Citizens Economic Empowerment Commission

Annual Report

2023

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About Us

The Citizens Economic Empowerment Commission is a statutory body under the Ministry of Small and Medium Enterprise Development mandated to foster broad based economic empowerment of the citizenry.

Vision

A leader in inclusive and sustainable citizenry economic empowerment.

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 2022-2026:

- **Accountability** - We are answerable and responsible for resources government entrusted us to manage on behalf of the Zambian people.
- **Transparency**- We commit to openness with our clients regardless of their social, economic or gender orientation.
- **Fairness**- We ensure all citizens receive equal opportunities regardless of gender, religion, race, and physical location.
- **Integrity** - We discharge our duties in an ethical and honest manner in our dealings with all our stakeholders.
- **Professionalism** – In discharging our duties we espouse elevated levels of excellence and competence and conduct ourselves in a manner that reflects the positive image of the Commission.
- **Teamwork**- We work collaboratively appreciating each other’s inputs to achieve our common goal.

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 2023 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
DG	Director General
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

MANDATE

The Citizens Economic Empowerment Commission is a corporate body established through the enactment of 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 at Figure 1.

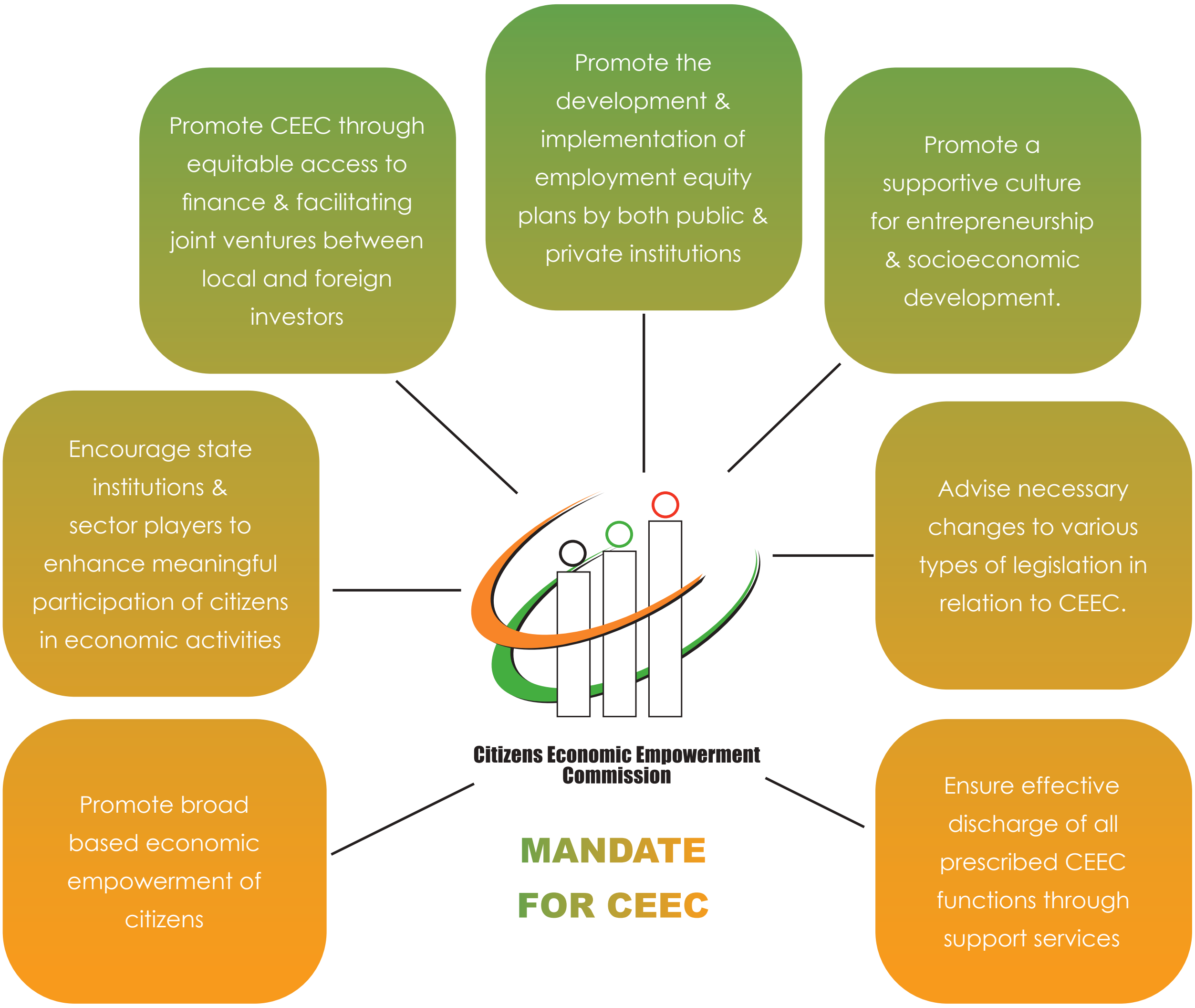

Figure 1 Summarised Mandate of the Commission

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.

