Citizens Economic Empowerment Commission

2021 Annual Report

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Citizens Economic Empowerment Commission

2021
Annual Report

About Us

The Citizens Economic Empowerment Commission is a statutory body under the Ministry of Small and Medium Enterprise Development from November 2021 mandated to foster broad based economic empowerment of the citizenry. The Commission was till then a statutory body under the Ministry of Commerce Trade and Industry.

Vision

A Nation of Economically and Equitably Empowered citizens.

Mission Statement

To foster broad-based economic empowerment of the targeted citizens and companies through diverse and integrated economic strategies to fast-track socio-economic development.

Core Values

The following are the core values to guide the Commission for the period 2017-2021:

- **Accountability, transparency and fairness**
- **Respect for all**
- **Integrity**
- **Efficiency and Effectiveness**
- **Hard Work**
- **Team and supportive spirit**

Using this Report

This report covers the Commission's activities and begins with a message (foreword) from the CEEC Board Chairperson. It is followed by the highlights of strides made in 2021 to foster broad based economic empowerment and concludes by providing outlook on the services and products.

Learn more:
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ACRONYMS

AfDB	African Development Bank
ASF	Aquaculture Seed Fund
CEEC	Citizens Economic Empowerment Commission
CEEF	Citizens Economic Empowerment Fund
CEO	Chief Executive Officer
DoF	Department of Fisheries
DG	Director General
MoFL	Ministry of Fisheries and Livestock
MSMED	Ministry of Small and Medium Enterprise Development
MoU	Memorandum of Understanding
OLAS	Online Loan Application System
PP	Preferential Procurement
SDEP- SWY	Skills Development and Entrepreneurship Project - Supporting Women and Youth
ZAEDP	Zambia Aquaculture Enterprise Development Project
ZAMACE	Zambia Commodity Exchange

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OUR MANDATE

The Citizens Economic Empowerment Commission is a corporate body established by the Citizens Economic Empowerment Act No. 9 of 2006 to foster broad-based economic empowerment. Broad-based economic empowerment is defined in the Act as 'the economic empowerment of targeted citizens, citizen influenced companies, citizen empowered companies and citizen owned companies through diverse but integrated socio-economic strategies that include ownership of productive assets and resources, increasing the levels of employment in the formal sector, increasing household incomes, expanding literacy and skills development, and ensuring preferential procurement and access to services of state institutions. The Commission's summarized mandate is presented in Figure 1.

Figure 1 Summarised CEEC Mandate

THE COMMISSION'S EMPOWERMENT PILLARS

Furthermore, the CEE Act presents the Commission's mandate focusing on nine economic empowerment pillars as shown in Figure 2. The empowerment pillars present focus areas of economic empowerment initiatives for the benefit of the targeted citizens and enterprises, and ultimately the Zambian society. This strategy embraces the need to actualize economic empowerment of the targeted citizens and enterprises based on the nine pillars.

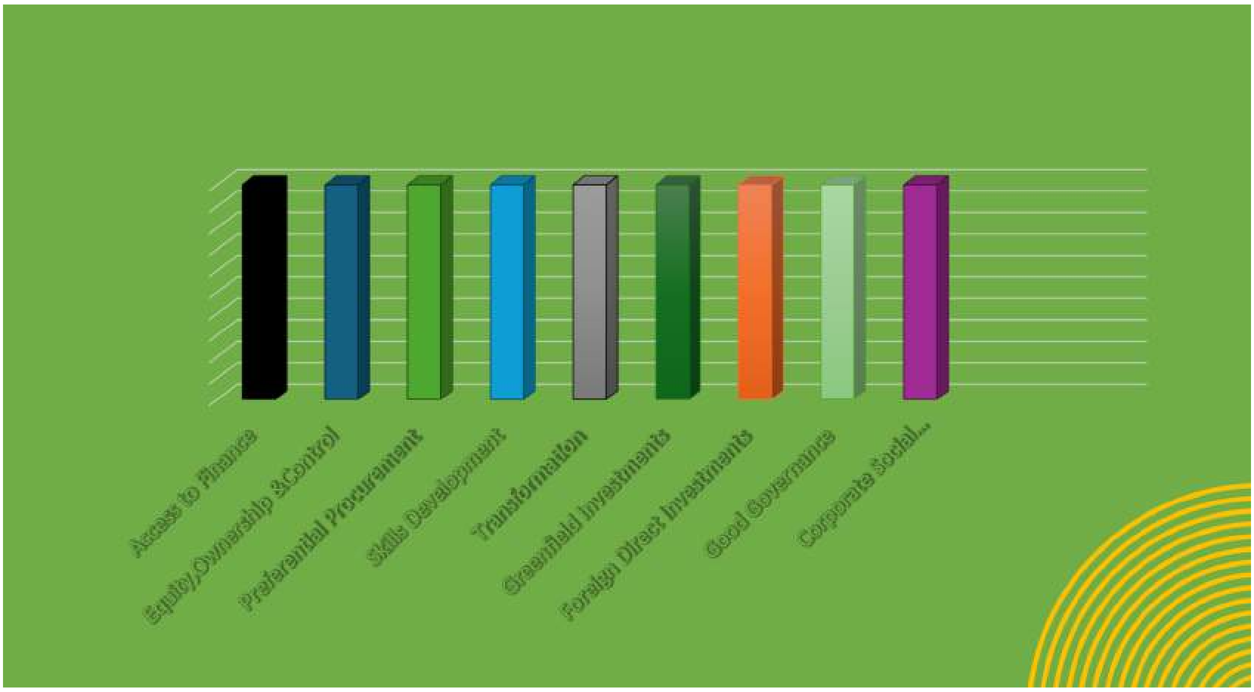

Figure 2 The Commission's Empowerment Pillars

CHAIRPERSON'S STATEMENT

It is my pleasure and privilege to present the Citizens Economic Empowerment Commission (CEEC) Annual Report highlighting the performance of the Commission for 2021. The year 2021 had a plethora of challenges, key among them included the uncertainty of the COVID-19 pandemic that incapacitated MSMEs and constrained our field operations, business climate, market distortions, and trade risks. Further, there were fiscal and monetary challenges, and the political uncertainty in the run-up to the General Elections.

I am, however, delighted to report that the Commission has continued to make significant strides in fulfilling its mandate. The strategy embarked on by the Commission is amongst the most inclusive and broad-based economic empowerment programs implemented by the Government. We are leaving no stone unturned to ensure that Zambians in all districts of the country not only fully participate and benefit but also take the lead in the industrial transformation of our country.

The Commission set out to achieve the targets of the 2017 – 2021 Strategic Plan namely, Strategic Objective One (SO1): More Conducive Policies, Laws and Regulations, Strategic Objective Two (SO2): Improved Business Development Services (BDS), Strategic Objective Three (SO3): Increased Access to Finance, and Strategic Objective Four (SO4): Increased Access to Competitive Markets. The following were the programs and policies under Strategic Objectives.

I. **SO1** – The Commission continued to implement Preferential Procurement and Reservation Schemes, reserving areas of Commerce, Trade, and Industry for targeted citizens. To actualize the reservation schemes, the President of the Republic of Zambia signed Statutory Instrument Number 35 of 2021 -Transportation of Heavy and Bulk Commodities by Road Reservation Regulations.

II. **SO2** – The Commission continued to provide Business Development Support to MSMEs to enhance economic growth and job creation.

III. **SO3** – The Commission's continued drive towards Rural Industrialization proved successful as 92% of all mobilized funding was directed to rural areas. Despite the Treasury funding being below 35% against Parliamentary allocation, additional funding was sought from the African Development Bank (AfDB) for three projects namely, (1) Zambia Aquaculture Enterprise Development Project (ZAEDP), (2) Skills Development and Entrepreneurship Project – Supporting Women and Youth (SDEP-SWY) and (3) Cashew Infrastructure Development Project (CIDP).

IV. **SO4** – Increased Access to Competitive Markets – In line with the Commissions' mandate to promote import substitution, the Commission created market linkages to spur revenue growth, enhance their competitiveness and ability to service their loans.

Our successes did not come without any challenges as low levels of empowerment and operational funding limited the Commission from achieving more.

We remain obligated to the Ministry of Small Medium and Enterprise Development for its positive facilitative role and extend special thanks to the Zambian people for their ever-increasing engagement and cooperation with the Commission as well as the Board, Management and Staff throughout the year 2021.

Col. Nkunga C. Mulenga DFS, psc (Rtd)
BOARD CHAIRPERSON

DIRECTOR GENERAL'S STATEMENT

The Commission during the Year under review made progress towards the implementation of activities in line with the four strategic objectives.

a) Strategic Objective (SO)-1: More Conducive Policies, Laws & Regulations.

i) Preferential Procurement: During the Year under review, the Commission issued One Thousand Four Hundred and Seventy (1,470) Preferential Procurement (PP) Certificates to companies owned by targeted citizens against an annual target of Two thousand (2000). This brought the total number of letters issued since inception to Seventeen Thousand Six Hundred and Forty (17,640). The government's constricted fiscal policy and the impact of COVID-19 led to a significant reduction in business operations leading to fewer tenders being floated thereby affecting local businesses negatively.

ii) Reservation Schemes: Implemented three (3) Reservation Schemes namely Statutory Instrument No. 1 of 2017 (Reservation Scheme in Poultry and Domestic Haulage), Statutory Instrument No. 22 of 2019 (Reservation Scheme in Commercial Cleaning) and statutory Instrument Number 35 of 2021 on Transportation of Heavy and Bulk Commodities by Road Reservation Regulations. The Commission developed compliance collaboration modalities with the respective associations being, (1) Cleaning Association of Zambia, (2) Petroleum Truckers Association of Zambia, (3) Copperbelt Truckers Association of Zambia, and (4) Poultry Association of Zambia.

b) Strategic Objective (SO)-2 Improved Business Development Services (BDS)

i) Jobs Created: During the Year under review, a total of 9,038 jobs were created against an annual target of Thirty Thousand (30,000). The number of jobs created in 2021 reduced by 4,074 when compared to 13,112 jobs created in 2020 against an annual target of 30,000. This further decline in the number of jobs created was caused by non-remittance of the empowerment funds to the Commission.

ii) Number of clients that received business development plan support: The Commission during the Year under review provided business plan development support to One Thousand Seven Hundred (1,700) citizens against an annual target of One Thousand Six Hundred (1,600). This achievement was above target due to the intensified sensitizations to the public on the Commission's business development service mandate and disbursements of the Aquaculture Seed Fund projects that had been left pending in the previous year. In this regard, the number increased from 852 recorded in 2020 to 1700 in 2021 which was above target.

c) Strategic Objective (SO)-3 Increased Access to Finance

   i) Rural share of projects: During the Year under review, the rural share of approved projects was 92% against the target of 90% for the 2017-2021 strategic plan.

   ii) Social distribution of funded projects: During the Year under review, social distribution of the number of funded projects was 67% women, 27% youth, 28% men against the targets of women 30%, youth 40%, men 28% and disabled 2%,

   iii) Number of clients funded: During the Year under review, the Commission funded 1,593 clients against a target of 1,600 clients. The underperformance was caused by the delayed disbursements of the ASF.

   iv) Contribution to Industrialization: During the Year under review, total disbursements to investments in manufacturing projects stood at 10.1% down from 14% the previous Year.

d) Strategic Objective (SO)-4 Increased Access to Competitive Markets: During the Year under review, the Commission facilitated Two Hundred and Seventy (227) market linkages against a yearly target of twenty-eight (28).

