ZIPAR
Zambia Institute for Policy Analysis & Research

2025 FINANCIAL REPORT

MPH Chartered Accountants

zipar.org

Zambia Institute for Policy Analysis and Research

Financial Statements for the year ended
31 December 2025

MPH Chartered Accountants

Contents

Report of the Directors

The Directors of the Zambia Institute for Policy Analysis and Research ("The Institute") submit their report together with the audited financial statements of the Institute for the financial year ended 31st December 2025.

1. Organisation

The Zambia Institute for Policy Analysis and Research (ZIPAR) was registered in Zambia under the Societies Act Chapter 119 of the Laws of Zambia in 2006 and became operational in 2009. In accordance with Government Gazette Notice No. 1123 of 2021, ZIPAR was reclassified as a Grant-aided institution under the Ministry of Finance and National Planning.

2. Objectives and activities

ZIPAR is a Grant-aided body under the Ministry of Finance and National Planning, whose mandate is to conduct research and policy analysis to inform public policy.

3. Principal place of business

CSO Annex Building
Cnr John Mbita and Nationalist Roads,
Ridgeway,
Lusaka.

4. Directors

The Directors who held office during the year were as follows:

				Date Appointed
Ms.	Mwaka C. Mukubesa	-	Interim Chairperson	22 February 2023
Mr.	Bernard Kamphasa	-	Member	09 July 2013
Dr.	Osward Mungule	-	Member	12 June 2024
Ms.	Avet Mulonga	-	Member	03 April 2015
Mr.	Isaac Mwaipopo	-	Member	03 August 2015
Mr.	Musokotwane Sichizuwe	-	Member	11 April 2023
Mr.	Anthony Kabaghe	-	Member	10 November 2023
Dr.	Jonathan M Chipili	-	Member	04 September 2020
Dr.	Bona Chitah	-	Member	22 November 2022
Mr.	Zali Chikuba	-	Ex-Officio	01 May 2024

5. Management

Management is responsible for implementation of the core functions of the Institute. Management is composed of;

Zali Chikuba	-	Interim Executive Director
Malindi Msoni Chatora	-	Acting Senior Research Fellow
Charity B Mwansa	-	Finance & Admin Manager
Nchima Mulota	-	Audit & Risk Manager
John Mututwa	-	Research Fellow I
Mulima Nyambe Mubanga	-	Research Fellow I
Sarah Siamuchoka	-	Research Fellow I
Mbewe Kalikeka	-	Research Fellow I
Nazir Pandor	-	Business Development Manager (to June)
Emmanuel Muma	-	Business Development Manager (from June)
James Mulenga		Research Fellow I
Joseph Phiri		Research Fellow I
Penelope Chileshe		Knowledge Manager

6. Employees

ZIPAR had 37 full time employees at 31 December 2025 (31 December 2024 – 35) and total salaries and wages paid were K15,310,523 for the year ended 31 December 2025 (December 2024– K13,759,132). The average number of employees in each month for the year was as follows:

January	37
February	38
March	40
April	40
May	40
June	40
July	41
August	40
September	40
October	39
November	39
December	37

7. Financial results

The Institute's results for the year are as follows:

	2025	2024
	K	K
Income	**36,417,237**	35,057,755
Surplus for the Year	**334,721**	2,271,949

The Institute received income of K36,417,237 during the twelve months to 31 December 2025 compared to K35,057,755 for the previous 12 months. Research and Operating costs during the period amounted to K36,082,516 (2024 – K32,785,806) resulting into a surplus of K 334,721 (2024 surplus – K 2,271,949).

8. Plant and equipment

Additions to property, plant and equipment totaling K3,143,740 were made during the year (2024 – K2,473,421). In the opinion of the Directors, the fair value of plant and equipment is not less than the amount at which they are included in the financial statements.

9. Health and safety of employees

The Directors are aware of their responsibilities regarding the health and safety of employees and have put appropriate measures in place to safeguard the health and safety of employees. There were no fatalities during the year.

10. Donations

During the year, the Institute did not make any donations (2024 – Nil).

11. Related party transactions

The Institute has a common enterprise relationship with Government of the Republic of Zambia ("GRZ") and its departments. Other related party relationships and material balances that ZIPAR has with its related parties are listed in Note 24 to the financial statements.

12. Going concern

The Institute's current assets of K20,361,101 exceed its current liabilities of K5,643,402 as at 31 December 2025. The financial statements have been prepared on a going concern basis, which assumes that the Institute will be able to realize its assets and settle its liabilities in the normal course of business for the foreseeable future.

13. Other material facts, circumstances, and events

The Directors are not aware of any material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of the Institute's financial position or the results of its operations.

14. Sustainability related and climate related disclosures

The Institute has considered the requirements of IFRS S1 and IFRS S2 in reporting its financial and sustainability related reporting. Based on the Institute's assessment, sustainability related risks and climate related risks as outlined under these standards, are not material to the Institute's financial position or performance for the reporting period.

Report of the Directors *(continued)*

The Institute remains committed to monitoring sustainability related and climate related developments and will revisit their materiality in subsequent reporting periods should circumstances change.

15. Financial statements

The financial statements set out on pages 9 to 39 have been approved by the Directors.

The Auditors, Messrs. MPH Chartered Accountants have been appointed as Auditors for the period 2022 - 2025 and have expressed their willingness to continue in office.