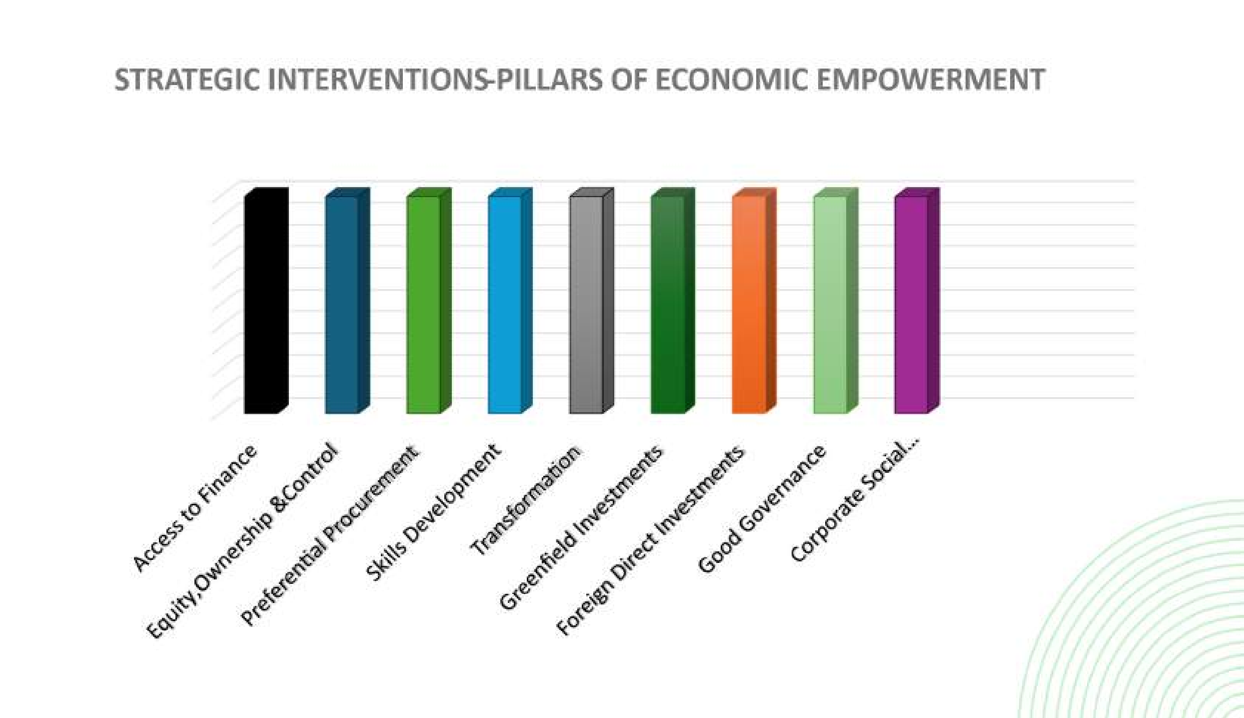

Figure** 2 **CEEC Empowerment Pillars

CHAIRPERSON'S STATEMENT

It gives me great pleasure to present the annual report on the performance of the Citizens Economic Empowerment Commission (CEEC) for the year 2023. This has been a year of both challenges and significant achievements. As we reflect on the progress made over the past year, I would like to express my deepest appreciation to our stakeholders, employees, clients, and partners for their continued support and trust in our vision.

Following the appointment of the Board of Commissioners and the Director General, Dr. Charles Muwe Mungule, we were pleased to launch the 2022-2026 Strategy. This strategy aligns with the Commission's mandate and supports the 8th National Development Plan (8NDP) agenda, focused on economic transformation and job creation as a result of the participation of for targeted citizens in the economy, preferential procurement scheme, full operationalization of all the Industrial Yards, and actualization as well as development and enforcement of Sector Codes and Reservation Schemes for targeted citizens by 2026.

Our goal for the year was to highlight all nine pillars of the Commission and advance the corresponding key programs that drive the Commission's vision of being a leader in inclusive and sustainable citizenry economic empowerment.

A key highlight of the year was the major steps in infrastructure development, commissioning six (6) out of eight (8) industrial yards to contribute to regional economic growth.

Further, to underscore its commitment to the development of Zambia's aquaculture sector particularly through the management of the Aquaculture Seed Fund under the Zambia Aquaculture Enterprise Development Project (ZAEDP), in the second half of the year, the CEEC participated in the Aquaculture Africa Conference which brought together global expert stakeholders.

Looking ahead to 2024, we remain cautiously optimistic about Zambia's economic outlook. The country's focus on diversification, agriculture, infrastructure development, and investment in renewable energy presents numerous growth opportunities for the CEEC.

The Commission remains dedicated to offering citizens products that facilitate their meaningful participation in the economy and create decent jobs for all. We are grateful for the government's continued commitment to economic empowerment, reflected in the increased funding for our programs.

Jason Kazilimani
BOARD CHAIRPERSON

DIRECTOR GENERAL'S REPORT

The Commission successfully launched its **2022-2026 Strategic Plan** immediately after recruiting the management team. The notable achievements included:

1. Disbursement of over K673 million to 48,248 beneficiaries in the year 2023.
2. 60% of empowerment projects approved by the Commission to rural areas.
3. Developed and implemented nine (9) empowerment products in line with the 8NDP.
4. The manpower strength as of 31 December 2023 stood at 85 with a revision of the organogram to boost the institution's capacity to deliver its mandate.
5. Conducted entrepreneurship, mentorship, coaching and business skills trainings before and after disbursement to over 48,000 beneficiaries of the Empowerment Fund.
6. Successfully commissioned six (6) out of the eight (8) Industrial Yards in Mansa, Kasama, Chipata, Kitwe, Lusaka, and Ndola, to incubate SMEs for growth and ultimately create centres of excellence across the country to grow the economy of the nation.

The CEEC launched several empowerment products, including initiatives in tourism, the Own a Taxi, Minibus, and 5-Tonne Light Truck Loan Products, all aimed at boosting micro-entrepreneurs.

One of the key highlights of the year was the successful disbursement of funds to relocated vendors at Lusaka City Market, helping small-scale traders get back on their feet. Additionally, we supported a trade mission to Lubumbashi organised by the Zambia Development Agency, where four (4) CEEC-funded SMEs showcased their products to create market linkages.

The Commission is committed to providing the citizenry with innovative products and services that are in line with actualizing the Government's vision of attaining a prosperous middle-income nation status by 2030, in line with the 8th National Development Plan.

Further, the Commission is equally committed to improving loan recovery status to have a sustainable fund and this will be enhanced through mechanisms such as increased human resource, continuous project monitoring and provision of business development services to clients in accordance with 2022-2026 Strategic Plan.

We look forward to an even more exciting and fully inclusive 2024 and beyond for the betterment and economic development of our nation, Zambia.

Charles Muwe Mungule, PhD
DIRECTOR GENERAL

1. INTRODUCTION AND INSTITUTIONAL OVERVIEW

1.1 INTRODUCTION

This Report provides a presentation of progress made in programme implementation by the Citizens Economic Empowerment Commission (CEEC) for the year ended 31st December 2023 in line with 2022-2026 CEEC Strategic Plan. 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 further highlights the 2023 empowerment programmes and achievements and concludes with a highlight on the focus for the Year 2024.