During the Year under review, the Commission faced the following challenges amongst others:

   i) The outbreak of the COVID- 19 pandemic negatively impacted the construction of the Industrial Yards, Warehouses and Bulking Centres and had therefore increased completion timelines.

   ii) Obsolete equipment & furniture continued to hinder the effectiveness of the various departments. Computer equipment was slow due to age and required constant maintenance. Furthermore, other classes of Assets such as Motor Vehicles also require huge expenditure on repairs and maintenance due to age.

   iii) The manpower strength as at the end of the Year 2020 stood at 52 against an establishment of 104. Low staff levels experienced at the Commission, continued to constrain performance of some of the results areas.

Likando Mukumbuta
DIRECTOR GENERAL

1. INTRODUCTION AND INSTITUTIONAL OVERVIEW

1.1 INTRODUCTION

The following report is a presentation of progress made in the programme implementation by the Citizens Economic Empowerment Commission (CEEC) for the year ended 31st December 2021.

The report starts with the policy and legal framework from which the Commission draws its mandate, the Board of Commissioners, the Vision, Mission Statement, and its Core Values. The report highlights activities and achievements undertaken by the Commission in the year under review, challenges and concludes with a focus for the Year 2022.

The Commission is responsible for investing and administering the Citizens Economic Empowerment Fund (CEEF), which was by law established under Part IV of the CEE Act No.9 of 2006. The purpose of the Fund is to support the development of broad-based economic empowerment programmes and is the principal multi-purpose vehicle through which the Commission provides interest bearing business loans to targeted citizens.

1.2 Functions of the Commission

(1) The functions of the Commission shall be to promote the empowerment of citizens that are or have been marginalized or disadvantaged and whose access to economic resources and development capacity has been constrained due to various factors including race, sex, educational background, status and disability.

(2) Without limiting sub-section (1), the functions of the Commission shall be to:

(a) advise on the necessary changes to various types of legislation for the effective delivery of economic empowerment initiatives;

(b) promote gender-equality in accessing, owning, controlling, managing, and exploiting economic resources;

(c) encourage effective and meaningful participation of targeted citizens in the economy in order to contribute to sustainable economic growth;

(d) promote the employment of both gender by recommending to appropriate authorities the removal of structural and discriminatory constraints and practices that hinder any particular gender from employment opportunities;

(e) ensure equal opportunities for, and where necessary, ensure preferential treatment to, targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies in accessing procurement contracts and other services of any state institutions;

(f) promote the subcontracting of services, material and equipment from targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies;

(g) mobilise resources for economic empowerment programmes;

(h) review the framework for the provision of development services to micro and small business in response to changing circumstances;

(i) develop or facilitate the development of sector codes and codes of good practice for economic empowerment;

(j) commission and conduct research for economic empowerment;

(k) develop innovative ways of creating business opportunities such as identifying services which State Institutions need to outsource;

(l) develop business ideas and import business ideas from other countries and disseminate such ideas to targeted citizens in order to interest them in developing those ideas into business ventures;

(m) undertake information, education and communication activities for targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies on various empowerment schemes available;

(n) promote a savings culture amongst citizens;

(o) explore ways of fostering business linkages, such as joint ventures and partnerships in Greenfield investments;

(p) keep under review the economic empowerment policy;

(q) propose changes to Zambia's education curricula in order to inculcate an entrepreneurial culture amongst citizens;

(r) promote or undertake a civic education and awareness programme which will ensure an orientation of all institutions and persons to the maintenance of a positive work culture;

(s) encourage increased investments in education and training in the labour market;

(t) encourage the use of the workplace as an active learning environment;

(u) encourage public and private institutions to provide opportunities to targeted citizens to acquire necessary skills training and work experience; and

(v) monitor and evaluate economic empowerment initiatives.

(3) In carrying out its functions, under sub-section (2), the Commission shall take into account and be consistent with;-

(a) any sectoral programmes developed by the Government in its national development plans;

(b) any policies of the Government relating to decentralisation, gender youth, technical education and vocational training, land, trade, commerce, and investment; and

(c) any initiative of the Government for the enhancement of partnerships and joint ventures between local and foreign investors.

(4) In the performance of the Commission's functions under this Act, the Commission shall effectively liaise and consult appropriate state institutions or directions to any state institution or a company for the purpose of fulfilling the Commission's mandate under this Act.

(5) The Commission shall develop and recommend to the President criteria to test the means of targeted citizens so as to distinguish those citizens that have the capacity to sustain themselves and the President shall prescribe those criteria.

(6) The President may give to the Commission such general or specific directions with respect to the discharge of its functions as the President considers necessary and the Commission shall give effect to such directions.

(7) The Commission may, after the approval of the Minister, enter into agreements with any organisation or institution on any matter relevant to the carrying out of the Commission functions under this Act.

1.3 Governance Structure

1.3.1 Board of Commissioners

Pursuant to the provisions of the Citizens Economic Empowerment Act No. 9 of 2006, the Republican President Mr. Edgar Chagwa Lungu through the Minister of Commerce, Trade and Industry appointed the Board of Commissioners which comprises twelve (12) members whose mandate is to oversee the way the Commission executes its mandate to realise its vision of an equitable and economically empowered citizenry economic. The list of Commissioners was as follows:

Table 1 Board of Commissioners

No.	Name of Commissioner	Title
1	Col. Nkunga C. Mulenga DFS, psc (Rtd)	Chairperson
2	Mrs. Emelda Chabala-Melele	Vice Chairperson
3	Mr. Fredson Yamba	Secretary to the Treasury
4	Mr. Mushuma Mulenga	PS, MCTI

No.	Name of Commissioner	Title
5	Mr. Chanda Kaziya	PS, Ministry of Labour
6	Mr. Likando Kalaluka, SC	Attorney General
7	Dr. David Nama	Member
8	Mr. Costa Mwaba	Member
9	Mr. Sunday Chanda	Member
10	Ms. Bridget Sule	Member
11	Mr. Mulenga Musepa	Zambia Statistics Agency
12	Dr. Stella Zulu Chisanga	Representing Universities

The Chairperson of the Commission is appointed by the President of the Republic of Zambia, whereas the Vice-Chairperson is appointed by the Commissioners. The board is also responsible for, among other things, the appointment of the Director General who oversees five directorates namely, Finance, Credit and Risk, Business Development, Corporate Services and Legal Services.

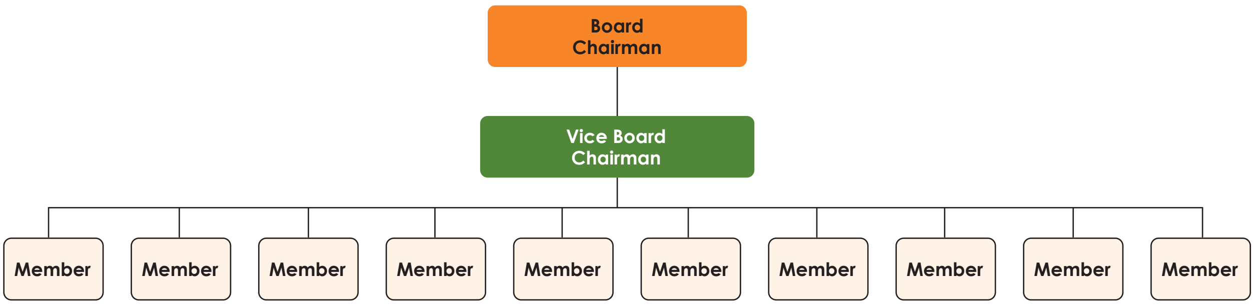

Figure 3 CEEC Board Structure

1.3.2 Executive Committee

The Director General oversees the Executive Committee and the Commission's daily operations assisted by five Directors namely, Finance, Credit and Risk, Business Development, Corporate Services and Legal Services.

2. STRUCTURE OF THE COMMISSION

2.1 Departments

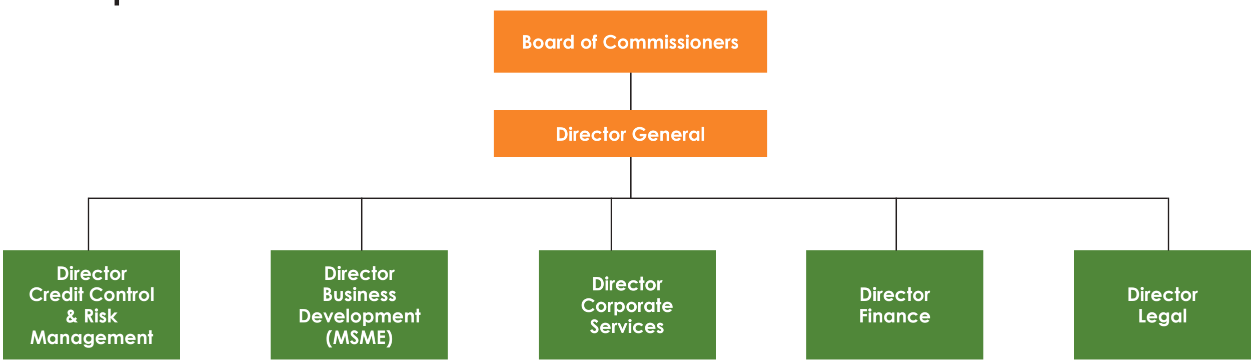

Figure 4 Departments

3. THE YEAR AT A GLANCE

Hon. Eng. Elias Mubanga, MP and former Director General visit Lusaka Industrial Yard as part of the familiarization tour of CEEC infrastructure and projects.

CEEC Administration Block at Kasama Industrial Yard

Beneficiaries cleaning fish after harvesting in Kaoma District

Fish Harvesting at Namulela Multipurpose Cooperative in Kafue District

Ministry of Small and Medium Enterprise Development Permanent Secretary Yvonne Mpundu visiting an Aquaculture beneficiary

4. STRATEGIC OBJECTIVES

The activities undertaken by the Commission during the year under review were from the 2017-2021 Strategic Plan which consisted of four Strategic Objectives namely: More conducive Policies, Laws & Regulations, Improved Business Development Services (BDS), Increased Access to Finance and Increased Access to Competitive Markets. The strategy aimed to increase the participation of targeted citizens competitively and emphatically in the Zambian economy, particularly through sectors that represent the most promising growth areas i.e., industrialization and economic diversification.

The achievements are anchored on the Commission's mandate of fostering broad based empowerment to targeted citizens and companies through diverse and integrated economic strategies to fast-track socioeconomic development. The Commission accomplished the following.