On behalf of the Institute

The Societies Act chapter 119 of the Laws of Zambia requires the Directors to prepare financial statements for each financial year which give a true and fair view of the financial position of the Zambia Institute for Policy Analysis and Research and of its financial performance and its cash flows for the year then ended. In preparing such financial statements, Directors are responsible for;

- designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgments and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the International Financial Reporting Standards (IFRSs) and on the going concern basis unless it is inappropriate to presume that the Institute will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and enable them to ensure that the financial statements comply with the International Financial Reporting Standards (IFRSs) and the Societies Act Chapter 119 of the Laws of Zambia. They are also responsible for safeguarding the assets of the Institute and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that in their opinion;

- the financial statements give a true and fair view of the financial position of Zambia Institute for Policy Analysis and Research as of 31 December 2025, and of its financial performance and its cash flows for the year then ended;
- at the date of this statement there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they fall due; and
- the financial statements are drawn up in accordance with International Financial Reporting Standards and the requirements of the Societies Act, Chapter 119 of the Laws of Zambia.

Approval of the financial statements

The financial statements of ZIPAR as indicated above and set out on pages 9 to 39 were approved by the Board on 10th MARCH 2026 and were signed by:

Chairperson | **Executive Director**

Independent Auditor's Report

To the Board of Zambia Institute for Policy Analysis and Research

Report on the financial statements

Opinion

We have audited the financial statements of Zambia Institute for Policy Analysis and Research ("the Institute"), set out on pages 9 to 39, which comprise the Statement of Financial Position as at 31 December 2025, and the Statement of Comprehensive Income, the Statement of Changes in Accumulated Funds and the Statement of Cash Flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Institute's financial statements give a true and fair view of the financial position of ZIPAR as at December 31, 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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

Key audit matters

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

Responsibilities of Management and Those Charged with Governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 and those charged with governance are responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

Independent Auditor's Report *(continued)*

Auditor`s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Institute'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 organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

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

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

Independent Auditor's Report *(continued)*

Auditor`s responsibilities for the audit of the financial statements (continued)

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public benefits interest of such communication.

Other Information

The Directors are responsible for the other information included in the Annual Report. Other information includes all other aspects of the annual report and Supplementary Information to the financial statements. Our opinion on the financial statements does not cover other information and we do not express an audit opinion thereon. Our responsibility is to read the other information and consider whether the information therein is materially consistent with the financial statements. If based on our work, we conclude that there is a material misstatement; we are required to report that fact. We have nothing to report in this regard.

Report on other legal and regulatory requirements

We report that, in our opinion, the required accounting records, registers and other records relating to the Institute's accounts have been properly kept in accordance with the Societies Act, Chapter 119 of the Laws of Zambia.

MPH

MPH Chartered Accountants

Larry N Phiri (AUD/F000142)
Partner

10-03-2026
Lusaka, Zambia

Zambia Institute for Policy Analysis and Research

Financial Statements for the year ended 31 December 2025

Statement of Comprehensive Income

	Notes	2025 K	2024 K
INCOME			
Grant Income	12	**21,053,747**	21,053,747
		21,053,747	21,053,747
Other Operating Income			
Income from Consultancy		**13,585,229**	11,920,555
Interest Received		**354,856**	325,945
Foreign Exchange Gain		**254,673**	157,029
Other Income		**771,249**	1,202,997
Amortisation of Capital Grant		**397,482**	397,482
	13	**15,363,490**	14,004,008
Total Income		**36,417,237**	35,057,755
EXPENDITURE			
Research & Operating Expenses	Appendix	**36,082,516**	32,785,806
Surplus for the Year		**334,721**	2,271,949
Other Comprehensive Income		**-**	-
Total Comprehensive Income for the Year		**334,721**	2,271,949

The accounting policy information and notes on pages 13 to 39 are an integral part of these financial statements.

Statement of Financial Position

	Notes	2025 K	2024 K
ASSETS			
Non-Current Assets			
Plant & Equipment	16	**4,769,395**	2,821,404
Total Non-Current Assets		**4,769,395**	2,821,404
Current Assets			
Inventory	15	**199,894**	33,730
Research and Other Receivables	17	**6,847,640**	5,687,617
Short term Investment	19b	**3,500,000**	-
Cash and Bank Balances	19	**9,813,568**	15,292,947
Total Current Assets		**20,361,101**	21,014,294
TOTAL ASSETS		**25,130,496**	23,835,698
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated Funds and Reserves			
Accumulated Reserves	21	**17,026,691**	16,510,149
		17,026,691	16,510,149
Non-Current Liabilities			
Capital Grant	20	**397,602**	795,084
Employees Benefits	22b	**2,062,801**	1,403,745
		2,460,403	2,198,829
Current Liabilities			
Research and Other Payables		-	-
Provisions and Accruals	18	**62,698**	117,664
Contract Liabilities	18	**546,773**	553,335
Employees Benefits	22b	**5,030,031**	4,451,821
Cash and Bank Balances		**3,900**	3,900
Total Current Liabilities		**5,643,402**	5,126,720
TOTAL ACCUMULATED FUNDS AND LIABILITIES		**25,130,496**	23,835,698

The financial statements set out on pages 9 to 39 which have been prepared on a going concern basis, were approved by the Board on 10th MARCH 2026 and were signed by:

Chairperson **Executive Director**

The accounting policy information and notes on pages 13 to 39 are an integral part of these financial statements.