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 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

(b) effective delivery of economic empowerment initiatives;

(c) promote gender-equality in accessing, owning, controlling, managing and

(d) exploiting economic resources;

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

(f) 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;

(g) 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;

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

(i) mobilise resources for economic empowerment programmes;

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

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

(l) commission and conduct research for economic empowerment;

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

(n) 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;

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

(p) promote a savings culture amongst citizens;

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

(r) keep under review the economic empowerment policy;

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

(t) 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;

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

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

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

(x) 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

(b) development plans;

(c) any policies of the Government relating to decentralisation, gender youth,

(d) technical education and vocational training, land, trade, commerce and investment; and

(e) any initiative of the Government for the enhancement of partnerships and

(f) 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

Composition of the Board of Commissioners comprises of:

1.3.1 Board of Commissioners

The Commission consists of twelve (12) Commissioners, appointed by the President of the Republic of Zambia through the Minister of Small and Medium Enterprise Development. 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 mandate of the Board is to oversee the way the Commission executes its mandate to realise its vision of being a leader in inclusive and sustainable citizenry economic empowerment. 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. The first CEEC Board of Commissioners under the New Dawn Government consists of the following:

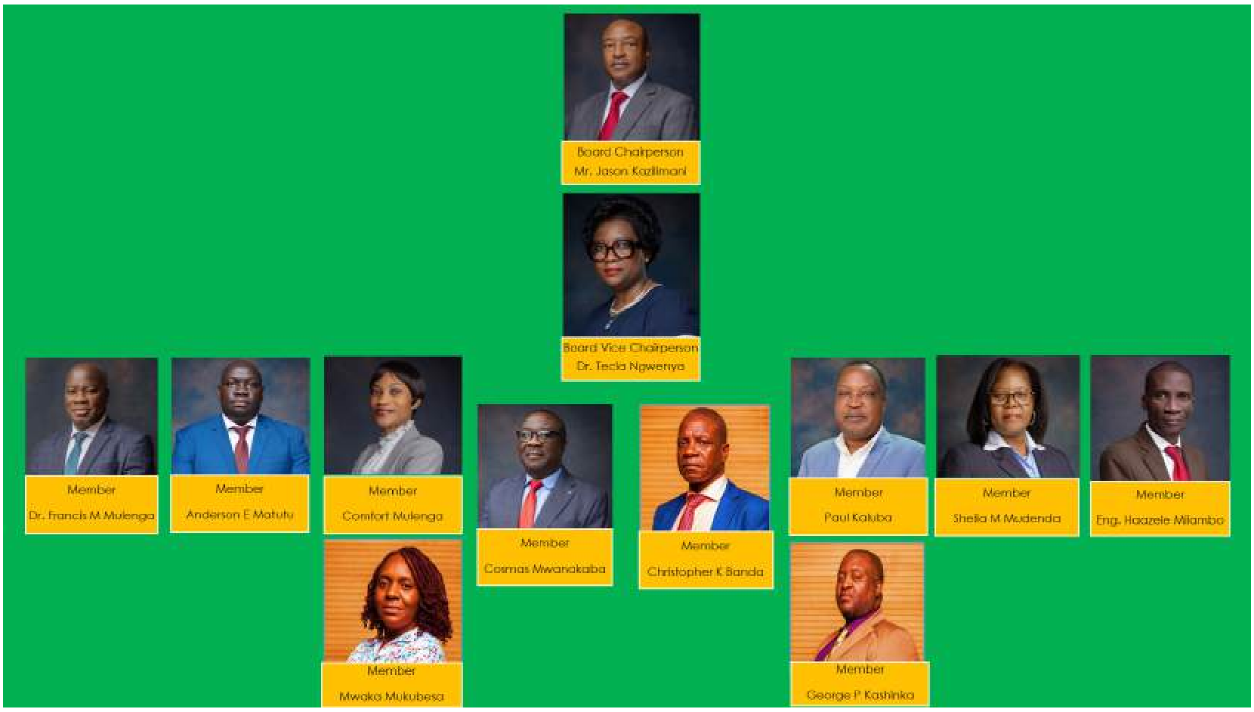

Figure 3 Board of Commissioners

1.3.2 Executive Committee

The Director General oversees the Executive Committee and oversees 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 EXECUTIVE COMMITTEE

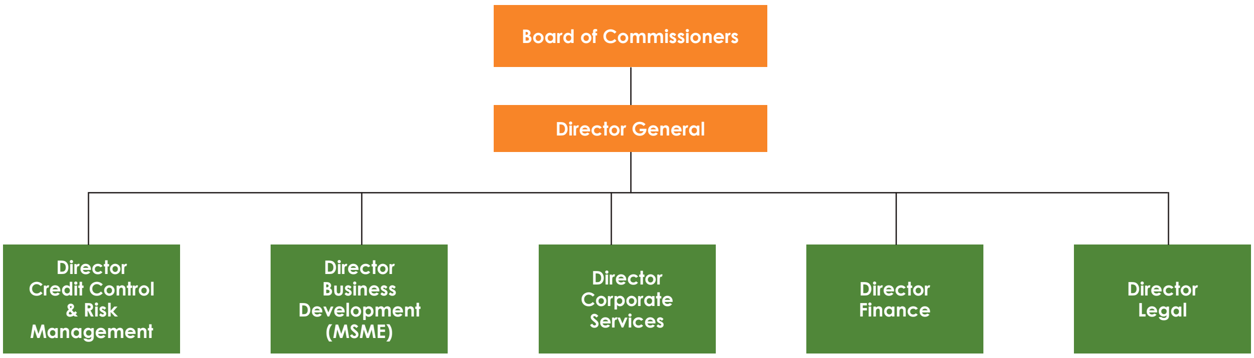

Figure 4 Structure of the Executive Committee

3. THE YEAR AT A GLANCE

The Minister, Board of Commissioners and the Director General at the launch of the 2022-2026 CEEC Strategic Plan

Tractors that were handed over to the cooperative unions that would be operating in the Kitwe Industrial Yard

The Minister, Permanent Secretary, Board Chairperson and the Director General among others at the Commissioning of Kafue Industrial Yard

4. CORPORATE GOVERNANCE

This section highlights Board of Commissioners meetings held during 2023.