4.1 Strategic Objective 1: More conducive Policies, Laws & Regulations

Table 2 Strategic Objective 1: More Conducive Policies, Laws & Regulations

Strategic Objective	Key Performance Indicator	Target (2021)	Achieved (2021)	Comments
More Conducive Policies, Laws & Regulations	# of PP certificates issued	2,000	1,470	Governments constricted fiscal policy and the impact of COVID-19 saw a significant reduction in business operations leading to fewer tenders being floated thereby negatively affecting local businesses. This brought the total number of letters issued since inception to Seventeen Thousand Six Hundred and Forty (17,640). Despite the constricted space for business opportunities, the number of PP certificates issued increased from 1,325 to 1,470 in 2020 and 2021, respectively.
	Number of Reservation Schemes Implemented	3	3	Implementation of three (3) Reservation Schemes through Statutory Instrument No. 1 of 2017 (Reservation Scheme in Poultry and Domestic Haulage), and Statutory Instrument No. 22 of 2019 (Reservation Scheme in Commercial Cleaning)

4.2 Strategic Objective 2: Improved Business Development Services

Table 3 Strategic Objective 2: Improved Business Development Services

Strategic Objective	Key Performance Indicator	Target (2021)	Achieved (2021)	Comments
Improved Business Devel-opment Services (BDS)	# of jobs created	9,038	30,000	The number of jobs created in 2021 reduced by 4,074 when compared to 13,112 jobs created in 2020 against an annual target of 30,000. This further decline in the number of jobs created resulted from non-remittance of the empowerment funds to the Commission.

Strategic Objective	Key Performance Indicator	Target (2021)	Achieved (2021)	Comments
	# of clients that received business development services	1,700	1,600	This achievement was above target due to the intensified sensitizations to the public on the Commission's business development service mandate and disbursements of the Aquaculture Seed Fund projects that were pending in the previous year. In this regard, the number increased from 852 recorded in 2020 to 1700 in 2021 which was above target.
	Number of Business Development Curriculum Developed	1	1	The Commission in collaboration with TEVETA developed the Business Development Service Provision Curriculum with financial support from AfDB

4.3 Strategic Objective 3: Increased Access to Finance

Table 4 Strategic Objective 3: Increased Access to Finance

Strategic Objective	Key Performance Indicator	Target (2021)	Achieved (2021)	Comments
Increased Access to Finance	Internally generated revenue (IGR)	-	K5,898,460	The internally generated revenue declined from K24, 354,295 collected in 2020 to K5,898,460. The decline in internally generated revenue was due to lack of release of empowerment funding from Treasury during the election Year 2021.
	Social distribution of jobs created	Y-40% W-30% PD-2% M-28%	Y-27% W-64% PD-0% M-9%	The proportion of women was above target while the youth was slightly below target at 27%.

Strategic Objective	Key Performance Indicator	Target (2021)	Achieved (2021)	Comments
	Empowerment funding from treasury	K15Mn	K0Mn	The treasury allocated K15 million towards empowerment programs in 2021 but did not release the apportioned amount to the Commission. The non-disbursement of empowerment funds jeopardized project implementation. Moreover, the Commission had cumulatively received K298,181,000.00 in empowerment funding from Treasury since inception in 2008. The K298,181,000.00 cumulative releases of empowerment funds were against a cumulative total of K832, 087,952.00 approved by Parliament, representing an allocation rate of 35% of the total approved amount as of 31st December 2021. The low allocated rate is visible from the variances noted in funds allocated by Parliament versus funds released by Treasury.
	Loan recovery rate	80%	27%	The reduction in loan recovery was attributed to clients recording substantial decline of business activities due to the COVID-19 pandemic and lack of funding.
	Number of Industrial Yards constructed	8	8	Eight (8) Industrial Yards were constructed in Mansa, Ndola, Kitwe, Kafue, Kasama, Chipata, Mongu and Solwezi with financial support from AfDB Three (3) Industrial Yards were operationalized namely, Kasama, Mongu and Chipata.

Strategic Objective	Key Performance Indicator	Target (2021)	Achieved (2021)	Comments
	Number of Cassava Bulking Admin Blocks	7	7	Seven (7) Cassava Bulking Centre Admin Blocks were constructed in Solwezi, Kalumbila, Mushindamo, Mansa and Kasama with financial support from AfDB.

4.4 Strategic Objective 4: Increased Access to Competitive Markets

Table 5 Strategic Objective 4: Increased Access to Competitive Markets

Strategic Objective	Key Performance Indicator	Target (2021)	Achieved (2021)	Comments
Increased Access to Competitive Markets	Number of market linkages facilitated	28	277	The Commission embarked on a robust programme of linking funded clients to markets to enhance their competitiveness and ability to service their loans. In this regard, the market linkages increased from 167 recorded in 2020 to 277 in 2021.

In line with its mandate, the Commission facilitated medium scale manufacturing plants that were either operational or under installation in the following: mango juice processing and water-bottling in Mongu, starch production from cassava in Solwezi, stock feed production in Kasama and Chipata, maize milling in Nakonde, rice processing in Chama, peanut butter production in Mungwi and cotton ginning in Mumbwa.

To empower Zambians in the livestock sector, the Commission funded the Dairy Value Chain in Southern, Muchinga, Northwestern and Copperbelt provinces, while Southern Province also benefited from successful implementation of Beef Value Chain projects such as feed lotting in Namwala District.

To help redress the shortage of fish production in the country while giving Zambians a strong hand in the aquaculture subsector, commercial fish hatcheries received funding and fully operationalized in Nchelenge, Siavonga, Kitwe, Kasama, Chinsali, Chirundu, and Kaoma Districts. Other success stories in the sector include support for table-fish farming projects in thirty-five rural districts of the country.

Support to tourism projects continued to be strong in Southern Province particularly in Livingstone and Choma Districts, while renowned investments in the education sector include the Chengelo School of Nursing in Kasama District, the University of Lusaka, Dove Nursing School and Shuttle Primary School in Lusaka District as well as Cina Primary School in Kitwe District.

In the energy sector, the Commission extended support towards the establishment of new filling stations in Chirundu, Zambezi and Shiwang'andu Districts, with an aviation fuel supply project created in Mfuwe.

4.5 Performance Of Treasury Releases of Empowerment Funds 2008-2021

Table 6 presents Government support through Treasury towards releasing empowerment funds. The trend analysis shows that there had been extraordinarily little commitment towards the release of empowerment funds since 2014 with absolutely no empowerment funds were released in Years 2016, 2018 and 2019.

Table 6 Performance of Treasury Releases of Empowerment Funds 2008-2021

Year	Amount Approved by Parliament	Amount released by Treasury	Variance	% Release of Funds
2008	150,000,000.00	96,81,000.00	53,819,000.00	64%
2009	40,000,000.00	40,000,000.00	-	100%
2010	25,000,000.00	22,000,000.00	3,000,000.00	88%
2011	40,000,000.00	18,000,000.00	22,000,000.00	45%
2012	47,000,000.00	25,000,000.00	22,000,000.00	53%
2013	53,000,000.00	53,000,000.00	-	100%
2014	57,000,000.00	5,000,000.00	52,000,000.00	9%
2015	82,000,000.00	10,000,000.00	72,000,000.00	12%
2016	187,500,000.00	-	187,500,000.00	0%
2017	35,163,540.00	15,000,000.00	20,163,540.00	43%
2018	42,743,410.00	-	42,743,410.00	0%
2019	46,681,002.00	-	46,681,002.00	0%
2020	11,000,000.00	10,000,000.00	1,000,000.00	91%
2021	15,000,000.00	-	15,000,000.00	0%
	832,087,952.00	**294,181,000.00**	**537,906,952.00**	**35%**

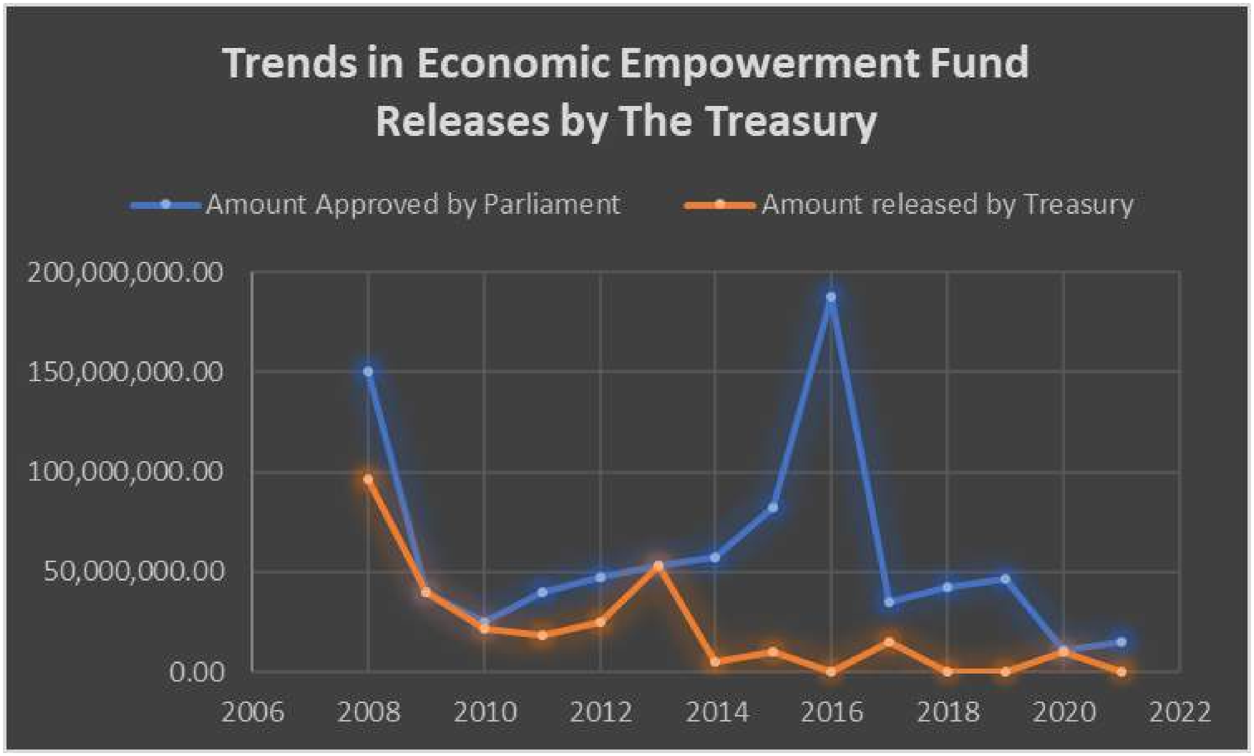

Figure 5 Trends in Empowerment Fund by the Treasury

Figure 5 shows a drastic drop in the amounts approved by Parliament from 2017 with 2020 recording the lowest amount of empowerment funding to CEEC ever approved by Parliament at K11 million. The pattern from 2017 implies that Treasury moved from not just releasing empowerment funds approved for CEEC, to reducing the amounts it was requesting Parliamentary approval for in the Yellow Book to zero by 2021.