Statement of Changes in Accumulated Funds

	Accumulated Fund	Total
	K	K
1 January 2024	14,238,200	14,238,200
Surplus for the year	2,271,949	2,271,949
31 December 2024	16,510,149	16,510,149
1 January 2025	**16,691,970**	**16,691,970**
Surplus for the year	**334,721**	**194,122**
31 December 2025	**17,026,691**	**16,886,092**

31 December 2024 Reserves brought forward	16,510,149
Prior years NAPSA Adjustment	181,821
Opening for 1st January 2025	16,691,970

Accumulated Funds

The accumulated funds represent retained excess of income over expenditure for the current year and balances brought forward from previous years.

The accounting policy information and notes on pages 13 to 39 are an integral part of these financial statements.

Zambia Institute for Policy Analysis and Research

Financial Statements for the year ended 31 December 2025

Statement of Cash Flows

	Notes	2025 K	2024 K
Cash flows from Operating Activities			
Surplus for the Year		**334,721**	2,271,949
Depreciation	16	**1,184,008**	829,807
Interest Received	13	**(354,856)**	(325,945)
Amortisation of Capital Grant	20	**(397,482)**	(397,482)
Operating Cash flows before Movements in Working Capital		766,391	2,378,329
Movements in Working Capital			
Movement in Receivables & Prepayments	17	**(1,160,022)**	(2,351,237)
Movement in Payables & Accruals	18 & 22	**1,040,872**	(724,161)
Movement in Inventory	15	**166,164**	687
Cash Raised from Operations		**47,014**	(3,074,711)
Net Cash Flow From Operating Activities		**813,405**	(696,382)
Cash flows from Investing Activities			
Acquisition of Fixed Assets	16	**(3,143,740)**	(2,473,421)
Short term Investments		**(3,500,000)**	-
Interest Received	13	**354,856**	325,945
Net Cash out flows from Investing Activities		**(6,288,884)**	(2,147,476)
Net Increase in Cash and Cash Equivalents		**(5,475,479)**	(2,843,858)
Balance at 1 January		**15,289,047**	18,132,905
Cash and Cash Equivalents at end of the Year		**9,813,568**	15,289,047
Represented by:			
Cash and Bank Balances	19	**9,813,568**	15,289,047
Cash and Cash Equivalents at end of the Year		**9,813,568**	15,289,047

The accounting policy information and notes on pages 13 to 39 are an integral part of these financial statements.

1.1. Zambia Institute for Policy Analysis and Research

The Zambia Institute for Policy Analysis and Research was registered in Zambia under the Societies Act Chapter 119 of the Laws of Zambia in 2006 and became operational in 2009. In accordance with Government Gazette, Notice No. 1123 of 2021, ZIPAR was reclassified as a Grant-Aided Institution under the Ministry of Finance and National Planning.

The major funder during the year under audit is the Government of the Republic of Zambia.

1.2. Going concern

The financial statements have been prepared on a going concern basis, which assumes the Institute will be able to realize its assets and settle its liabilities in the normal course of business for the foreseeable future.

1.3. Transition to International Public Sector Accounting Standards (IPSAS)

The Institute is transitioning from International Financial Reporting Standards (IFRS) to International Public Sector Accounting Standards (IPSAS) due to its status as a grant-aided public sector institution.

Currently, the financial statements comply with IFRS. Management is evaluating the impact of adopting Accrual IPSAS, which involves reviewing accounting policies and disclosure requirements.

The Institute plans to adopt IPSAS in a future reporting period after completing necessary adjustments. While management does not anticipate significant changes to the financial position, some differences in presentation and disclosure may arise with full adoption.

2. Basis of preparation and accounting policies

Statement of compliance

The Institute's financial statements have been prepared in accordance with and comply with the International Financial Reporting Standards (IFRSs). The financial statements have been prepared on the basis of historical cost, unless stated otherwise. 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.

The financial statements which have been prepared on the accruals basis comprise the statement of comprehensive income, the statement of financial position, the statement of changes in funds, the statement of cash flows, and notes to the financial statements. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of comprehensive income.

Material Accounting Policy Information *(continued)*

Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the statement of comprehensive Income as required or permitted by IFRSs. Reclassification adjustments are amounts reclassified to Income and expenses in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Institute in their capacity as owners are recognised in the statement of changes in accumulated funds.

The accounting policies have been consistently applied to all the years presented.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

These financial statements are presented in Zambian Kwacha ("Kwacha"), which is the Institute's functional currency and presentation currency.

3. New Standards and interpretations

3.1 New standard, interpretations, and amendments effective from 1 January 2025 and their impact

In the current year, a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) have become effective and are mandatorily effective for an accounting period that begins on or after 1 January 2025. These include:

(i) *Lack of Exchangeability (Amendments to IAS 21)*

The amendments specify how to assess whether a currency is exchangeable, and how to determine the exchange rate when it is not.

This amendment, relating to *Lack of Exchangeability (IAS 21)*, does not apply to the Institute's circumstances and therefore has had no impact on the disclosures or amounts reported in these financial statements.

(ii) *IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* and *IFRS S2 Climate-related Disclosures*

IFRS S1 and IFRS S2 establish a framework for sustainability and climate-related reporting. Although the IASB set a global effective date of 1 January 2024, the Zambia Institute of Chartered Accountants (ZICA) deferred implementation locally until 1 January 2025.

IFRS S1 establishes general requirements for entities to disclose sustainability-related financial information, covering governance, strategy, risk management, and performance in relation to sustainability risks and opportunities. IFRS S2 builds on this framework by requiring specific disclosures about climate-related risks and opportunities, including governance processes, strategic responses, risk identification and monitoring, and performance against climate targets. Together, these standards aim to provide users of financial statements with transparent information about sustainability and climate matters that could reasonably affect cash flows, access to finance, or cost of capital.