Table 1 Number of Committee Meetings held in 2023

Committee	Scheduled Meetings	Meetings Held
Audit and Risk	4	4
Finance and Administration	4	4
Empowerment	4	4
Credit	4	4
Total	**16**	**16**

Table 2 Attendance for the Audit and Risk Committee Meetings held in 2023

Name	Scheduled	Held	Attended
Mr. Paul Kaluba	4	4	4
Dr. Tecla Ngwenya	4	4	4
Ms. Comfort Mulenga	4	4	4
Mr. Chansa Chiteba (Co-opted)	4	4	4

Name	Scheduled	Held	Attended
Ms. Inonge Wamunima (Co-opted)	4	4	4
Total	**20**	**20**	**20**

Table 3 Attendance for the Finance and Administration Committee Meetings held

Name	Scheduled	Held	Attended
Dr. Tecla Ngwenya	4	4	4
Mr. Paul Kaluba	4	4	4
Mr. Kennedy Mumba	4	4	3
Mr. George Kashinka	4	4	3
Mr. Christopher Banda	4	4	2
Total	**20**	**20**	**16**

Table 4 Attendance for Empowerment Committee Meetings held in 2023

Name	Scheduled	Held	Attended
Eng. Cosmas Mwanakaba	4	4	4
Mr. Anderson Matutu	4	4	4
Mr. Muteba Ngonga (Co-opted)	4	4	4
Ms. Mwaka Mukubesa/ Mwila Daka (APS/representative)	4	4	3
Total	**16**	**16**	**15**

Table 5 Attendance for the Credit Committee Meetings held in 2023

Name	Scheduled	Held	Attended
Eng. Eugene Haazele	4	4	4
Dr. Francis Mulenga	4	4	3
Mr. Jetty Lungu (Co-opted)	4	4	4
Mrs. Sheila M. Mudenda	4	4	4
Total	**16**	**16**	**15**

Table 6 Attendance for the Ad Hoc Committee Meetings held in 2023

Name	Scheduled	Held	Attended
Eng. Eugene Haazele	4	4	4
Mr. Paul Kaluba	4	4	4
Eng. Cosmas Mwanakaba	4	4	4

Name	Scheduled	Held	Attended
Dr. Tecla Ngwenya	4	4	4
Mr. Kennedy Mumba	4	4	1
Total	**20**	**20**	**17**

Table 7 Summary Attendance of Committee Meetings

Member	Committee	Number of Meetings
Dr. Tecla Ngwenya	F&AC	4
	ARC	4
	ADC	4
Mr. Paul Kaluba	ARC	4
	F&AC	4
	ADC	4
Eng. Cosmas Mwanakaba	EC	4
	ADC	4
Eng. Eugene Haazele	CC	4
	ADC	4
Dr. Francis Mulenga	CC	3
Mr. Kennedy Mumba	F&AC	3
Mr. Christopher Banda	F&AC	2
Mr. George Kashinka	F&AC	3
Ms. Comfort Mulenga	ARC	4
Mrs. Sheila M. Mudenda	CC	4
Ms. Anderson Matutu	EC	4
Ms. Mwaka Mukubesa/Mwila Daka (APS representative)	EC	3
Mr. Chansa Chiteba (Co-opted)	ARC	4
Ms. Inonge Wamunyima (Co-opted)	ARC	4
Mr. Muteba Ngonga (Co-opted)	EC	4
Mr. Jetty Lungu (Co-opted)	CC	4

5. PERFORMANCE OF ECONOMIC EMPOWERMENT PRODUCTS

The following empowerment products were approved by the Board under the 2023 call for applications.

Table 8: 2023 Empowerment Products

Empowerment Product	Loan Description & Tenure	Loan Threshold
1. Energy Loan Product	Long term project finance at 12% interest (5 years repayment)	Up to K3,000,000
2. Aquaculture Loan Product for Cage Farming	Long term project finance at 12% interest (5 years repayment)	Up to K180,000
3. Tourism Loan Product	Long term project finance at 12% interest (5 years repayment)	Up to K3,000,000
4. Graduate Loan Product	Long term project finance at 12% interest (5 years repayment)	Up to K1,000,000
5. Livestock Out grower Scheme for Beef, Dairy	Long term project finance at 12% interest (5 years repayment)	Up to K1,000,000
6. Mining Loan Product	Long term project finance at 12% interest (5 years repayment)	Up to K3,000,000
7. Construction and Infrastructure Loan Product	Long term project finance at 12% interest (5 years repayment)	Up to K3,000,000
8. Own a Taxi and Minibus Loan Product	Long term project finance at 12% interest (5 years repayment)	Up to K500,000
9. Annual Presidential Awards	-	-
10. Light Manufacturing Loan Product	Long term project finance at 12% interest (5 years repayment)	Up to K3,000,000
11. Agro-Processing Loan Product	Long term project finance at 12% interest (5 years repayment)	Up to K3,000,000
12. Agricultural Mechanization Loan Product	Long term project finance at 12% interest (5 years repayment)	Up to K3,000,000
13. Industrial Yards	Long term project finance at 12% interest (5 years repayment)	Up to K3,000,000
14. Marketeer Booster Loan for Individuals		Up to K5,000
15. Loan Product for Marketeer Co-operatives with a focus on Bulking, Cold Storage and Processing facilities	Long term project finance at 12% interest (5 years repayment)	Up to K500,000
16. Trade Finance including Working Capital	Short term finance at 12% interest (12 months)	Up to K3,000,000

5.1 Job Creation

The trend in jobs created, presented in Figure 5 shows a total number of jobs created of 122,542 against the annual target of 216,150. Generally, the drought experienced in the latter year of 2023 adversely affected business performance of funded projects which resulted in job stagnation. Cumulatively, 80, 144 permanent jobs were recorded in 2023.