Table 7 Treasury Empowerment Fund Releases Vs Disbursed Projects in 2021

Province	Target-ed # of Projects in 2021	# of Projects Funded - Treasury Release in 2021	# of Projects Funded - CEEC Projects & Internally Generated Funds	Projects Funded - Treasury Release in 2020	Cumulative # of Projects Qtr 4, 2021	% Share of Funded Projects in 2021
Central	640	0	121	317	438	9%
Copperbelt	640	0	121	325	446	9%
Eastern	640	0	94	344	,438	9%
Luapula	640	0	170	213	383	8%
Lusaka	640	0	1	402	403	8%
Muchinga	640	0	55	294	349	7%
Northern	640	0	75	629	704	15%

Province	Target-ed # of Projects in 2021	# of Projects Funded - Treasury Release in 2021	# of Projects Funded - CEEC Projects & Internally Generated Funds	Projects Funded - Treasury Release in 2020	Cumulative # of Projects Qtr 4, 2021	% Share of Funded Projects in 2021
North-Western	640	0	69	274	343	7%
Southern	640	0	139	426	565	12%
Western	640	0	66	609	675	14%
Total	**6,400**		**911**	**3,833**	**4,744**	**100%**

Luapula Province recorded the highest number of disbursed projects followed Southern and Central and Copperbelt provinces as there were higher numbers of ASF disbursed projects. Since inception, **4,744** projects received financial support from Commission, under which Northern Province was the highest followed by Western and Southern provinces as indicated at **Figure 6**.

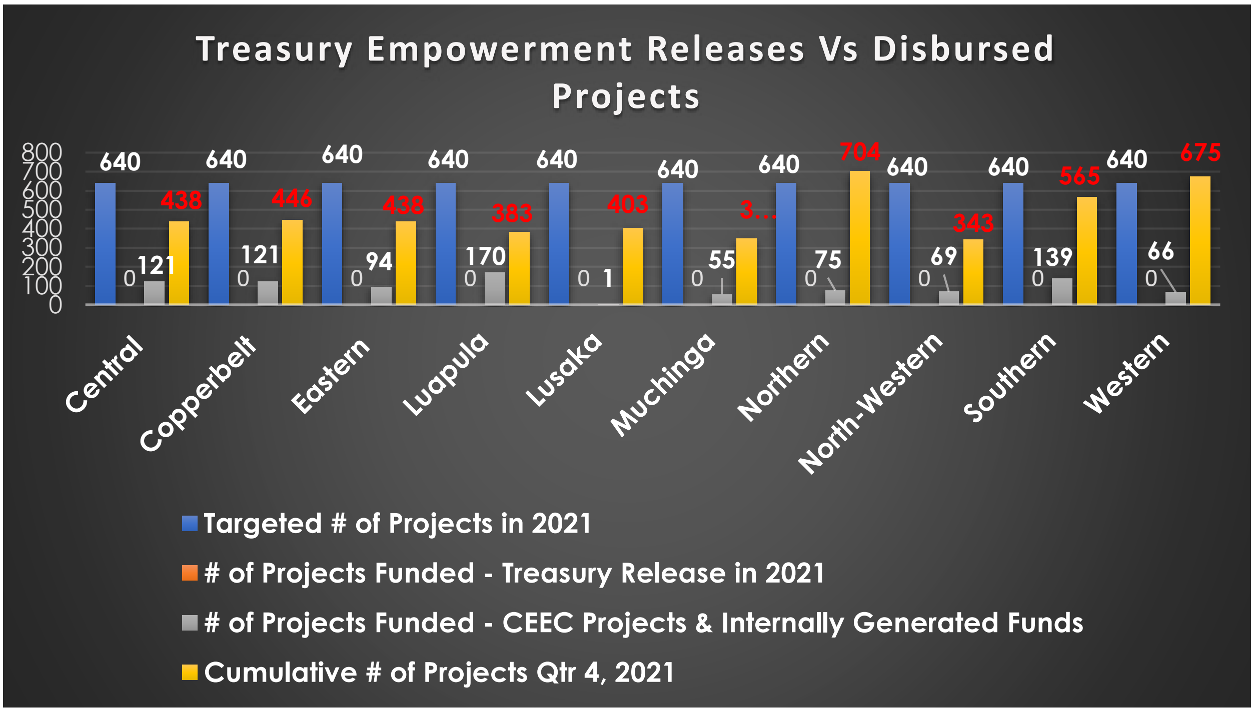

Figure 6 Treasury Empowerment Fund Releases Vs Disbursed Projects in 2021

4.6 The Aquaculture Seed Fund and Skills Development and Entrepreneurship Project

Despite the non-release of funds by Treasury in 2021, the Commission managed to disburse to 911 projects as at the end of the year 2021 with financing from the Aquaculture Seed Fund (ASF), Skills Development Entrepreneurship Project -Supporting Women and Youths (SDEP-SWY), Cashew Matching Grants (CIDP-MG) and the Presidential Art Development Scheme (PADES) projects and empowerment programmes.

Table 7 presents the number of projects disbursed in the year under review despite not receiving the budgeted economic empowerment funds from Treasury.

5. KEY CONSTRAINTS

During the Year 2021 The Commission continued to face the following operational constraints:

5.1 The Impact of COVID-19 on CEEC funded projects.

During 2021, COVID-19 was among the major global challenges affecting all facets of corporate entities. The business performance for supported entities plummeted hence affecting loan repayments and the general creation of sustainable jobs. The Commission came up with innovative products to address some of the challenges affecting targeted citizens.

5.2 Low Staffing Levels

The Commission operated with a low staff capacity during the year 2021. thereby adversely affected programme implementation and efficient service delivery.

REPUBLIC OF ZAMBIA

Citizens Economic Empowerment Commission

CITIZENS ECONOMIC EMPOWERMENT FUND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2021

THE AUDITOR GENERAL
P.O BOX 50071
LUSAKA – ZAMBIA

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Country of Incorporation and Domicile	Zambia
Nature of Business & Principal Activities	Established under the Citizens Economic Empowerment Act No. 9 of 2006, the Commission's principal activities are to promote the economic empowerment of targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies; promote gender-equality in accessing, owning, managing, controlling and exploiting economic resources; encourage an increase in broad-based and effective ownership and meaningful participation of targeted citizens, citizen empowered companies, citizen influenced companies and citizens owned companies in the economy in order to contribute to sustainable economic grow; remove social customs, statutory provisions or other practices that limit access to any particular gender to skills training that is essential for effective participation in the economic sector; promote the employment of both gender by removing structural and discriminatory constraints that hinder any particular gender from employment opportunities and in so doing ensure equitable income distribution; promote equal opportunity of targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies in accessing and being awarded procurement contracts and other services from State institutions; promote greenfield investment through joint ventures and partnerships between local and foreign investors in order to enhance broad-based economic empowerment; and provide for matters incidental to or connected to the foregoing.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Commissioners	Col. Nkunga C. Mulenga (Rtd)	Chairperson
	Ms. Emelda K. Chabala Melele	Vice – Chairperson
	Mr. Fredson Yamba	Commissioner
	Mr. Chanda Kaziya	Commissioner
	Ms. Bridget Nyau Sule	Commissioner
	Mr. Mulenga Musepa	Commissioner
	Mr. Mushuma Mulenga	Commissioner
	Mr. Sunday Chanda	Commissioner
	Dr. Stella Zulu Chisanga	Commissioner
	Dr. David Nama	Commissioner
	Mr. Coster Mwaba	Commissioner
	Mr. Likando Kalaluka, SC	Commissioner

Registered Office

Plot No 6457
P.O Box 35068
Los Angeles Boulevard
Longacres, Lusaka
Zambia.

Bankers

Zanaco Bank (Z) Ltd
Atlas Mara Bank (Z) Ltd
Absa Bank (Z) Ltd
Investrust Bank (Z) Ltd

Auditors

Office of the Auditor General

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

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Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Management's Responsibilities in Preparation of Financial Statements

The Commissioners are required in terms of the Citizens Economic Empowerment Act No. 9 of 2006 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Fund as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRS). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Commissioners acknowledge that they are ultimately responsible for the system of internal control established by the Fund and place considerable importance on maintaining a strong control environment. To enable the Commissioners to meet these responsibilities, the Fund sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Fund and all employees are required to maintain the highest ethical standards in ensuring the Fund's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Fund is on identifying, assessing, managing and monitoring all known forms of risk across the Fund. While operating risk cannot be fully eliminated, the Fund endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Commissioners are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Commissioners have reviewed the Fund's cash flow forecast for the year to 31st December 2021 and, in light of this review and the current financial position, they are satisfied that the Fund has or had access to adequate resources to continue in operational existence for the foreseeable future.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

The external auditors are responsible for independently auditing and reporting on the Fund's financial statements. The financial statements have been examined by the Fund's external auditors and their report is presented on pages 9 to 12.

The current Board of Commissioners was appointed in April 2022. Therefore, these financial statements cover a period that predates the date at which they assumed fiduciary responsibility over the commission's operations. The current commissioners have approved and signed these audited financial statements for administrative convenience.

The financial statements set out on pages 13 to 33, which have been prepared on the going concern basis, were approved by the Commissioners on 14th March 2025 and were signed on their behalf by:

Approval of financial statements

Mr. Jason Kazilimani	Charles Muwe Mungule, PhD
Board Chairman	**Director General**

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Commissioners' Report

The Commissioners have the pleasure in submitting their report on the financial statements of Citizens Economic Empowerment Fund for the year ended 31st December 2021.

1. Principal Activities

Established under the Citizens Economic Empowerment Act No.9 of 2006, the commission's principal activities are to promote the economic empowerment of targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies, promoting gender -equality in accessing ,owning, managing ,controlling and exploiting economic resources, encourage and increase in broad -based and effective ownership and meaningful participation of targeted citizens, citizen empowered companies, citizens influenced companies and citizens owned companies in the economy in order to contribute to sustainable economic growth, remove social customs, statutory provisions or other practices that limit access to any particular gender to skills training that is essential for effective participation in the economic sector; promote the employment of both gender by removing structural and discriminatory constraints that hinder any particular gender from employment opportunities and in so doing ensure equitable income distribution; promote equal opportunity of targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies in accessing and being awarded procurement contracts and other services from state institutions; promote greenfield investment through joint ventures and partnerships between local and foreign investors in order to enhance broad-based economic empowerment; and provide for matters incidental to or connected to the foregoing.

There have been no material changes to the nature of the Fund's business from the previous year.

2. Review of Financial Results and Activities

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Citizens Economic Empowerment Act No. 9 of 2006. The accounting policies have been applied consistently compared to the prior year.

In 2021 the Fund attained a surplus of K8,100,532 compared to a deficit of K54,918,080 in 2020.

Full details of the financial position, results of operations and cash flows of the Empowerment Fund are set out in the notes to these financial statements.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

3. Commissioners' Office

The Commissioners in office at the date of this report were as follows:

Name	Office
1. Mr. Jason Kazilimani	Chairman
2. Dr. Tecla Ngwenya	Vice – Chairperson
3. Mr. Paul Kaluba	Commissioner
4. Eng. Cosmas Mwanakaba	Commissioner
5. Mr. George Patrick Kashinka	Commissioner
6. Eng. Eugene Milambo Haazele	Commissioner
7. Ms. Sheila S. Mudenda	Commissioner
8. Ms. Comfort Mulenga	Commissioner
9. Dr. Francis Mutale Mulenga	Commissioner
10. Ms. Mwaka Cynthia C. Mukubesa	Commissioner
11. Mr. Anderson E. Matutu	Commissioner

4. Key Management

1. Charles Muwe Mungule, PhD	Director General
2. Albert Ngimu	Director Credit and Risk
3. Caiaphas Habasonda	Director Business Development
4. Lucy M. Mataka	Director Corporate Services
5. Ophelia Nyambe	Director Finance
6. Joyce Mulenga	Director Legal Services

5. Property, Plant and Equipment

As of 31st December 2021, the Fund's investment in properties, plant and equipment amounted to K1,157,018 (2020: K 1,097,138) and there were no additions in the current year.