The Institute has not adopted IFRS S1 and IFRS S2 in the current financial statements. Management is continuing to evaluate their applicability and potential impact, but at present, they are not expected to have a material effect on the disclosures or amounts reported.

3. New Standards and interpretations*(continued)*

3.2 New and revised IFRS Accounting Standards in issue but not yet effective

The following standards and amendments are effective for the annual period beginning 1 January 2026 or later: The Board is yet to assess the impact that the new standards and amendments will have on the Institute.

(i) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)

These amendments relate to the classification and measurement of financial instruments, including financial assets with ESG-linked features and the settlement of financial liabilities by electronic payments. They aim to improve the relevance and reliability of financial information related to financial instruments.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026.

(ii) Annual Improvements to IFRS Accounting Standards – Volume 11

These amendments form part of the IASB's annual process to make targeted, non-substantive changes that clarify wording, correct minor inconsistencies, and improve overall usability of the standards. Volume 11 includes amendments to:

- ***IFRS 1 First-time Adoption of IFRS*** – clarification of exemptions and transition provisions.
- ***IFRS 7 Financial Instruments: Disclosures*** – minor updates to disclosure requirements.
- ***IAS 7 Statement of Cash Flows*** – clarification of presentation and classification guidance.
- ***IAS 34 Interim Financial Reporting*** – improvements to interim disclosure consistency.

These amendments are effective for annual reporting periods beginning on or after **1 January 2026,** with earlier application permitted.

(iii) IFRS 9 and IFRS 7 – contracts referencing nature- dependent electricity prices

The amendments specifically address the classification and disclosure of financial instruments whose cash flows depend on non-financial variables such as weather conditions that affect electricity prices. The IASB clarified how the SPPI test (solely payments of principal and interest) should be applied in these cases and required enhanced disclosures about risks and variability.

These amendments are effective for annual reporting periods beginning on or after 1 January 2026.

3. New Standards and interpretations*(continued)*

3.2 New *and revised IFRSs in issue but not yet effective*

(iv) IFRS 18 Presentation and Disclosure in Financial Statements

This new standard replaces IAS 1 and provides comprehensive guidance on the presentation and disclosure of financial statements. It aims to improve the clarity, comparability, and usefulness of financial statements by providing a consistent framework for presentation and disclosure.

This standard is effective for annual reporting periods beginning on or after 1 January 2027.

***(v)* IAS 21 – Transition to Hyperinflationary Presentation Currency**

These amendments require entities to restate comparative information into the hyperinflationary presentation currency when such a transition occurs, ensuring consistency and comparability of financial statements. Entities must also disclose the rationale for the transition, the methodology applied, and the impact on financial position, performance, and cash flows.

These amendments are effective for annual reporting periods beginning on or after **1 January 2027,** with earlier application permitted.

(vi) IFRS 19 Subsidiaries without Public Accountability: Disclosures

This optional standard permits certain entities to reduce the disclosures they are required to provide in financial statements. It aims to simplify the reporting requirements for subsidiaries without public accountability while maintaining the relevance and reliability of financial information.

This standard is effective for annual reporting periods beginning on or after1 January 2027.

4. Income recognition

The Institute receives a monthly grant from the Government of the Republic of Zambia to support its operational activities.
Income is recognised on an accrual basis. Government grants are recognised as Income when the Institute obtains control of the resources and, where applicable, any conditions attached to the grant have been satisfied.
Income comprises government grant funding and Income earned from consultancy services rendered during the year.

Government Grants

Government grants are recognised in accordance with **IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance.**

Government grants are recognised when there is reasonable assurance that:

- The Institute will comply with the conditions attaching to them; and
- The grants will be received.

Grants related to income are recognised in profit or loss on a systematic basis over the periods in which the Institute recognises as expenses the related costs for which the grants are intended to compensate.

Grants related to the acquisition of property, plant and equipment are recognised as deferred income and presented as a liability in the Statement of Financial Position. They are recognised in profit or loss on a systematic basis over the useful lives of the related assets.

Government grants that become receivable as compensation for expenses or losses already incurred, or for the purpose of giving immediate financial support with no future related costs, are recognised in profit or loss in the period in which they become receivable.

5. Plant and equipment

Plant and equipment revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially to those that may be determined using fair values at the end of each reporting period.
Depreciation is calculated to allocate the cost of plant and equipment on a straight-line basis over the expected useful lives of the assets concerned and is recognised in comprehensive income. The estimated useful lives of plant and equipment for the current and comparative years are as follows:

Asset class	Rate
Motor Vehicles	20%
Computer Equipment	25% & 33.3%
Office Equipment	20%
Furniture and Fittings	20%
Plant and Equipment	16.7%

5. Plant and equipment *(continued)*

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

6. Intangible assets

Recognition and measurement

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired is their fair value at the date of acquisition. 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.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on any internally generated goodwill and brands, is recognised in Comprehensive Income as incurred.