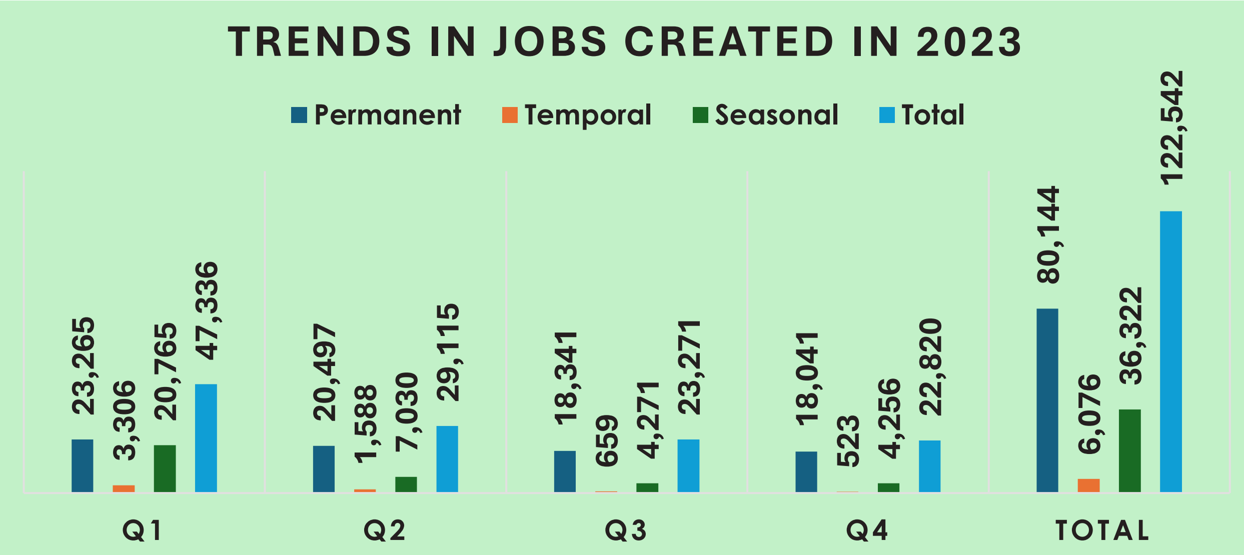

Figure 5 Trends in Jobs Created under Empowerment Products

5.2 Resource Analysis (2008 to 2022)

Table 9 shows the trends in empowerment funds received from the Treasury.

Table 9 Allocated and Disbursed Grants from Government

Year	Amount Appropriated by Parliament	Amount Released by Treasury	% Amount released as a total of amount appropriated by Parliament
2008	150,000,000	96,181,000	64.12%
2009	40,000,000	40,000,000	100.00%
2010	25,000,000	22,000,000	88.00%
2011	40,000,000	18,000,000	45.00%
2012	47,000,000	25,000,000	53.19%
2013	53,000,000	53,000,000	100.00%
2014	57,000,000	5,000,000	8.77%
2015	82,000,000	10,000,000	12.20%
2016	187,500,000	0	0.00%
2017	35,163,450	15,000,000	42.66%
2018	42,743,410	0	0.00%
2019	46,681,002	0	0.00%
2020	11,000,000	10,000,000	90.91%
2021	15,000,000	0	0.00%
2022	350,000,000	349,862,945	99.96%
2023	397,000,000	397,000,000	100%

The Commission received 100% funding from the Treasury in the years 2009, 2013, 2022 and 2023. In the years 2016, 2018, 2019 and 2021, the Commission did not receive any funding from the Treasury. In a bid to ensure economic growth and job creation, the Government has shown commitment to this agenda by increasing empowerment fund allocation from K15million in 2021 to K397million in 2023.

6. Strategic Performance of 2022 and 2023

In line with the Strategic Plan 2022-2026, Table 10 presents the performance of each of the sixteen (16) Strategic Objectives against set targets of 2022 to 2023. The review was concluded using a code rating system adopted by Management Development Division (MDD) of Cabinet Office at three levels in accordance with the 2022-2026 Strategic Plan as shown below:

- *Code 3*- ***(80%-100%)*** for above average performance
- *Code 2* - ***(50% to 79%)*** for Average Performance; and
- *Code 1* - ***(0% to 49%)*** for below Average Performance.

The overall strategic performance for 2023 was average.

Table 10 CEEC Strategic Plan Cumulative Performance 2022 – 2023

Strategic Objective (SO)	KPI	Cumulative Target 2022-2023	Cumulative Actual 2022-2023	% Cumulative Performance KPI	% Cumulative Performance (SO)	Comment
Improve Service Delivery	% of customers satisfied	75%	40%	53%	53%	More effort in feedback mechanism
Enhance Entrepreneurship Development	No. of citizens trained in entrepreneurship skills	135,000	123,506	91%	63.14%	Logistical challenges constrained better results
	No. of jobs created	352,110	122,545	35%		Drought affected business performance
Improve Equitability of Empowerment Programmes	% of rural projects funded	85%	60%	71%	81.78%	Regional value chain development will be highly prioritized in 2024
	Social distribution of funded projects to Youth	40%	43%	108%		
	Social distribution of funded projects to Women	40%	41%	103%		
	Social distribution of funded projects to Men	15%	14%	93%		
	Social distribution of funded projects to Disabled	5%	2%	35%		

Strategic Objective (SO)	KPI	Cumulative Target 2022-2023	Cumulative Actual 2022-2023	% Cumulative Performance KPI	% Cumulative Performance (SO)	Comment
Enhance Sustainability of Empowerment Programmes	# of JVs & financial/ investment partnerships secured	5	7	140%	55%	
	# of sector codes implemented	1	0	0%		
	% of trained targeted enterprises implementing	50%	12%	24%		
Rebuild Corporate Reputation	Adherence to corporate rebranding	100%	90%	90%	79.62%	Increased production of success stories
	Increase in public perception rating	65%	45%	69%		
Enhance Provision & Actualizations of the CEE Act	Level of implementation of amendments made	100%	65%	65%	49.00%	Finalization of CEE Amendment by Q4 2024
	Adherence to provisions of the Act	100%	33%	33%		
Improve Work Environment	% of satisfied staff	70%	40%	57%	57%	Constrained funding for office space
Enhance Operational Efficiency	Adherence to turnaround time	100%	55%	55%	55%	More effort in client feedback mechanism and processing of client queries