6. Events After the Reporting Period

The Commissioners are not aware of any other material event which occurred after the reporting date and up to the date of this report which will change the outlook of the Fund.

7. Going Concern

The Commissioners believe that the Empowerment Fund has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. The Commissioners have satisfied themselves that the Empowerment Fund is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Commissioners are not aware of any new material changes that may adversely impact the Empowerment Fund. The Commissioners are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

8. Secretary

The Fund Secretary as of the date of this report was Ms. Joyce Mulenga

The financial statements set out on pages 13 to 33, which have been prepared on the going concern basis, were approved by the Commissioners on 14th March 2025, and were signed on its behalf by:

Mr. Jason Kazilimani
Board Chairman

Charles Muwe Mungule, PhD
Director General

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Independent Auditor's Report

HAILE SELASSIE AVENUE, LONGACRES
P.O BOX 50071
LUSAKA, ZAMBIA
E-mail: auditorg@ago.gov.zm
Website: www.ago.gov.zm
Telephone: +260252611/252771

To the Commissioners – Citizen Economic Empowerment Commission

Report on the audit of the Financial Statements

Opinion

I have audited the financial statements of the Citizens Economic Empowerment Fund, which comprise the Statement of Surplus or Deficit, Statement of Financial Position as at 31st December 2021, the Statement of Changes in Equity and Statement of Cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 13 to 33.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Citizen Economic Empowerment Fund as at 31st December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Citizen Economic Empowerment Fund in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI) Code of Ethics together with the ethical requirements that are relevant to my audit of the financial statements in Zambia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the INTOSAI Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters of the audit are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Key Audit Matter	How my audit addressed the Key Audit Matter
CEEC Fund – Partial Disbursement of Loans The Commission has a policy of partial disbursement of loans. These are loans provided to SMEs at less than 100% of the funds requested and approved by the Commission. The policy requirements for a partially disbursed loan are as follows: • No interest is charged on the loan until the loan is fully funded (disbursed) 100%. • The principle is not repayable until fully funded (disbursed) 100% As of 31st December 2021, date the total value of partially funded project was K31,453,212 relating to 604 projects. This amount is irrecoverable until fully funded and no interest is being earned in the amount already disbursed. There is potential for abuse of policy and fraud.	• Reviewed the Commission's Credit Policy in line with Section 7.5.11 • Reviewed the loan files for a sample of partially disbursed loans. • Visited a sample of projects under the status for partially disbursed projects for independent verification and test for existence.
Suspense Account (Unallocated Receipts)	**How my audit addressed the Key Audit Matter**
As at 31st December 2021, the Commission had a balance of K55,901,975 in its suspense account. This figure related to receipts that could not be allocated to the individual loan accounts (clients).	• Reviewed the suspense account ledger to identify entries posted in it and reviewed new items posted in the account.

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 International Financial Reporting Standards (IFRS) 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 Citizens Economic Empowerment Fund'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 Fund or to cease operations,

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs 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 ISSAIs, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 Citizens Economic Empowerment Commission's internal controls.

- 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 Citizens Economic Empowerment Fund's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

- 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.

I 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 I identify during my audit. I also provide those charged with governance a statement that I 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 my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

In my opinion, the Financial Statements of the Citizens Economic Empowerment Fund as of 31st December 2021 have been properly prepared in accordance with the Citizens Economic Empowerment Act No.9 of 2006, and the accounting and other records and registers have been kept properly in accordance with the Act.

Dr. Ron M. Mwambwa – FCMA, FZICA, CGMA, CFE
ACTING AUDITOR GENERAL

DATE: 02/05/ **2025**

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Statement of Surplus or Deficit
for the year ended 31 December 2021

	Note	2021	2020
Income		**ZMW**	**ZMW**
Revenue	13.	-	10,000,000
Other income	14.	550,535	518,177
Total Revenue		**550,535**	**10,518,177**
Expenditure			
Operating expenses	15.	700,002	1,334,593
Provision for doubtful debts	16.	(8,287,119)	64,036,510
Depreciation and amortisation	17.	37,120	65,154
Total Expenditure		**(7,549,997)**	**65,436,257**
Operating Surplus/(Deficit)		**8,100,532**	**(54,918,080)**

There were no items of comprehensive income during the year (2020: nil)

The accounting policies and notes on pages 17 to 33 are part of these financial statements.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Statement of Financial Position

as at 31 December 2021

	Note	2021 ZMW	2020 ZMW
ASSETS			
Non Current Assets			
Property, Plant and Equipment	17.	1,157,018	1,097,138
Loans Receivables	19.	20,918,266	9,688,301
		22,075,284	**10,785,439**
Current Assets			
Other Receivables	21.	330,750	461,647
Cash and Cash Equivalents	22.	13,959,755	16,912,129
Total Current Assets		**14,290,505**	**17,373,776**
Total Assets		**36,365,789**	**28,159,215**
LIABILITIES AND EQUITY			
Equity			
Accumulated (Deficit)/Surplus	23.	(19,673,686)	(27,774,218)
Current Liabilities			
Trade and Other Payables	24.	56,039,475	55,933,433
Total Equity and Liabilities		**36,365,789**	**28,159,215**

The Accounting Policies and Notes on pages 17 to 33 form an integral part of these Financial Statements.

Mr. Jason Kazilimani
Board Chairman

Charles Muwe Mungule, PhD
Director General

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Statement of Changes in Equity
for the year ended 31 December 2021

	31 December 2021
Balance as at 1 January 2020	**27,143,862**
Deficit for the Year	(54,918,080)
Balance as at 31 December 2020	**(27,774,218)**
Balance as at 1 January 2021	(27,774,218)
Deficit for the Year	8,100,532
Balance as at 31 December 2021	**(19,673,686)**

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Statement of Cash Flows

for the year ended 31 December 2021

	Note	2021 ZMW	2020 ZMW
Cash Flows from Operating Activities			
Cash flows from operating activities	25	118,930	10,162,004
		118,930	**10,162,004**
Cash Flows from Investing Activities			
Loans Disbursed at Amortised Cost	26	(3,071,303)	(2,033,705)
Net Cash from Investing Activities		**(3,071,303)**	**(2,033,705)**
(Decrease)/Increase in cash and cash equivalents		**(2,952,373)**	**8,128,299**
Cash and Cash Equivalents at start of year		16,912,129	8,783,830
Cash and Cash Equivalents at end of year		**13,959,756**	**16,912,129**

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements
Accounting Policies
for the year ended 31 December 2021

1. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of Preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Citizens Economic Empowerment Act No. 9 of 2006.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Zambian Kwacha (K), which is the Fund's functional currency.
These accounting policies are consistent with the previous period. These financial statements include Presidential Arts Development Empowerment Schemes (PADES) loans.

1.2 Significant Judgements and Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.3 Critical Judgements in Applying Accounting Policies.

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

2. Key Sources of Estimation Uncertainty

2.1 Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Fund uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Fund's past history, existing market

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

2.2 Impairment Testing

The Fund reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

3. Property, Plant and Equipment

Property, plant and equipment are tangible assets which the fund holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Fund, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all the expenditure which is directly attributable to the acquisition or construction of the asset, including the capitalisation of borrowing costs on qualifying assets, where appropriate.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the fund and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Fund. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 Years (20%)
Motor vehicles	Straight line	5 Years (20%)
Office equipment	Straight line	4 years (25%)
Computer equipment	Straight line	4 years (25%)
Land	Straight line	(0%)
Building	Straight Line	50 years (2%)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

4. Financial Instruments

Financial instruments held by the Fund are classified in accordance with the provisions of IFRS 9: Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Fund, as applicable, are as follows:

a) Financial liabilities:
   i. Amortised cost; or
   ii. Mandatorily at fair value through surplus or deficit. (This applies to contingent consideration in a business combination or to liabilities which are held for trading); or
   iii. Designated at fair value through surplus or deficit. (This classification option can be applied when it eliminates or significantly reduces an accounting mismatch; the liability forms part of a group of financial instruments managed on a fair value basis; or it forms part of a contract containing an embedded derivative and the entire contract is designated as at fair value through surplus or deficit).

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.

The specific accounting policies for the classification, recognition, and measurement of each type of financial instrument held by the Fund are presented below.

4.1 Loans Receivable at Amortised Cost

4.2 Classification

Loans receivable (note 12) are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because the contractual terms of these loans give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Fund's business model is to collect the contractual cash flows on these loans.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

4.3 Recognition and Measurement

Loans receivables are recognised when the Fund becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.
The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

4.4 Application of the Effective Interest Method

Interest income is calculated using the effective interest method and is included in profit or loss in investment income.
The application of the effective interest method to calculate interest income on a loan receivable
is dependent on the credit risk of the loan as follows:

a) The effective interest rate is applied to the gross carrying amount of the loan, provided the loan is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
b) If a loan is purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the loan, even if it is no longer credit impaired.
c) If a loan was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the loan in the determination of interest. If, in subsequent periods, the loan is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

4.5 Impairment

The Fund recognises a loss allowance for expected credit losses on all loan receivables measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The Fund measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12-month ECL).

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12-month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the Fund considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

4.6 Significant Increase in Credit Risk

In assessing whether the credit risk on a loan has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the loan as at the reporting date with the risk of a default occurring as at the date of initial recognition.

The Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the counterparties operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information.

Irrespective of the outcome of the above assessment, the credit risk on a loan is always presumed to have increased significantly since initial recognition if the contractual payments are more than 30 days past due, unless the Fund has reasonable and supportable information that demonstrates otherwise.

By contrast, if a loan is assessed to have a low credit risk at the reporting date, then it is assumed that the credit risk on the loan has not increased significantly since initial recognition.

The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria can identify significant increases in credit risk before the amount becomes past due.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

4.7 Definition of Default

For purposes of internal credit risk management purposes, the Fund consider that a default event has occurred if there is either a breach of financial covenants by the counterparty, or if internal or external information indicates that the counterparty is unlikely to pay its creditors in full (without taking collateral into account).
Irrespective of the above analysis, the Fund considers that default has occurred when a loan instalment is more than 90 days past due unless there is reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

4.8 Measurement and recognition of expected Credit Losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward looking information as described above. The exposure at default is the gross carrying amount of the loan at the reporting date.

Lifetime ECL is measured on a collective basis in cases where evidence of significant increases in credit risk are not yet available at the individual instrument level. Loans are then grouped in such a manner that they share similar credit risk characteristics, such as nature of the loan, external credit ratings (if available), industry of counterparty etc.
The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Fund has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Fund measures the loss allowance at an amount equal to 12 month ECL at the current reporting date, and vice versa.

An impairment gains or loss is recognised for all loans in profit or loss with a corresponding adjustment to their carrying amount through a loss allowance account. The impairment loss is included in other operating expenses in profit or loss as a movement in credit loss allowance.

4.9 Credit Risk

Details of credit risk related to loans receivables are included in the specific notes and the financial instruments and risk management.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

4.9.1 Exposure to credit risk

Trade receivables inherently expose the Fund to credit risk, being the risk that the Fund will incur financial losses if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period. A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities. The Fund measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The Fund's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

For these accounts a provision for doubtful debt was provided at 10% of the loans issued in the current year. In subsequent years, a more detailed matrix will be applied especially after the application of the new loan system which is being developed.