Amortisation

Intangible assets are amortised on a straight-line basis in Comprehensive Income over the estimated useful lives of each component. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

6.1. Financial instruments

Financial assets and financial liabilities are recognised in the Institute's statement of financial position when the Institute becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Comprehensive Income are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Comprehensive Income are recognized immediately in the statement of comprehensive income.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

6. Intangible assets *(continued)*

6.1. Financial instruments *(continued)*

Financial assets *(continued)*

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in Comprehensive Income. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to Comprehensive Income.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Institute are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Institute, are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Institute manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

6. Intangible assets *(continued)*

6.1. Financial instruments *(continued)*

Financial liabilities *(continued)*

Financial liabilities at FVTPL *(continued)*

- A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
  - such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
  - the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Institute's
  - documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
  - it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

- Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in comprehensive income to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in income statement incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in comprehensive income.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in comprehensive income. The remaining amount of change in the fair value of a liability is recognised in comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to Comprehensive Income; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Institute that are designated by the Institute as at FVTPL are recognised in Comprehensive Income.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective

interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that

6. Intangible assets *(continued)*

6.1. Financial instruments *(continued)*

Financial liabilities *(continued)*

Financial liabilities measured subsequently at amortized cost *(continued)*

exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the Income recognition policies set out above.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in comprehensive income for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in comprehensive income for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Institute derecognises financial liabilities when, and only when, the Institute's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in comprehensive income.

6. Intangible assets *(continued)*

6.1. Financial instruments *(continued)*

Financial liabilities *(continued)*

Derecognition of financial liabilities *(continued)*

When the Institute exchanges with the existing lender one debt instrument into another one with substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Institute accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in Comprehensive Income as a modification gain or loss within other gains and losses.

Derivative financial instruments

ZIPAR does not enter into any derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

Financial assets

The carrying amounts of the ZIPAR's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in Comprehensive Income.

i) Calculation of recoverable amount

Impairment losses on investment securities at amortised cost are recognised by transferring the cumulative loss that has been recognised directly in reserves to Comprehensive Income. The cumulative loss that is removed from reserves and recognised in Comprehensive Income is the difference between the acquisition costs, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in Comprehensive Income. Changes in impairment provisions attributable to time value are reflected as a omponent of interest income.

If in a subsequent period, the fair value of an impaired debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in Comprehensive Income, then the impairment loss is reversed with the amount of the reversal recognised in Comprehensive Income

6. Intangible assets *(continued)*

6.1. Financial instruments *(continued)*

Financial liabilities *(continued)*

Derivative financial instruments *(continued)*

ii) Reversals of impairment

An impairment loss in respect of investment securities at amortised cost or receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

Non-financial assets

The carrying amounts of the Institute's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. 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 or amortisation, if no impairment loss had been recognised.

7. Foreign currencies

Transactions and balances

In preparing the financial statements of the Institute, transactions in currencies other than the Institute's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.
Exchange differences on monetary items are recognised in Compressive Income in the period in which they arise.

8. Retirement benefit obligations

The Institute`s staff are entitled to gratuity and other terminal benefits.

i) *Defined contribution plans*

A defined contribution plan is a retirement benefit plan under which the Institute pays fixed contributions into a separate entity. The Institute has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to the defined contribution plan are recognised as an employee benefit expense in Comprehensive Income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Institute and its employees contribute to the National Pension Scheme, which is a defined contribution scheme.

ii) Short-term and long-term benefits

The cost of all short-term employee benefits, such as salaries, accumulated leave, bonuses, medical and other contributions is recognised in income statement in the period in which the employee renders the related service.

The Institute's obligation in respect of long-term service benefits, other than pension plans and post-retirement medical benefits is recognised in Comprehensive Income in the period in which the employee renders the related service.

iii) *Separation pay*

Termination benefits are payable when an employee's employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Institute recognises termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

8. Retirement benefit obligations *(continued)*

iv) *Gratuity*

For fixed term contract employees, a gratuity is payable at the end of the contract. Contract period was 3 years, and reviewed to 5 years as per Emoluments Commission Directive note 8.3 under the rationalized conditions of service. Gratuity is expensed to comprehensive income in the period the service is rendered.

9. Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventory is based on the first-in-first-out principle, and includes expenditure incurred in acquiring the inventories and costs incurred in bringing them to their existing location and condition. Inventories are recognised as an expense when deployed for utilisation or consumption in the ordinary course of operations of the Institute.

10. Cash flow statement

For the purposes of the Statement of Cash flows, cash and cash equivalents mainly comprises of cash on hand, demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value.

11. Critical accounting estimates and judgments

Critical judgments in applying accounting policies

In the application of the Institute's accounting policies, which are described above, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.
The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Calculation of loss allowance on receivables

The following are the critical judgments, apart from those involving estimations, that the Directors have made in the process of applying the Institute's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

When measuring credit losses, the Institute uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

The preparation of the Institute's financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the reported amounts of Incomes, 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

11. Critical accounting estimates and judgments *(continued)*

Calculation of loss allowance on receivables (continued)

asset or liability affected in future periods. Areas of judgment that have the most significant effect on the financial statements:

i). Grant accounting and amortization.
ii). Estimation of asset lives and carrying values.
iii). Determination of fair values of non-current assets.
iv). Provisions and contingencies.
v). Estimation of employee related provisions and post-retirement benefits.

Key sources of estimation uncertainty

The following are 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.

Fair values

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Institute takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
ii) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and
iii) Level 3 inputs are unobservable inputs for the asset or liability.

Estimates of asset lives, residual values and depreciation methods

The Directors review the estimated useful lives of property, plant and equipment at the end of each annual reporting period to determine the appropriate level of depreciation and whether there is any indication that those assets have suffered an impairment loss.