Strategic Objective (SO)	KPI	Cumulative Target 2022-2023	Cumulative Actual 2022-2023	% Cumulative Performance KPI	% Cumulative Performance (SO)	Comment
Enhance Stakeholder Engagement	Stakeholder satisfaction (where 10 is very satisfied & 1 is very unsatisfied	6	3	50%	132.14%	Non funding of applications received due to inadequate funds
	Number of engagement meetings	7	15	214%		Stakeholder engagement remained at input level
Enhance Sustainability of Funded Enterprises	No. of funded projects capacitated (mentorship, coaching)	15,000	9,324	62%	61.08%	Logistical challenges affected results.
	Success rate of funded projects	75%	45%	60%		
Improve Loan Management	Loan Recovery rate	85%	71%	83%	83.16%	Drought affected business performance
Improve Shared Vision & Culture (Strategic Awareness)	# of near-miss incident reported	13	6	46%	79.08%	
	# of improvement ideas reported	25	28	112%		
Enhance Staff Morale	Staff motivation score	100%	65%	65%	65%	

Strategic Objective (SO)	KPI	Cumulative Target 2022-2023	Cumulative Actual 2022-2023	% Cumulative Performance KPI	% Cumulative Performance (SO)	Comment
Develop & Retain Highly Competent HR	Staff turnover	5%	3%	60%	49.05%	
	Level of compliance to PDPs	100%	30%	30%		
	% increase in # of staff meeting monthly deadlines	70%	40%	57%		
Broaden Financial Base	Empowerment Funding (EF) from Treasury	K0.75B	0.747B	100%	54.92%	Increased partnership with financial institutions
	Operations Grant from Treasury as % of EF	33%	13%	39%		
	EF from alternative sources + Loan Recovery	K0.7B	K0.181B	26%		
Enhance Financial Management	Level of adherence to financial procedures	100%	100%	100%	100%	
	Timeliness of Management Reports	100%	100%	100%		
Overall Performance					**70%**	

7. MANAGEMENT OF THE AQUACULTURE SEED FUND

The Government of the Republic of Zambia, through the Ministry of Fisheries and Livestock (MFL) with support from the African Development Bank (AfDB), implemented the Zambia Aquaculture Enterprise Development Project (ZAEDP) whose objective is to contribute to economic growth as well as provide food and nutrition security in Zambia. The Project's development objective is to advance the aquaculture sub-sector as a viable and inclusive business opportunity, through enhanced production and productivity, to improve the livelihoods of beneficiaries along the aquaculture value chain. MFL is the Executing Agency of the ZAEDP while the Department of Fisheries (DoF) is the Implementing Agency.

During the project implementation period, the Commission approved a total of 2,742 projects for funding based on the contract sum in the implementation agreement. Table 11 shows the consolidated distribution of approved projects by province while Table 12 provides a summary by nature of project supported in the aquaculture value chain. Table 11 also demonstrates the performance of the aquaculture project by province representing 85% of rural investment.

Table 11 Number of Approved Business Loans by Province

Province	# of Loans	Approved Amt (K)	Disbursed Amt (K)	% of Participation
Central	192	31,422,491.34	25,138,210.86	7%
Copperbelt	223	29,325,344.38	27,161,639.24	8%
Eastern	245	26,687,267.78	23,200,228.33	9%
Luapula	292	39,982,600.96	32,426,061.97	11%
Lusaka	248	59,020,499.17	56,331,363.13	9%
Muchinga	198	19,629,708.55	18,035,973.88	7%
Northern	386	54,397,875.25	44,290,932.66	14%
North-Western	364	45,024,095.39	41,114,595.20	13%
Southern	308	55,054,423.02	52,477,306.46	11%
Western	286	34,703,261.15	29,069,303.24	10%
Grand Total	**2,742**	**395,247,567.00**	**349,245,614.97**	**100%**

Table 12 Approved Loans by Aquaculture Node

Value Chain Node	Number	Loan Amount	Amt (%)
Cold Chain Solutions	16	4,245,050.00	1%
Feed Production	2	4,680,865.59	1%
Fish Farming Cages	451	73,465,731.83	19%
Fish Farming Ponds	1,833	246,677,906.28	62%
Fish Hatchery	15	28,333,860.49	7%
Fish Processing & Marketing	389	25,195,900.67	6%
Feed & Inputs Distribution	36	12,648,252.13	3%
Grand Total	**2,742**	**395,247,567.00**	**100%**

Table 12 presents investment by aquaculture nodes representing 88% fish production value chain node. The actual fish production recorded was 17,398mt against the target of Increase annual fish production by 10,000mt from 20,000mt to 30,000mt representing 174% performance. Table 13 demonstrates that the Commission has met the social distribution targets under the project.

Table 13 Approved Loans by Social Distribution

Category	Target	Target (%)	Actual Num.	Actual (%)
Men	1,462	50%	1,352	49%
Women	1,462	50%	1,391	51%
Grand Total	**2,924**	**100%**	**2,743**	**100%**
Category	**Target**	**Target (%)**	**Actual Num.**	**Actual (%)**
Youth 18 - 35 years	877	30%	1,460	53%
Non-Youths> 35	2,047	70%	1,283	47%
Grand Total	**2,924**	**100%**	**2,743**	**100%**

8. CHALLENGES

Delayed approval of the new organizational structure by Management Development Division (MDD) of Cabinet office inhibited the full implementation of Strategic Plan due to constrained staffing levels.

The unpredictable flow of the empowerment funds by Treasury has continued to create unnecessary anxiety among the targeted citizens and enterprises awaiting funding. The Public Private Collaboration for Broadening Access to Affordable Finance Programme will be an equalizer in the long-term.

