets and liabilities			
-Increase in inventory		**(205,131)**	(264,172)
-(Increase)/decrease in other receivables		**(586,987)**	42,010
-Increase in payables		**9,124,409**	6,073,585
Cash (used in)/generated from operations		**(5,546,303)**	1,712,072
Cash flows from Investing activities			
Acquisition of assets	22	**(2,646,821)**	(10,128,154)
Grants received for asset purchases		**-**	342,084
Cash used in investing activities		**(2,646,821)**	(9,786,070)
Decrease in cash and cash equivalents		**(8,193,124)**	(8,073,997)
Opening cash and cash equivalents		**13,785,385**	21,859,383
Closing cash and cash equivalents		**5,592,261**	13,785,385
Represented by:			
Cash in hand and at bank	26	**5,592,261**	13,785,385
		5,592,261	13,785,385

The notes on pages 45 to 73 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 32.7 million and has an accumulated loss of ZMW 16.7 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 2023.

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 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023.

Title	Key requirements	Effective date*
IPSAS 41: Financial /Instruments	The objective of IPSAS 41 is to establish principles for the financial reporting of financial assets and liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an Entity's future cash flows. IPSAS 41 provides users of financial statements with more useful information than IPSAS 29, by: • Applying a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the and the objective for which the asset is **held**; • Applying a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and • Applying an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an Entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy.	1 January 2023
Amendments to Other IPSAS resulting from IPSAS 41, Financial Instruments	Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 5, to update the guidance related to the components of borrowing costs which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 30, regarding illustrative examples on hedging and credit risk which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 30, to update the guidance for accounting for financial guarantee contracts which were inadvertently omitted when IPSAS 41 was issued. Amendments to IPSAS 33, to update the guidance on classifying financial instruments on initial adoption of accrual basis IPSAS which were inadvertently omitted when IPSAS 41 was issued.	1 January 2023

Notes (continued)

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

(a) New standards and amendments-applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023.

Title	Key requirements	Effective date*
Other improvements to IPSAS	IPSAS 22 Disclosure of Financial Information about the General Government Sector. IPSAS 39: Employee Benefits: Now deletes the term composite social security benefits as it is no longer defined in IPSAS. IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.	1 January 2023

Notes (continued)

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

(a) New standards and amendments-applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023.

Title	Key requirements	Effective date*
Other improvements to IPSAS	IPSAS 22 Disclosure of Financial Information about the General Government Sector. IPSAS 39: Employee Benefits: Now deletes the term composite social security benefits as it is no longer defined in IPSAS. IPSAS 29: Financial instruments: Recognition and Measurement Standard no longer included in the 2021 IPSAS handbook as it is now superseded by IPSAS 41 which is applicable from 1st January 2023.	1 January 2023

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*
IPSAS 45, Property, Plant and Equipment	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. Paragraph AG3 of IPSAS 45 outlines distinguishing characteristics of a heritage asset in the following manner: □They have restrictions on their use and/or disposal. □They are irreplaceable; and □They have long and sometimes indefinite useful lives. While paragraph AG5 of IPSAS 45 listed out the following characteristics of infrastructure assets: □They are networks or systems; and □They have long useful lives.	*1 January 2025*
IPSAS 46, Measurement	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. 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. 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.	*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*
IPSAS 47, Revenue	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 transfers[4] and compelled transactions[5].[3] 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. 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". 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. 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.	*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***
IPSAS 48, Transfer Expenses	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. IPSAS 48 presents two accounting models based on the existence of a binding arrangement which are as follows: 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. Meanwhile, for transfer expense transaction with binding arrangements, paragraph 24 of IPSAS 48 requires an entity to recognise expenses when a transfer right asset[6] is derecognised or when a transfer obligation liability is recognised.	*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*
IPSAS 49, Retirement benefits	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] 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] 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. 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.	*1 January 2025*

(f) Early Adoption of Standards

The Entity did not early – adopt any new or amended standards in year 2023. 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. Assumptions were used in determining the provision for rehabilitation of landfill sites. Landfill areas are rehabilitated over years and the assumption was made that the areas stay the same in size for a number of years.

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.

Notes (continued)

12 Property, Plant and Equipment – IPSAS 17 (continued)

(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.

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.

Notes (continued)

15. Financial Instruments (continued)

(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.

(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.

Notes (continued)

15. Financial Instruments (continued)

(b) IPSAS 29: Financial Assets (continued)

(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 a 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;

(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.

Notes (continued)

15. Financial Instruments (continued)

(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.

(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 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.