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

11. Critical accounting estimates and judgments *(continued)*

Estimates of asset lives, residual values and depreciation methods (continued)

i) The condition of the asset based on the assessment of experts employed by the Institute;
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 to the Financial Statements

	2025 K	2024 K
12. Income		
Appropriations from GRZ	**21,053,747**	21,053,747
13. Other Income		
Income from Consultancy	**13,585,229**	11,920,555
Interest Received	**354,856**	325,945
Exchange Gains	**254,673**	157,029
Other Income	**771,250**	1,202,997
Amortisation of Capital Grant	**397,482**	397,482
	15,363,490	14,004,008
14. Employee Costs		
Salaries and Wages	**15,310,523**	13,759,132
Staff Training Costs	**316,221**	112,751
Staff Welfare	**1,544,530**	1,472,172
Gratuity	**2,487,368**	2,644,475
Leave Pay	**916,743**	367,439
NAPSA Contribution -	**645,224**	679,809
Workers Compensation	**35,575**	22,923
NHIMA - Employer's Contribution	**116,975**	88,095
	21,373,159	19,146,796
15. Inventory		
Opening Inventory 1 January	**33,730**	34,417
Adjustment		(687)
Stationery and consumables	**166,164**	-
Inventory at 31 December 2025	**199,894**	33,730

Inventory consists primarily of stationery and consumables and is stated at the lower of cost and net realisable value.

16 Plant and Equipment

2025	Land and Buildings	Plant & Machinery	Motor Vehicles	Computer Equipment	Furniture & Fittings	Office Equipment	Total
	K	K	K	K	K	K	K
Cost							
1 January 2025	-	188,315	3,565,855	2,639,478	583,656	943,172	7,920,475
Additions for the Year	347,709	-	1,595,570	655,229	197,200	348,032	3,143,740
Disposals			(760,490)			(11,740)	(772,230)
31 December 2025	**347,709**	**188,315**	**4,400,935**	**3,294,707**	**780,856**	**1,279,463**	**10,291,985**
Accumulated Depreciation							
1 January 2025	-	174,852	2,175,855	1,764,784	482,216	501,364	5,099,071
Charge for the Year	3,477	1,261	439,971	217,781	201,998	331,260	1,195,748
Disposals			(760,490)			(11,740)	(772,230)
31 December 2025	**3,477**	**176,114**	**1,855,336**	**1,982,565**	**684,212**	**820,885**	**5,522,589**
Net Book Value							
31 December 2025	**344,232**	**12,201**	**2,545,599**	**1,312,142**	**96,644**	**458,578**	**4,769,396**
31 December 2024	-	13,463	1,390,000	874,693	101,441	441,807	2,821,404

Property, plant and equipment includes assets with a cost of K2,704,927 which were fully depreciated as at 31 December 2025 (2024: K3,474,325).

16. Plant and Equipment (continued)

2024	Plant & Machinery	Motor Vehicles	Computer Equipment	Furniture & Fittings	Office Equipment	Total
	K	K	K	K	K	K
Cost						
1 January 2024	188,315	1,897,855	2,135,198	578,756	646,930	**5,447,054**
Additions for the Year	-	1,668,000	504,280	4,900	296,242	**2,473,421**
31 December 2024	**188,315**	3,565,855	**2,639,478**	**583,656**	**943,172**	**7,920,475**
Accumulated Depreciation						
1 January 2024	173,591	1,897,855	1,336,240	468,586	392,992	**4,269,264**
Charge for the Year	1,261	278,000	428,544	13,630	108,372	**829,807**
31 December 2024	**174,852**	2,175,855	**1,764,784**	**482,216**	**501,364**	**5,099,071**
Net Book Value						
31 December 2024	**13,463**	**1,390,000**	**874,693**	**101,441**	**441,807**	**2,821,404**
31 December 2023	14,724	-	798,958	110,170	253,938	1,177,790

Notes to the Financial Statements *(continued)*

	2025 K	2024 K
17. Research and Other Receivables		
Trade Receivables	**4,319,869**	3,998,774
Other Receivables	**1,737,390**	1,576,400
Prepayments	**790,381**	112,443
	6,847,640	5,687,617
18. Payables and Accruals		
Research and Other Payables	-	-
Provisions and Accruals	**62,698**	117,664
Statutory Obligations	**546,773**	553,335
	609,471	670,999
19. Cash and Cash Equivalents		
Zanaco Gratuity B Account	**369,816**	1,760,075
BDU Indo Zambia Bank	**4,430,888**	2,683,566
Indo Zambia Bank-GRZ	**4,396,091**	10,459,314
ZICB - BDU	**183,554**	183,570
Indo Bank Loan Revolving	**433,218**	206,422
	9,813,568	15,292,947
**Standard Chartered Bank	-	(3,900)
	9,813,568	15,289,047

**The standard chartered bank credit in 2024 were charges in an account and closed in 2025 when phasing out retail banking.

19b. Term Deposit	**2025** **K**	2024 K
ZICB	**1,500,000**	-
ZANACO	**2,000,000**	-
Total Fixed deposits	**3,500,000**	-

Deposit refers to the short-term deposit that was placed with ZANACO and ZICB but had not matured at the year end.