5. Trade and Other Receivables

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

5.1 Classification

Trade and other receivables, excluding, when applicable, prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Fund's business model is to collect the contractual cash flows on trade and other receivables.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

5.2 Recognition and Measurement

Trade and other receivables are recognised when the Fund becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

5.3 Application of the Effective Interest Method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method and is included in surplus or deficit in investment income.
The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

a) The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.
b) If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit impaired.
c) If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

5.4 Impairment

The Fund recognises a loss allowance for expected credit losses on trade and other receivables, excluding prepayments. The amount of expected credit losses is updated at

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

The Fund measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

5.5 Measurement and Recognition of Expected Credit Losses

The Fund makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in surplus or deficit with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in surplus or deficit as a movement in credit loss allowance.

6. Trade and Other Payables

6.1 Classification

Trade and other payables, excluding amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

6.2 Recognition and Measurement

They are recognised when the Fund becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.
They are subsequently measured 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 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.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

6.3 Fair Values Versus Carrying Values

The Commissioners have assessed and concluded that the fair values of financial assets and liabilities were not materially different from the carrying amounts shown in the statement of financial position due to their short term to maturity.

7. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand and short-term deposits and bank overdrafts with an original maturity of three months or less.

8. Derecognition

8.1 Financial Assets

The Fund 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 party. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also \recognises a collateralised borrowing for the proceeds received.

8.2 Financial Liabilities

The Fund derecognises financial liabilities when, and only when, the Fund obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

9. Assets Held for Sale- Repossessed Property

In certain circumstances, the Fund can repossess property following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less cost to sell and reported as 'Assets Held for Sale' in line with IFRS 5.

The Fund shall advertise for sale the repossessed properties after fourteen (14) days of the repossession to recover the outstanding loan amounts, legal fees, sheriff's fees and any other incidental costs like security.

The Fund will have the choice of disposing the repossessed properties through estate agents

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

repossessed properties may be valued at the point of sale to arrive at the reserve prices. The higher bidder shall be offered the right to purchase the property with priority given to Zambian Citizens. Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed properties are classified in the statement of financial position as Assets Held for Sale in line IFRS 5.

10. Inventories

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

11. Revenue

Government grants are recognised when there is reasonable assurance that:

11.1 The Fund will comply with the conditions attaching to them; and
11.2 The grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of net assets available in the fund by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the surplus or deficit (separately).

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

12. Revenue from Contracts with Customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Fund recognises revenue when it transfers control of a product or service to a customer.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

	2021 ZMW	2020 ZMW
13. Revenue		
Government Grant	-	10,000,000
	-	**10,000,000**
14. Other Operating Income		
Interest from Bank	500,000	393
Other Income	50,535	517,784
	550,535	**518,177**
15. Operating Costs		
Legal Costs	426,353	578,021
Bank Charges-Operations	3,849	5,075
Hire of Motor Vehicle	-	5,000
Rates and Taxes	-	17,850
Security Expenses	269,800	728,647
	700,002	**1,334,593**

16. Provision for bad debts

Description	Grade	Classification	Provision	2021	2020
				ZMW	ZMW
Good	A	Performing	0%	-	-
Pass (P)	B	Performing	0%	19,566,374	9,062,243
Sub standard	C	Non Performing	50%	1,351,891	626,058
Doubtful	D	Non Performing	75%	2,703,783	1,252,116
Loss	E	Non Performing	100%	268,197,769	277,936,555
Total Loan Book				**291,819,817**	**288,876,972**
Total provision as per credit policy				**(270,901,552)**	**(279,188,671)**
Provision for the year				**8,287,119**	**(64,036,510)**

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
for the year ended 31 December 2021

17. Property Plant and Equipment

	2021 ZMW Opening Balance	ZMW Additions	ZMW Disposal	ZMW Depreciation	ZMW Total
Land and Buildings	-	-	-	-	-
Furniture and Fittings	-	-	-	-	-
Motor Vehicles	-	-	-	-	-
Office Equipment	-	-	-	-	-
Computer Equipment	-	-	-	-	-
Other Property, Plant and Equipment	37,120	-	-	37,120	-
Capital Work in Progress	1,060,018	97,000	-	-	1,157,018
Total	**1,097,138**	**97,000**	-	**37,120**	**1,157,018**

	2020 ZMW Opening Balance	ZMW Additions	ZMW Disposal	ZMW Depreciation	ZMW Total
Land and Buildings	-	-	-	-	-
Furniture and Fittings	8,591	-	-	8,591	-
Motor Vehicles	-	-	-	-	-
Office Equipment	3,386	-	-	3,386	-
Computer Equipment	16,057	-	-	16,057	-
Other Property, Plant and Equipment	74,240	-	-	37,120	37,120
Capital Work in Progress	1,060,018	-	-	-	1,060,018
Total	**1,162,292**	-	-	**65,154**	**1,097,138**

18. Investment in Mumbwa Farmers Ginnery and Processing Company Limited (MFGPCo)

In 2013, CEEC acquired 32% of shares in Mumbwa Farmers Ginnery and Processing Company Limited (MFGPCo) at total cost of K1 million. The company has been non-operational from 2015.

	2021	**2020**
Investment in MFGPCo	1,000,000	1,000,000
Less: Provision for Impairment	(1,000,000)	(1,000,000)
	-	-

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

		2021 ZMW	2020 ZMW
19.	**Non Current Loan Receivables**		
	Project Loan Receivables	291,819,817	288,876,972
	Less provision for doubtful debts	(270,901,552)	(279,188,671)
	Total	**20,918,265**	**9,688,301**
20.	**Assets Held for Sale**	**10,878,122**	**10,878,122**

The fund repossessed ten (10) properties with loan outstanding amounts totalling K10,878,122 Clause 6.5.3.3 of the Credit Policy of 2015 provides for repossessed properties to be valued at the point of sale in order to arrive at the reserve price. However, these assets had not been assigned with the reserve price values as of 31st December 2021.

		2021 ZMW	2020 ZMW
21.	**Other Receivables**		
	Provinces Imprest	108,095	108,095
	Natsave Receivables	11,110	11,111
	Other Receivables	211,545	211,545
	Other Trade Receivables	-	130,897
	Total	**330,750**	**461,647**
22.	**Cash and Cash Equivalents**		
	Zanaco Main Account	12,021,169	15,341,503
	Absa Bank Account	737,991	718,191
	Natsave Micro Account	355,982	355,982
	Atlas Mara Account	823,381	475,489
	Investrust Account	21,233	20,965
	Total	**13,959,755**	**16,912,129**
23.	**Acculumated Surplus/(Deficit)**		
	As at 1 January	(27,774,218)	27,143,862
	Deficit for the Year	8,100,532	(54,918,080)
	As at 31 December	**(19,673,686)**	**(27,774,218)**
24.	**Trade and Other Payables**		
	Suspense Account	55,901,975	55,933,433
	Other Payables	137,500	-
	Total	**56,039,475**	**55,933,433**

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

		2021 ZMW	2020 ZMW
25.	**Cash Generated from Operations**		
	Surplus	8,100,532	(54,918,080)
	Adjustments for:		
	Provision for bad debt.	(8,287,119)	64,036,510
	Depreciation and amortisation	37,120	65,154
	Changes in Working capital:		
	Other receivables	-	1,260,112
	Trade and other payables	268,397	(281,692)
	Total	**118,930**	**10,162,004**
26.	**Movement in Receipts & Disbursements**		
	Receipts during the year	1,236,381	2,998,167
	Less : Loans paid out (Loan Book)	(2,942,845)	(4,519,480)
	others	(1,364,839)	(512,392)
		(3,071,303)	**(2,033,705)**

REPUBLIC OF ZAMBIA

CITIZENS ECONOMIC EMPOWERMENT COMMISSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2021

THE AUDITOR GENERAL
P.O BOX 50071
LUSAKA – ZAMBIA

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Country of Incorporation and Domicile	Zambia
Nature of Business and Principal Activities	Established under the Citizens Economic Empowerment Act No. 9 of 2006, the Commission's principal activities are to promote the economic empowerment of targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies; promote gender-equality in accessing, owning, managing, controlling and exploiting economic resources; encourage an increase in broad-based and effective ownership and meaningful participation of targeted citizens, citizen empowered companies, citizen influenced companies and citizens owned companies in the economy in order to contribute to sustainable economic grow; remove social customs, statutory provisions or other practices that limit access to any particular gender to skills training that is essential for effective participation in the economic sector; promote the employment of both gender by removing structural and discriminatory constraints that hinder any particular gender from employment opportunities and in so doing ensure equitable income distribution; promote equal opportunity of targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies in accessing and being awarded procurement contracts and other services from State institutions; promote greenfield investment through joint ventures and partnerships between local and foreign investors in order to enhance broad-based economic empowerment; and provide for matters incidental to or connected to the foregoing.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Commissioners	Col. Nkunga C. Mulenga (Rtd)	Chairperson
	Ms. Emelda K. Chabala Melele	Vice – Chairperson
	Mr. Fredson Yamba	Commissioner
	Mr. Chanda Kaziya	Commissioner
	Ms. Bridget Nyau Sule	Commissioner
	Mr. Mulenga Musepa	Commissioner
	Mr. Mushuma Mulenga	Commissioner
	Mr. Sunday Chanda	Commissioner
	Dr. Stella Zulu Chisanga	Commissioner
	Dr. David Nama	Commissioner
	Mr. Coster Mwaba	Commissioner
	Mr. Likando Kalaluka, SC	Commissioner

Registered Office	Plot No. 6457 P.O Box 35068 Los Angeles Boulevard Longacres, Lusaka Zambia.
Bankers	Zanaco Bank (Z) Ltd Atlas Mara Bank (Z) Ltd Absa Bank (Z) Ltd Investrust Bank (Z) Ltd
Auditors	Office of the Auditor General

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

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Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Commissioners' Responsibilities and Approval

The Commissioners are required in terms of the Citizens Economic Empowerment Act No. 9 of 2006 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Commission as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. (IFRSs). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Commissioners acknowledge that they are ultimately responsible for the system of internal control established by the Commission and place considerable importance on maintaining a strong control environment. To enable the Commissioners to meet these responsibilities, the Commission sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Commission and all employees are required to maintain the highest ethical standards in ensuring the Commission's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Commission is on identifying, assessing, managing and monitoring all known forms of risk across the Commission. While operating risk cannot be fully eliminated, the Commission endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Commissioners are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Commissioners have reviewed the Commission's cash flow forecast for the year to 31st December 2021 and, in light of this review and the current financial position, they are satisfied that the Commission has or had access to adequate resources to continue in operational existence for the foreseeable future.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

The external auditors are responsible for independently auditing and reporting on the Commission's financial statements. The financial statements have been examined by the Commission's external auditors and their report is presented on pages 9 to 11.

The current Board of Commissioners was appointed in April 2022. Therefore, these financial statements cover a period that predates the date at which they assumed fiduciary responsibility over the commission's operations. The current commissioners have approved and signed these audited financial statements for administrative convenience.