The Commission was still faced with the challenge of operational capacity in terms of motor vehicles (only 11 (39.29%) of the planned 28 motor vehicles had been procured for Provincial offices), manpower, tools, and equipment. Consequently, this had reflected in the general performance of the Commission as the planned activities could not easily be undertaken including M&E initiatives to assess performance of funded projects, capacity building interventions for funded projects, and loan recovery.

Inadequate office accommodation adversely impacted the performance of the Commission, and which would be addressed to improve its effectiveness.

9. CONCLUSION

The Commission is positive that the current investments made by targeted citizens and companies will reap positive rewards in the creation of sustainable businesses, improved standard of living and quality of life, wealth, and job creation with a goal of reducing poverty.

In this regard, the Commission remains committed to providing the citizenry with innovative products that are in line with actualising Government's vision of attaining a prosperous middle- income nation status by 2030. Further, we are committed to improving loan recovery status to have a sustainable empowerment fund which the Commission will attain through increased human resource, continuous project monitoring and provision of business development services to clients.

REPUBLIC OF ZAMBIA

Citizens Economic Empowerment Commission

CITIZENS ECONOMIC EMPOWERMENT FUND

FINANCIAL STATEMENTS

FOR YEAR ENDED 31st DECEMBER 2022

THE AUDITOR GENERAL
P.O. BOX 50071
LUSAKA - ZAMBIA

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

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 2023

Commissioners	Mr. Jason Kazilimani	Chairman
	Dr. Tecla Ngwenya	Vice – Chairperson
	Mr. Paul Kaluba	Commissioner
	Eng. Cosmas Mwanakaba	Commissioner
	Mr. George Patrick Kashika	Commissioner
	Eng. Eugene Milambo Haazele	Commissioner
	Ms. Sheila S. Mudenda	Commissioner
	Ms. Comfort Mulenga	Commissioner
	Dr. Francis Mutale Mulenga	Commissioner
	Ms. Mwaka Cynthia C. Mukubesa	Commissioner
	Mr. Anderson E. Matutu	Commissioner
	Mr. Christopher Banda*	Commissioner
	*(Resigned September 2023)	
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 2023

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Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

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 2023 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 2023

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 financial statements set out on pages 13 to 33, which have been prepared on the going concern basis, were approved by the Commissioners on14 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 2023

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 2023.

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 2023 the Fund attained a deficit of K90,551,190 compared to a surplus of K195,978,850 in 2022.

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 2023

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 2023, the Fund's investment in properties, plant and equipment amounted to K1,157,018 (2022: K1,157,018) 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.

During the period after 31st December 2023, the Ministry of Small and Medium Enterprise Development (MSMED) took over the Industrial Yards.

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 Empowerment Fund.

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 2023

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 2023, 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 2023 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.

Emphasis of Matter

I draw attention to Note 16 of the financial statements, which indicate that the Fund made a provision of bad debts of K532,696,183 (2022: K153,121,294) in the period under review. This represented 50% of the loan book. The provision has further resulted in the Fund recording an operating deficit of K90,551,190 (2022: surplus K195,978,850). My opinion is not modified in respect of this matter.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

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.

Key Audit Matter	How my audit addressed the Key Audit Matter
CEEC Fund – Partial Disbursement of Loans The Fund 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 2023, date the total value of partially funded project was K44,638,189 relating to 827 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 Fund'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 2023, the Funds had a balance of K42,428,484 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.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

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, 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.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

- 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.

- 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 2023 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 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 2023

Statement of Surplus or Deficit

For the year ended 31 December 2023

	Note	2023	2022
Income		**ZMW**	**ZMW**
Revenue	13.	446,593,515	349,681,946
Other Operating Income			
Other Income	14.	4,464,144	418,198
Total Income		451,057,659	350,100,144
Expenditure			
Operating expenses	15.	8,912,666	629,718
Provisions for doubtful debts	16.	532,696,183	153,491,576
Total Expenditure		**541,608,849**	**154,121,294**
Operating (Deficit)/Surplus		**(90,551,190)**	**195,978,850**

There were no items of comprehensive income during the year (2022: 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 2023

Statement of Financial Position
as at 31 December 2023

	Note	2023 ZMW	2022 ZMW
ASSETS			
Non Current Assets			
Property, Plant and Equipment	17.	1,157,018	1,157,018
Loans Receivables	19.a	88,260,073	26,898,256
		89,417,091	**28,055,274**
Current Assets			
Loan Receivables	19.b	6,440,222	6,640,221
Assets Held for Sale	20.	28,726,303	-
Other Receivables	21.	853,051	135,446
Cash and Cash Equivalents	22.	2,745,761	188,548,626
Total Current Assets		**38,765,337**	**195,324,293**
Total Assets		**128,182,428**	**223,379,567**
LIABILITIES AND EQUITY			
Equity			
Accumulated Surplus	23.	85,753,974	176,305,164
Total		**85,753,974**	**176,305,164**
Current Liabilities			
Trade and Other Payables	24.	42,428,454	47,074,403
Total Equity and Liabilities		**128,182,428**	**223,379,567**

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 2023

Statement of Changes in Equity
For the year ended 31 December 2023

	31 December 2023
Balance as at 1 January 2022	**(19,673,685)**
Surplus for the year	195,978,850
Balance as at 31 December 2022	**176,305,165**
Balance as at 1 January 2023	176,305,165
Deficit for the year	(90,551,190)
Balance as at 31 December 2023	**85,753,975**

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Statement of Cash Flows

For the year ended 31 December 2023

		2023 ZMW	2022 ZMW
Cash Flows from Operating Activities			
Cash generated from operations	25	**440,269,688**	**349,528,912**
		440,269,688	**349,528,912**
Cash flows from Investing Activities			
Loan Disbursements at Amortised Cost	26	(626,092,553)	(174,940,042)
(Decrease)/Increase in Cash and Cash Equivalents		**(185,822,865)**	**174,588,870**
Cash and Cash Equivalents at start of year		188,548,626	13,959,756
Cash and Cash Equivalents at End of Year		**2,725,761**	**188,548,626**

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements
Accounting Policies
For the year ended 31 December 2023

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.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
For the year ended 31 December 2023

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 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.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
For the year ended 31 December 2023

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 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

Notes to the Financial Statements (continued)
Accounting Policies (continued)
For the year ended 31 December 2023

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.