20. Capital Grants		
At 1 January	**795,084**	1,192,566
Addition	-	-
Amortisation	**(397,482)**	(397,482)
At 31 December	**397,602**	795,084

Notes to the Financial Statements *(continued)*

	2025 K	2024 K
21. Accumulated Funds and Reserves		
Accumulated Fund	**16,691,970**	14,238,200
Retained Earnings	**194,122**	2,271,949
	16,886,092	16,510,149
Add: Prior year adjustment- NAPSA		181,821
Reserves as at 1 January 2025		16,691,970

22.(a) Employee Benefits

	2025 K	2024 K
Gratuity Payable	**6,322,497**	4,409,970
Leave Pay	**770,335**	1,445,597
At 31 December	**7,092,932**	5,855,566

22.(b) Employee Benefits

	2025 K	2024 K
Payable after one year		
Gratuity Payable after one year	**2,062,801**	1,403,745
Payable within one year		
Gratuity Payable within one year	**4,259,696**	3,006,224
Leave Pay	**770,335**	1,445,597
	5,030,031	4,451,821
At 31 December	**7,092,832**	5,855,566

23. Financial instruments – Risk management

The Institute has exposure to the following risks from its use of financial instruments:

- credit risk
- market risk; and
- liquidity risk

Risk management framework

The Board has overall responsibility for the establishment and oversight of the Institute's risk management framework. The Board's risk management policies are established to identify and analyse the risks faced by the Institute, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Institute's activities. The Board oversees how management monitors compliance with the Institute's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Institute.

23. Financial instruments – Risk management *(continued)*

Risk management framework *(continued)*

The carrying amount of the Institute's financial instruments by classification is as follows:

Categories of Financial Instruments	**2025**	2024
Financial Assets	**K**	K
Receivables	**6,847,640**	5,687,617
Cash and Cash Equivalents	**9,813,568**	15,289,047
	16,661,208	20,976,664
Financial Liabilities		
Payables and Accruals	**613,371**	670,999
Capital Grant	**397,602**	795,084
Other Liabilities	**7,092,832**	5,855,566
	8,103,805	7,321,649

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Institute. The Institute has adopted a policy of only dealing with creditworthy counterparties and obtaining an advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults. Financial assets which potentially subject the Institute to concentrations of credit risk, consist principally of trade receivables and cash balances.

The Institute's exposure to credit risk is influenced mainly by individual characteristics of each customer or counterparty. The demographics of the Institute's customer base, including the default risk does not have a significant influence on credit risk. Geographically there is no concentration of credit risk.

No collateral is required in respect of financial assets. Management has a policy in place and the exposure to credit risks is monitored on an on-going basis.

The receivables from employees in respect of salary advances and staff loans are recoverable at source through payroll by the Institute over a period of 3 months for salary advances, and staff loans recovery is made by equal monthly payroll deductions for a period specified in the loan application form. The deductions begin from the month following the one in which the loan was granted.

The Institute uses a provision matrix to measure the expected credit loss of receivables. Based on the environment in which the entity operates, management considers that trade receivables are credit impaired if the payments are more than 120 days past due.

23. Financial instruments – Risk management *(continued)*

(i) Credit risk management *(continued)*

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Credit Risk Exposure		
Receivables	**6,057,259**	5,575,174
Prepayments	**790,381**	112,443
Cash and Cash Equivalents	**9,813,568**	15,289,047
	16,661,208	20,976,664

(ii) Market risk

The Institute's activities expose it primarily to the financial risk of changes in foreign currency exchange rates (see below). The Institute does not trade in any derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk.

There has been no change to the Institute's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Institute undertakes certain transactions dominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board.

(iii) Interest rate risk

The Institute is exposed to interest rate risk arising from its short-term fixed deposits. As at 31 December 2025, the Institute held fixed deposits of K1,500,000 with ZICB at an interest rate of 11% and K2,000,000 with ZANACO at an interest rate of 9%, both maturing in January 2026.

These deposits are placed at fixed interest rates and therefore are not exposed to fluctuations in market interest rates during the investment term. The Institute's exposure to interest rate risk is limited to reinvestment risk upon maturity of the deposits.

Notes to the Financial Statements *(continued)*

(i) Credit risk management *(continued)*

Interest rate risk management

The exposure to interest rate risk is reviewed regularly by management to align with interest rate reviews and defined risk appetite, by either positioning the statement of financial position or protecting interest expense through different interest rate cycles.

The Institute's exposure to interest rate is low as they do not have interest bearing borrowings and invest in fixed interest-bearing investments.

(iv) **Liquidity risk management**

Liquidity risk is the risk that the Institute will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Institute`s approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Institute`s reputation.

The Institute aims to maintain a sufficient level of liquidity to meet its contractual repayments.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Institute's short, medium and long-term funding and liquidity management requirements. The Board manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

The following table details the Institute's remaining period for contractual maturity of its non-derivative financial assets and liabilities. The table below has been drawn up based on the contractual maturities of the financial assets and liabilities.

Notes to the Financial Statements (*continued*)

(iv) Liquidity risk management (continued)

2025	**1 - 3 months**	**3 months - 1 year**	**1 - 5 years**	**Total**
	K	**K**	**K**	**K**
Liabilities				
Contract Liabilities	546,773	-	-	**546,773**
Research and Other Payables	-	62,698	7,494,334	**7,557,032**
	546,773	**62,698**	**7,494,334**	**8,103,805**
Assets				
Cash and Cash Equivalents	9,813,568	-	-	**9,813,568**
Receivables	4,319,869	321,317	1,416,072	**6,057,259**
Prepayments	790,381	-	-	**790,381**
	14,923,818	**321,317**	**1,416,072**	**16,661,208**

2024	1 - 3 months	3 months - 1 year	1 - 5 years	Total
	K	K	K	K
Liabilities				
Contract Liabilities	553,335	-	-	553,335
Research and Other Payables	-	117,664	6,654,550	6,772,214
	553,335	117,664	6,654,550	7,325,549
Assets				
Cash and Cash Equivalents	15,289,047	-	-	15,289,047
Receivables	3,998,774	88,361	1,488,039	5,575,174
Prepayments	112,443	-	-	112,443
	19,134,619	88,361	1,488,039	20,976,664

Fair value measurements

The information set out below provides information about how the Institute determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Lusaka Stock Exchange).
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 — Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

23. Financial instruments- Risk management *(continued)*

Fair value measurements *(continued)*

This hierarchy requires the use of observable market data when available. The Institute considers relevant and observable market prices in its valuations where possible.