The financial statements set out on pages 12 to 29 which have been prepared on the going concern basis, were approved by the Commissioners on 14th March 2025 and were signed on their behalf by:

Approval of financial statements

Mr. Jason Kazilimani	Charles Muwe Mungule, PhD
Board Chairman	**Director General**

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Commissioners' Report

The Commissioners have the pleasure in submitting their report on the financial statements of Citizens Economic Empowerment Commission (CEEC) for the year ended 31st December 2020.

1. Principal Activities

- Established under the Citizens Economic Empowerment Act No. 9 of 2006, the Commission's principal activities are to promote the economic empowerment of targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies
- Promote gender-equality in accessing, owning, managing, controlling and exploiting economic resources
- Encourage an increase in broad-based and effective ownership and meaningful participation of targeted citizens, citizen empowered companies, citizen influenced companies and citizens owned companies in the economy in order to contribute to sustainable economic growth
- Remove social customs, statutory provisions or other practices that limit access to any particular gender to skills training that is essential for effective participation in the economic sector
- Promote the employment of both gender by removing structural and discriminatory constraints that hinder any particular gender from employment opportunities and in so doing ensure equitable income distribution
- Promote equal opportunity of targeted citizens, citizen empowered companies, citizen influenced companies and citizen owned companies in accessing and being awarded procurement contracts and other services from State institutions
- Promote Greenfield investment through joint ventures and partnerships between local and foreign investors in order to enhance broad-based economic empowerment and
- Provide for matters incidental to or connected to the foregoing.

There have been no material changes to the nature of the Commission's business from the prior year.

2. Review of Financial Results and Activities

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Citizens Economic Empowerment Act No. 9 of 2006. The accounting policies have been applied consistently compared to the prior year.
For the year ended 31st December 2021, the Commission made a deficit on operations of K6,474,918, (2019: K3,071,664).

Full details of the financial position, results of operations and cash flows of the Operations Account are set out in these financial statements.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

3 . Commissioners' Office

The Commissioners in office at the date of this report are as follows:

	Name	Office
1.	Mr. Jason Kazilimani	Chairman
2.	Dr. Tecla Ngwenya	Vice – Chairperson
3.	Mr. Paul Kaluba	Commissioner
4.	Eng. Cosmas Mwanakaba	Commissioner
5.	Mr. George Patrick Kashinka	Commissioner
6.	Eng Eugene Milambo Haazele	Commissioner
7.	Ms. Sheila Mudenda	Commissioner
8.	Dr. Francis Mutale Mulenga	Commissioner
9.	Ms. Comfort Mulenga	Commissioner
10.	Ms. Mwaka Cynthia C. Mukubesa	Commissioner
11.	Mr. Anderson Matutu	Commissioner

4. Key Management

1.	Charles Muwe Mungule, PhD	Director General
2.	Albert Ngimu	Director Credit and Risk
3.	Caiaphas Habasonda	Director Business Development
4.	Lucy M. Mataka	Director Corporate Services
5.	Ophelia Nyambe	Director Finance
6.	Joyce Mulenga	Director Legal Services

5. Property, Plant and Equipment

There was no significant change in the nature of the property, plant and equipment of the Commission or in the policy regarding their use. The Commission received land property No. Lus/17018 with a land extent of 1,576 meter squared as a donation in December 2015 to develop an Empowerment House. The land is not yet valued and has not been added in the asset register. It will be added when the valuation report comes out.

As of 31st December 2021, the Commission' investment in properties, plant and equipment amounted to K522,735 and there were additions totalling K541,717 in the current year.

6. Events After the Reporting Period

The Commissioners are not aware of any material event which occurred after the reporting date and up to the date of this report which will change the outlook of the Commission.

7. Going Concern

The Commissioners believe that the Commission has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

prepared on a going concern basis. The Commissioners have satisfied themselves that the Commission is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The Commissioners are not aware of any new material changes that may adversely impact the Commission's operations. The Commissioners are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the Commission's operations.

8. Secretary

The Commission Secretary at the time the report was done was Ms. Joyce Mulenga

The financial statements set out on pages 12 to 29 which have been prepared on the going concern basis, were approved by the Commissioners on 14th March 2025, and were signed on its behalf by:

Mr. Jason Kazilimani
Board Chairman

Charles Muwe Mungule, PhD
Director General

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Independent Auditor's Report

HAILE SELASSIE AVENUE, LONGACRES

P.O BOX 50071

LUSAKA, ZAMBIA

E-mail: auditorg@ago.gov.zm

Website: www.ago.gov.zm

Telephone: +260252611/252771

To the Commissioners – Citizens Economic Empowerment Commission

Report on the audit of the Financial Statements

Opinion

I have audited the financial statements of the Citizens Economic Empowerment Commission's Operations Account, which comprise the Statement of Surplus or Deficit and Other Comprehensive Income, Statement of Financial Position, and the Statement of Changes in Equity and Statement of Cashflows for the year ended 31st December 2021, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 12 to 29.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Citizens Economic Empowerment Commission's Operations Account as at 31st December 2021 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the Citizens Economic Empowerment Commission in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI) Code of Ethics together with the ethical requirements that are relevant to my audit of the financial statements in Zambia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the INTOSAI Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Key Audit Matters

Key audit matters of the audit are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. I have determined that there are no key audit matters to communicate in my report.

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 International Financial Reporting Standards (IFRS) 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 Citizens Economic Empowerment Commission'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 Commission or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs 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 ISSAIs, I exercise professional judgment and maintain professional scepticism throughout the audit. I 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 my 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 Citizens Economic Empowerment Commission's internal controls.

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- 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 Citizens Economic Empowerment Commission's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Commission 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.

I 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 I identify during my audit. I also provide those charged with governance a statement that I 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 my independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements
In my opinion, the Financial Statements of the Citizens Economic Empowerment Commission as of 31st December 2021 have properly prepared in accordance with the Citizens Economic Empowerment Act No.9 of 2006, and the accounting and other records and registers have kept properly in accordance with the Act.

Dr. Ron M. Mwambwa – FCMA, FZICA, CGMA, CFE
ACTING AUDITOR GENERAL

DATE: 02/05/ **2025**

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Statement of Surplus or Deficit

for the year ended 31 December 2021

	Note	2021	2020
Income		**ZMW**	**ZMW**
Revenue	14.	18,047,371	22,129,077
Other Operating Income	15.	527,395	142,623
Total Revenue		**18,574,766**	**22,271,700**
Expenditure			
Employment Costs	16.	19,078,107	19,682,264
Operating Expenses	17.	5,904,832	5,301,387
Depreciation and Amortisation	18.	63,437	243,500
Total Expenditure		**25,046,376**	**25,227,151**
Operating Deficit		**(6,471,610)**	**(2,955,451)**
Finance Costs	19.	3,308	116,213
Deficit for the year		**(6,474,918)**	**(3,071,664)**

There were no items of other comprehensive income during the year (2020: nil).

The accounting policies and notes on pages 12 to 29 are part of these financial statements.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Statement of Financial Position
as at 31 December 2021

	Note	2021	2020
ASSETS		**ZMW**	**ZMW**
Non Current Assets			
Property, Plant and Equipment	18.	522,735	44,455
		-	
		522,735	**44,455**
Current Assets			
Receivables	20.	342,827	429,481
Inventory	21.	219,197	260,927
Prepayments, Short Term Investments	22.	50,901	1,701
Cash and Cash Equivalents	23.	2,355,940	2,459,023
Total Current Assets		**2,968,865**	**3,151,132**
Total Assets		**3,491,600**	**3,195,587**
LIABILITIES AND EQUITY			
Equity			
Accumulated deficit	24.	(31,591,539)	(25,116,621)
Current Liabilities			
Payables	25.	35,083,139	28,312,208
Total Equity and Liabilities		**3,491,600**	**3,195,587**

The financial statements and the notes on page 12 to 29, were approved by the Commissioner's on 14th March 2025, and were signed on its behalf by:

Mr. Jason Kazilimani
Board Chairman

Charles Muwe Mungule, PhD
Director General

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Statement of Changes in Equity
for the year ended 31 December 2021

	31 December 2021
Balance as at 1 January 2020	(22,044,957)
Deficit for the Year	(3,071,664)
Balance at 1st January 2020	**(25,116,621)**
Balance as at 1 January 2021	(25,116,621)
Deficit for the Year	(6,474,918)
Balance as at 31 December 2021	**(31,591,539)**

Citizens Economic Empowerment Commission
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Statement of Cash Flows

for the year ended 31 December 2021

	Note	2021 ZMW	2020 ZMW
Cash flows from operating activities			
Cash flows from operating activities	26	**438,636**	**1,247,287**
Cash flows from investing activities			
Purchase of Property, Plant & Equipment	18	(541,717)	(2,750)
Net cash flows from investing activities		**(541,717)**	**(2,750)**
(Decrease)/Increase in cash and cash equivalents		**(103,083)**	**1,244,537**
Cash and cash equivalents at start of year		2,459,023	1,214,486
Cash and cash equivalents at end of year		**2,355,940**	**2,459,023**

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements
Accounting Policies
for the year ended 31 December 2021

1. Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

1.1 Basis of Preparation

The financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these financial statements and the Citizens Economic Empowerment Act No. 9 of 2006.

The financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Zambian Kwacha, which is the Commission's functional currency.
These accounting policies are consistent with the previous period.

1.2 Significant Judgements and Sources of Estimation Uncertainty

The preparation of financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.3 Critical Judgements in Applying Accounting Policies.

Management did not make critical judgements in the application of accounting policies, apart from those involving estimations, which would significantly affect the financial statements.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

2. Key Sources of Estimation Uncertainty

2.1 Impairment of Financial Assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Commission uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Commission's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. For details of the key assumptions and inputs used, refer to the individual notes addressing financial assets.

2.2 Impairment Testing

The Commission reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

3. Property, Plant and Equipment

Property, plant and equipment are tangible assets which the Commission holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Commission, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the Commission and the cost can be measured reliably. Day to day servicing costs are included in surplus or deficit in the year in which they are incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Commission. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.
The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fittings	Straight line	5 Years (20%)
Motor vehicles	Straight line	5 Years (20%)
Office equipment	Straight line	4 years (25%)
Computer equipment	Straight line	4 years (25%)
Land	Straight line	(0%)
Buildings	Straight line	50 years (2%)

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each year is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in surplus or deficit to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in surplus or deficit when the item is derecognised.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

4. Financial Instruments

Financial assets and financial liabilities are initially measured at fair value and subsequently at amortised cost.

5. Receivables

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

5.1 Classification

Trade and other receivables, excluding, when applicable and prepayments, are classified as financial assets subsequently measured at amortised cost.

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Commission's business model is to collect the contractual cash flows on trade and other receivables.

5.2 Recognition and Measurement

Trade and other receivables are recognised when the Commission becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

5.3 Application of the Effective Interest Method

For receivables which contain a significant financing component, interest income is calculated using the effective interest method and is included in surplus or deficit in investment income.