Notes (continued)

15. Financial Instruments (continued)

(c) IPSAS 29: Financial liabilities (continued)

(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.

(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.

Notes (continued)

15. Financial Instruments (continued)

(c) IPSAS 29: Financial liabilities (continued)

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

(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 shorts 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.

17. Comparative figures

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

Notes (continued)

18. Budget information – IPSAS 24

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

Zambia Compulsory Standards Agency
Financial statements
For the year ended 31 December 2023

Notes (continued)

	2023 ZMW	2022 ZMW
19. Appropriation in Aid		
Appropriation in Aid	**60,732,790**	56,132,791
Appropriation from GRZ	**60,732,790**	56,132,791

(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	**(283,522)**	456,060
Amortised grant	**1,719,786**	324,454
	1,436,264	780,514

21. Cost of certification and testing

Sample containers seals and labels	**255,213**	29,029
Testing	**41,386**	126,200
	296,599	155,229

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 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	-	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)

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 2022	92,600	133,000	7,353,902	10,050	2,244,967	678,334	3,429,206	75,570	14,017,629
Additions	-		8,983,226	-	340,851	84,905	377,088	-	9,786,070
Disposals	-	-	(506,884)	-	-	-	-	-	(506,884)
Balance at 31 December 2022	**92,600**	**133,000**	**15,830,244**	**10,050**	**2,585,818**	**763,239**	**3,806,294**	**75,570**	**23,296,815**
Depreciation									
Balance at 1 January 2022	-	15,860	4,466,888	10,050	934,006	390,739	1,819,837	-	7,637,380
Depreciation and Amortization	-	2,660	1,424,948	-	201,960	125,417	418,700	-	2,173,685
Elimination of Disposal	-	-	(506,884)	-	-	-	-	-	(506,884)
Balance at 31 December 2022	**-**	**18,520**	**5,384,952**	**10,050**	**1,135,966**	**516,156**	**2,238,537**	**-**	**9,304,181**
Net Book Value									
Balance at 31 December 2021	**92,600**	**117,140**	**2,887,014**	**-**	**1,310,961**	**287,595**	**1,609,369**	**75,570**	**6,380,249**
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**

Notes (continued)

		2023	2022
		ZMW	ZMW
23.	**Intangible asset**		
(a)	**Analysis of balances**		
	Cost	**1,600,391**	1,072,994
	Additions	**-**	342,084
	Transferred from ZABS	**-**	185,313
	At 31 December	**1,600,391**	1,600,391
(b)	**Amortisation**		
	At beginning of the period	**1,075,271**	560,850
	Transferred from ZABS	**-**	185,313
	Charge for the year	**316,256**	329,109
	At 31 December	**1,391,528**	1,075,272
		208,863	525,119

24. Inventory

	2023	2022
Office Consumables	**469,303**	264,172
	469,303	264,172

25. Other Financial Assets

	2023	2022
Salary Advances	**571,949**	325,833
Staff loans and advances	**356,211**	53,375
Other receivables	**37,855**	(180)
	966,015	379,028

26. Cash and Cash Equivalents

	2023	2022
Bank Balances	**5,565,752**	13,784,028
Cash in Hand	**26,509**	1,357
	5,592,261	13,785,385

27. Deferred income

	2023	2022
At beginning of the year	**1,514,340**	1,514,340
Deferred income released	**-**	342,084
Transfer to capital grant	**(1,460,067)**	(342,084)
At end of the year	**54,273**	1,514,340

Notes (continued)

	2023 ZMW	2022 ZMW
28. Capital grants		
At beginning of the year	**521,331**	503,698
Transferred form deferred income	**1,460,067**	342,084
Transferred to income	**(1,719,786)**	(324,451)
Balance at end of the year	**261,612**	**521,331**
Total Amortisation		
Capital grant amortisation (Note 20)	**(1,719,786)**	(324,451)
Balance as at year end	**(1,719,786)**	(324,451)

29. Payables, Accruals and Provisions

	2023 ZMW	2022 ZMW
Payables	**774,260**	3,349,976
NAPSA	**(346,462)**	(409)
PAYE	**31,913,937**	20,343,230
Sundry Payables	**417,181**	348,200
Balance at Close of Year	**32,758,916**	24,040,997

30. Employee benefit obligations

	2023 ZMW	2022 ZMW
Current liability		
Provision for gratuity	**2,444,000**	2,427,043
Leave days	**2,399,901**	2,010,368
Pension contribution	**4,950**	4,950
	4,848,851	4,442,361

Notes (continued)

31. Financial instruments

The Agency faces exposure to the following financial risks:

(a) Total financial instruments

	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**	**32,758,916**
Total	-	-	**37,607,767**	**37,607,767**

	31 December 2022			
		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	379,028	-	-	379,028
-Cash and Equivalents	13,785,385	-	-	13,785,385
Total	14,164,413	-	-	14,164,413

	Liabilities at Fair Value through P & L	Other Financial Liabilities at Amortised Cost	Total
Liabilities as per statement of financial position			
Other Financial Liabilities	-	4,442,361	4,442,361
Trade and Other Payables	-	24,040,997	24,040,997
Total	-	28,483,358	28,483,358

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
		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**

		2022			
Bank and cash	Performing	12-Month ECL	13,785,385	-	13,785,385
Financial assets	Performing	Simplified Approach	379,028	-	379,028
			14,164,413	-	14,164,413

The Agency's primary credit exposure from liquidity of cash and cash equivalents amounted to ZMW 5.6 million (2022: ZMW 13.785 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 0.966 million** (2022: ZMW 0.379 million). The nature of services offered by the Agency means it does not have significant credit risk exposure to a single counterparty.

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.

	2023 ZMW	2022 ZMW
Government Funding received	**60,732,790**	56,132,791
Key Management remuneration	12,073,956.	4,681,987
Board Members	2,111,026	-
	14,184,982	4,681,987

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 rations as at 31 December 2023

	2023 ZMW	2022 ZMW
Debt	**-**	-
Cash	**(5,592,261)**	(13,785,385)
Net debt	**(5,592,261)**	(13,785,385)
Equity	**(17,597,358)**	(1,572,690)
Net debt to equity ratio	**31.78%**	876.55%

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

	2023 ZMW	2022 ZMW
Wages and Salaries		
Salaries & Wages	29,014,712	23,409,931
Housing Allowance	5,725,794	4,651,039
Acting Allowances	394,644	730,820
Fuel Allowances	1,647,944	1,419,845
Responsibility Allowances	12,612	17,826
Transport Allowances	2,314,462	1,894,531
Overtime	1,110,431	976,694
Casual & Temporal Wages	49,100	113,705
	40,269,699	33,214,391
Benefits		
Gratuity	2,078,493	2,062,032
Leave Pay & Benefits	3,477,999	2,784,182
NAPSA Employers Contribution	1,812,244	1,464,708
Pension Contributions	2,034,450	1,802,554
NHIMA	280,412	230,956
	9,683,598	8,344,432
Other Employee Costs		
Performance Bonuses	2,395,158	1,936,022
Medical Allowances	331,774	262,687
Lunch Allowances	157,061	125,795
Telephone Allowances	94,080	87,080
	2,978,073	2,411,584
	52,931,370	43,970,407

Appendix II

Recurrent expenditure

	2023 ZMW	2022 ZMW
Advertising & Promotions	-	69,214
Audit and Consultancy Services	130,400	470,690
Bank Charges & Commissions	88,749	69,880
Cleaning Materials & Expenses	205,695	173,415
Electricity	126,556	115,726
Entertainment	-	18,000
Equipment Accessories	9,755	1,585
Fuel & Lubricants	2,103,058	2,076,494
Insurance	467,563	496,831
Legal Fees	1,000	375
Newspaper and communication	35,178	-
Marketing & Public Relations Expenses	611,847	295,209
ZATP Expenses	-	(26,065)
Office & Meetings Expenses	244,882	292,171
Other Expenses	-	150,613
Standards, Periodicals and Manuals	28,807	
Postage, Post Box Rentals & Courier Services	438,835	360,894
Printing & Stationery	983,338	643,208
Recruitment Expenses	60,407	7,840
Rent & Rates	3,102,926	2,675,540
Renewal of Payroll Package Licenses	588,188	551,978
Repairs & Maintenance	851,594	1,819,392
Security Services	21,054	25,961
Staff Training	115,254	235,014
Staff Welfare	1,589,080	568,918
Subscriptions	(6,977)	740
Subsistence Allowances-Foreign	3,604,042	2,905,669
Subsistence Allowances-Local	621,956	149,020
Telephone, Fax, Email	1,017,018	1,425,903
Tender Meeting Sitting Allowances	-	2,000
Travel Expenses-Foreign	272,622	107,580
Travel Expenses-Local	1,027,848	261,762
Water & Sewerage	67,678	54,910
Workshop Expenses	962,338	599,399
Board expenses	2,111,027	-
Protective clothing	124,026	2,700
Workers Compensation	182,122	-
	21,787,866	16,602,566

ZAMBIA COMPULSORY STANDARDS AGENCY

"With Your Safety in Mind"

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