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period. The Institute considers that the carrying amounts of financial assets and financial liabilities recognised in the -financial statements approximate their fair values.

24. Related party transactions

The Institute undertakes to disclose the nature of related party relationships, and types of transactions necessary for the understanding of the annual financial statements.

In the context of the Institute, related party transactions include any transactions carried out with any of the following:

- Government ministries and parastatals;
- The Board; and
- Key management personnel.

The transactions to be reported are those that affect the Institute in making financial and operating decisions.

i) Transactions during the year

a) Income grants received from related parties	**2025**	2024
	K	K
Government funding received	**21,053,747**	21,053,747

b) Compensation of Directors and key management personnel

The remuneration of Directors and key management is determined by the Institute having regard to funding and market trends.
The remuneration of the Board and key management during the year was as follow

	2025	2024
	K	K
Directors' remuneration	-	-
Board expenses	**486,970**	648,499
Key management compensation	**7,535,249**	3,790,520

24. Related party transactions *(continued)*

	2025	2024	
(i) Balances due to/from related parties	**K**	K	
(a) Balances due to/from key management:			
• Loans due from key management personnel	**266,196**	428,776	22
• Gratuity due to key management personnel	**1,284,415**	3,349,055	2,9
• Leave pay due to key management personnel	**416,534**	342,202	3

25. Contingent liabilities

The Institute had no contingent liabilities as at 31^{st} December 2025 (2024 – Nil).

26. Capital commitments

The Institute had no capital commitments as at the year-end (2024 – Nil).

27. Events after the reporting date

The Institute 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 Institute, the results of those operations or the state of affairs of the Institute in subsequent financial periods.

28. Comparative figures

Comparative figures, where necessary have been reclassified to allow meaningful comparisons with the current year.

Appendix 1: Detailed Statement of Comprehensive Income

	Note	2025 K	2024 K
INCOME			
GRZ Grant Received		**21,053,747**	21,053,747
	12	**21,053,747**	21,053,747
OTHER INCOME			
Income from Consultancy		**13,585,229**	11,920,555
Interest Received		**203,179**	325,945
Exchange Gains		**254,673**	157,029
Interest Earned from Staff Loans		**151,677**	105,478
Other Income		**771,250**	1,202,997
Amortisation of Capital Grant		**397,482**	397,482
	13	**15,363,490**	14,004,008
TOTAL INCOME		**36,417,237**	35,057,755
RESEARCH AND OTHER EXPENDITURE			
Bank Charges		**32,292**	30,046
Cleaning & Sanitation		**35,654**	41,077
Fuel & Oils		**189,030**	306,673
Computer Expenses		**660,662**	325,984
Courier & Postage		**-**	16,883
Depreciation		**1,184,008**	829,807
Electricity & Water		**150,000**	129,500
Policy Dialogue & Dissemination		**1,652,058**	564,534
Staff Training		**316,221**	112,751
Research Studies and Activities		**6,579,233**	7,073,578
Conferences & Seminars		**843,541**	1,066,378
FAO Data Collection		**-**	412,305
Insurance		**208,469**	289,253
Audit Fees		**116,966**	21,600
Board Expenses		**486,970**	648,499
Procurement		**12,000**	11,000
Recruitment		**-**	153,602
Professional Fees		**27,107**	221,219
Magazines & Journals		**396,659**	30,220
Motor Vehicle Expenses		**68,904**	32,743
Printing & Stationery		**451,427**	380,779
Exchange Loss		**2,439**	278,133
R & M - Motor Vehicle		**394,794**	278,133
R & M - Computer		**8,400**	21,540
R & M - Furniture,		**41,774**	50,198
Transport Allowance		**15,418**	33,034
SUB-TOTAL		**14,033,426**	13,219,474

Appendix 1: Detailed Statement of Comprehensive Income *(continued)*

	2025 K	2024 K
R & M - Building	**159,401**	129,829
R & M – Building, plant and equipment	**-**	-
Transport allowance	**15,418**	33,034
Tender fee	**-**	2,100
Lunch Allowance	**26,075**	28,132
Gratuity	**2,487,368**	2,644,475
Leave Pay	**916,743**	367,439
Staff Welfare	**1,544,530**	1,472,172
Salaries and Wages	**15,310,523**	13,759,132
NAPSA Contribution -	**645,224**	679,809
Workers Compensation	**35,575**	22,923
NHIMA - Employer's Contribution	**116,975**	88,095
Telephone, Internet & Fax	**415,598**	447,544
Official Entertainment	**550,480**	56,610
SUB-TOTAL	**22,049,090**	19,566,332
TOTAL EXPENDITURE	**36,082,516**	32,785,806
SURPLUS FOR THE YEAR	**334,721**	2,271,949