The application of the effective interest method to calculate interest income on trade receivables is dependent on the credit risk of the receivable as follows:

a) The effective interest rate is applied to the gross carrying amount of the receivable, provided the receivable is not credit impaired. The gross carrying amount is the amortised cost before adjusting for a loss allowance.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

b) If a receivable is a purchased or originated as credit-impaired, then a credit-adjusted effective interest rate is applied to the amortised cost in the determination of interest. This treatment does not change over the life of the receivable, even if it is no longer credit impaired.

c) If a receivable was not purchased or originally credit-impaired, but it has subsequently become credit-impaired, then the effective interest rate is applied to the amortised cost of the receivable in the determination of interest. If, in subsequent periods, the receivable is no longer credit impaired, then the interest calculation reverts to applying the effective interest rate to the gross carrying amount.

5.4 Impairment

The Commission recognises a loss allowance for expected credit losses on trade and other receivables, and prepayments. The amount of expected credit losses is updated at each reporting date.

The Commission measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

5.5 Measurement and Recognition of Expected Credit Losses

The Commission makes use of a provision matrix as a practical expedient to the determination of expected credit losses on receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

The customer base is widespread and does not show significantly different loss patterns for different customer segments. The loss allowance is calculated on a collective basis for all trade and other receivables in totality.

An impairment gain or loss is recognised in surplus or deficit with a corresponding adjustment to the carrying amount of trade and other receivables, through use of a loss allowance account. The impairment loss is included in other operating expenses in surplus or deficit as a movement in credit loss allowance.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

6. Trade and Other Payables

6.1 Classification

Trade and other payables and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

6.2 Recognition and Measurement

They are recognised when the Commission becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured 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 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.

6.3 Fair Values Versus Carrying Amounts

The Commissioners have assessed and concluded that the fair values of financial assets and liabilities are not materially different from the carrying amount shown in the statement of financial position due to their short term to maturity.

7. Cash and Cash Equivalents

Cash and cash equivalents comprise of cash on hand and short-term deposits and bank overdrafts with an original maturity of three months or less.

8. Derecognition

8.1 Financial Assets

The Commission 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 party. If the Commission neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Commission recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Commission retains substantially all the risks and rewards of ownership of a transferred financial asset, the Commission continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

8.2 Financial Liabilities

The Commission derecognises financial liabilities when, and only when, the Commission obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

9. Assets Held for Sale- Repossessed Property

In certain circumstances, the Commission can repossess property following the foreclosure on loans that are in default. Repossessed properties are measured at the lower of carrying amount and fair value less cost to sell and reported as 'Assets Held for Sale' in line with IFRS 5.

The Commission shall advertise for sale the repossessed properties after fourteen (14) days of the repossession in order to recover the outstanding loan amounts, legal fees, sheriff's fees and any other incidental costs like security.

The Commission will have the choice of disposing the repossessed properties through estate agents who may have running contracts with the Commission or using the in-house tender procedures. The repossessed properties may be valued at the point of sale in order to arrive at the reserve prices. The higher bidder shall be offered the right to purchase the property with priority given to Zambian Citizens. Repossessed Properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness. Repossessed properties is classified in the statement of financial position as Assets Held for Sale in line IFRS 5.

10. Exposure to credit risk

Trade receivables inherently expose the commission to credit risk, being the risk that the commission will incur financial loss if customers fail to make payments as they fall due.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period. A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities. The Commission measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. The provision matrix has been developed by making use of past default

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. The Commission's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles.

For these accounts a provision for Doubtful debt was provided at 10% of the Loans issued in the current year. In subsequent years, a more detailed matrix will be applied especially after the application of the new loan system which is being developed.

11. Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable, and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

12. Employee Benefits

12.1 Short-Term Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2021

13. Revenue

Government grants are recognised when there is reasonable assurance that:

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

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial Position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

Grants related to income are presented as a credit in the surplus or deficit (separately).

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
for the year ended 31 December 2021

	2021	2020
14. Revenue	**ZMW**	**ZMW**
Government Grant-Operation	13,226,841	12,124,604
Loan Interest-Project Finance	932,830	4,004,685
Facility Fees-Project Finance	2,945,380	5,999,788
Facility Fees -Trade Finance	942,320	-
	18,047,371	**22,129,077**
15. Other Operating Income		
Interest from Bank	5,395	142,623
Loss on disposal of Property, Plant and Equipment	522,000	-
Net other operating income	**527,395**	**142,623**
Total Revenue	**18,574,766**	**22,271,700**
16. Employment Costs		
Basic Salary	9,968,154	9,832,662
NAPSA	570,476	572,843
Housing Allowance	1,946,860	1,954,768
Gratuity	3,273,604	3,469,776
Leave Pay	172,214	745,742
Office Refreshments	11,436	5,550
Acting Allowance	137,425	94,806
Transport Allowance	2,413,093	2,429,511
Relocation Cost	92,444	23,195
Responsibility Allowance	61,225	19,317
PAYE	654	19,148
Workers Compensation	20,970	13,588
NHIMA	98,938	97,869
Staff Welfare - Other	9,668	36,034
Medical Expenses	218,232	225,949
Over Time	28,392	44,440
Recruitment Costs	6,290	8,347
Fine and Penalties	39,032	76,719
Entertainment Allowance	9,000	12,000
	19,078,107	**19,682,264**

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
for the year ended 31 December 2021

17. Operating Costs

	2021	2020
	ZMW	ZMW
Audit Fees	224,040	-
Sundry Expenses	-	750
Promotion & Publicity	1,350	16,890
Office Expenses	7,514	2,663
Cleaning Expenses	234,591	241,475
Computer Expenses	280,037	246,989
Consultation Fees	-	950
Courier & Postages	55,485	37,646
Board Expenses	629,192	609,682
Electricity and Water	86,664	97,914
Legal Costs	-	347,280
Bank Charges-Operations	16,000	16,244
Procurement Expenses	76,550	85,400
Insurance-Motor Vehicle	994,181	836,833
Keyman's Insurance Admin Fees	-	8,038
Repair & Maintenance - Office equipment	500	-
Motor Vehicle Expenses - Fines & Penalties	-	15,094
Motor Vehicle Expenses - Repairs & Maintenance	54,551	150,511
Motor Vehicle Expenses - Fuel and Oil	68,397	84,242
Motor Vehicle Expenses - licenses	13,955	14,545
Repair & Maintenance - Office Building	84,867	67,054
Printing and Stationery	844,783	273,013
Communication Expenses	690,017	701,099
Office Rentals	495,967	487,384
Subscription Professions	79,530	300,685
Security Expenses	669,078	285,460
Travel & Accommodation	128,184	287,006
Workshops-Seminars	169,398	86,540
	5,904,832	**5,301,387**

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)
for the year ended 31 December 2021

18. Property Plant and Equipment

2021	ZMW Opening Balance	ZMW Additions	ZMW Disposal	ZMW Depreciation	ZMW Total
Land and Buildings	-	45,600.00	-	684	44,916
Furniture and Fittings	28,411	3,999.98	-	11,103	21,308
Motor Vehicles	-	-	-	-	-
Office Equipment	19	23,523.72	-	5,079	18,464
Computer Equipment	15,342	468,593.40	-	46,571	437,365
Other Property, Plant and Equipment	-	-	-	-	-
Capital Work in Progress	683	-	-	-	683
Total	**44,455**	**541,717.10**	**-**	**63,437**	**522,735**

2020	ZMW Opening Balance	ZMW Additions	ZMW Disposal	ZMW Depreciation	ZMW Total
Land and Buildings	-	-	-	-	-
Furniture and Fittings	35,997	2,750	-	10,336	28,411
Motor Vehicles	192,644	-	-	192,644	-
Office Equipment	702	-	-	683	19
Computer Equipment	55,179	-	-	39,837	15,342
Other Property, Plant and Equipment	-	-	-	-	-
Capital Work in Progress	683	-	-	-	683
Total	**285,205**	**2,750**	**-**	**243,500**	**44,455**

19. Finance Costs

	2021 ZMW	2020 ZMW
Interest on Motor vehicle loan	3,308	116,213
	3,308	**116,213**

The finance cost is loan interest on the loan obtained to purchase motor vehicles for the Commission.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

		2021	2020
20.	**Receivables**	**ZMW**	**ZMW**
	Staff Imprest	45,540	91,140
	Staff Advances	198,894	264,582
	Staff Personal Loan	66,535	60,844
	Other	15,606	-
		342,827	**429,481**
21.	**Inventory**		
	General Inventory	**219,197**	**260,927**
22.	**Prepayments, Short Term Investments**		
	Prepayments Fuel	44,400	-
	Fuel & Oils-Gen Set	1,500	500
	Fuel & Oils-BaB 529	2,001	1,201
	Software Licences and Support	3,000	-
	Total	**50,901**	**1,701**
23.	**Cash and Cash Equivalents**		
	Zanaco Account	1,414,585	2,344,682
	Petty Cash	6,386	7,449
	Finance Account	37,791	32,520
	Luapula Province	36	36
	Southern Province	1,001	1,001
	Western Province	193	193
	Muchinga Province	35	35
		-	588
	Total	**2,355,940**	**2,459,023**
24.	**Accumulated Deficit**		
	At January	(25,116,621)	(22,044,957)
	Deficit for the Year	(6,474,918)	(3,071,664)
	At 31 December	**(31,591,539)**	**(25,116,621)**

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2021

Notes to the Financial Statements (continued)

for the year ended 31 December 2021

	2021	2020
25. Payables	**ZMW**	**ZMW**
ZRA Liability	660,585	660,585
NAPSA Liability	960,741	1,057,894
Salaries Control - PAYE	15,287,499	16,094,384
Salaries Control - National Health Insurance	-	16,875
Leave Pay Provision	865,156	1,376,119
Gratuity Provision	7,323,488	7,380,670
Accounts Payables	2,790,017	1,207,701
Other Payables	7,044,430	314,394
Total Payables	**35,083,139**	**28,312,208**

	2021	2020
26. Cash Generated from Operations		
Deficit for the year	(6,474,918)	(3,071,664)
Adjustment for:		
Depreciation and ammortisation	63,439	243,500
Changes in working capital:		
Inventories	41,730	(53,406)
Trade and other receivables	86,654	(355,312)
Prepayments, short term investments	(49,200)	94,476
Trade and other payables	6,770,931	4,389,693
Total	**438,636**	**1,247,287**

Citizens Economic Empowerment Commission

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Plot No. 6457 Los Angeles Boulevard, Long Acres, Lusaka. Tel: 0211-256020/0978-779395

CEEC Lusaka Provincial Office
21 Joseph Mwilwa Road, Rhodes Park Lusaka.
Tel: 0211-237556

CEEC Luapula Provincial Office
Rooms 108, 110 and 113, Provident House, Chitimukulu Road, Mansa.
Tel: 0212-821445

CEEC Eastern Provincial Office
Room 1, New Wing Provincial Administration, Hospital Road, Chipata. Tel: 0216-221936

CEEC Southern Provincial Office
Plot DZ 188, Choma Dairy Co-operative Union Complex, Choma.
Tel: 0213-323363

CEEC Copperbelt Provincial Office Room 188 Immigration Building Buteko Avenue, Ndola. Tel: 0212-618133

CEEC Northern Provincial Office Kasama Industrial Yard, 8km from Kasama CBD, off the Kasama-Mbala Road.

CEEC Central Provincial Office
Rooms 6 and 7 Labour Building, Chilufya Katebe Road, Kabwe.
Tel: 0215-223915

CEEC Muchinga Provincial Office Plot 888 Kakula Street, Chinsali. Tel: 0214-565118

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