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 19) 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

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
For the year ended 31 December 2023

principal outstanding, and the Fund's business model is to collect the contractual cash flows on these loans.

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.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
For the year ended 31 December 2023

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).

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.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
For the year ended 31 December 2023

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.

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.

Notes to the Financial Statements (continued)
Accounting Policies (continued)
For the year ended 31 December 2023

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.

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.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
For the year ended 31 December 2023

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.

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.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
For the year ended 31 December 2023

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 each reporting date.

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

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
For the year ended 31 December 2023

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 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.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
For the year ended 31 December 2023

The Fund will have the choice of disposing the repossessed properties through estate agents who may have running contracts with the Fund or using the in-house tender procedures. The 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.

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
For the year ended 31 December 2023

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

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 2023

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

		2023	2022
13.	**Income**	**ZMW**	**ZMW**
	Government Grant	446,593,515	349,681,946
		446,593,515	**349,681,946**
14.	**Other Income**		
	Interest from Bank	4,464,144	411,198
	Other Income	-	7,000
	Total Other Income	**4,464,144**	**418,198**
	Total Revenue	**451,057,659**	**350,100,144**
15.	**Operating expenses**		
	Legal costs	-	70,876
	Bank charges	51,070	5,562
	Keyman's Insurance admin fees	8,861,596	-
	Security expenses	-	553,280
		8,912,666	**629,718**

16. Provision for bad debts

Description	Grade	Classification	Provisions	2023	2022
				ZMW	**ZMW**
Good	A	Performing	0%		
Pass (P)	B	Performing	0%	57,744,127	26,341,853
Sub standard	C	Non Performing	50%	13,939,358	635,889
Doubtful	D	Non Performing	75%	209,090,279	953,833
Loss	E	Non Performing	100%	793,301,922	423,359,808
Total Loan Book				**1,074,075,686**	**451,291,383**
Total provision as per credit policy				**(957,089,310)**	**(424,393,127)**
Provision for the year				**(532,696,183)**	**(153,491,576)**

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

17. Property Plant and Equipment

2023	ZMW Opening Balance	ZMW Additions	ZMW Disposal	ZMW	ZMW Total
Land and Buildings	-	-	-	-	-
Furniture and Fittings	-	-	-	-	-
Motor Vehicles	-	-	-	-	-
Office Equipment	-	-	-	-	-
Computer Equipment	-	-	-	-	-
Other Property, Plant and Equipment	-	-	-	-	-
Capital Work in Progress	1,157,018	-	-	-	1,157,018
Total	**1,157,018**	**-**	**-**	**-**	**1,157,018**

2022	ZMW Opening Balance	ZMW Additions	ZMW Disposal	ZMW	ZMW Total
Land and Buildings	-	-	-	-	-
Furniture and Fittings	-	-	-	-	-
Motor Vehicles	-	-	-	-	-
Office Equipment	-	-	-	-	-
Computer Equipment	-	-	-	-	-
Other Property, Plant and Equipment	-	-	-	-	-
Capital Work in Progress	1,157,018	-	-	-	1,157,018
Total	**1,157,018**	**-**	**-**	**-**	**1,157,018**

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.

	2023 **ZMW**	**2022** **ZMW**
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 2023

Notes to the Financial Statements (continued)
For the year ended 31 December 2023

		2023 ZMW	2022 ZMW
19.	**Loan Receivables**		
a.	**Non Current- Loan Receivables**		
	Loan Receivables	1,074,075,686	451,291,383
	Less Provision for Doubtful debts	(957,089,310)	(424,393,127)
	Assets held for sell	(28,726,303)	-
	Total	**88,260,073**	**26,898,256**
b.	**Current- Loan Receivables**	6,440,222	6,640,221
	Total Loan Receivables	**94,700,295**	**33,538,477**
20.	**Assets Held for Sale**	**28,726,303**	**10,878,122**

The Fund repossessed forty-nine (49) properties with loan outstanding amounts totalling K28,726,302.85 (2022: 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 in prior years.

		2023 ZMW	2022 ZMW
21.	**Trade and Other Receivables**		
	Provinces Imprest	108,095	103,964
	Natsave Receivable	211,545	-
	Other Receivables	533,411	31,482
	Total	**853,051**	**135,446**
22.	**Cash and Cash Equivalents**		
	Empowerment Fund - Zanaco Main Account	1,560,240	185,710,433
	Empowerment Fund - Absa Bank Account	946,941	797,790
	Empowerment Fund - Natsave Micro Account	106,121	355,982
	Operations - Atlas Mara Empowerment Account	111,022	1,662,984
	Empowerment Fund-Investrust Account	21,437	21,437
	Total	**2,745,761**	**188,548,626**

Citizens Economic Empowerment Fund
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)

For the year ended 31 December 2023

	2023 ZMW	2022 ZMW
23. Accumulated Surplus/(Deficit)		
At 1 January	176,305,164	(19,673,686)
Surplus for the year	(90,551,190)	195,978,850
At 31 December	**85,753,974**	**176,305,164**
24. Trade and Other Payables		
Suspense Account	42,428,454	47,074,403
Totals	**42,428,454**	**47,074,403**
25. Cash Generated from Operations		
Surplus for the year	(90,551,190)	195,978,850
Adjustments for:		
Provision for bad debt.	532,696,183	153,491,576
Changes in Working capital:		
Trade and other receivables	-	195,986
Trade and other payables	(1,875,305)	(137,500)
Total	**440,269,688**	**349,528,912**
26. Movement in Receipts & Disbursements		
Receipts during the year	496,028,290	10,324,904
Less : Loans paid out (Loan Book)	(1,074,075,686)	(159,471,566)
others	(48,045,157)	(25,793,380)
	(626,092,553)	**(174,940,042)**

REPUBLIC OF ZAMBIA

CITIZENS ECONOMIC EMPOWERMENT COMMISSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st DECEMBER 2023

THE AUDITOR GENERAL
P.O BOX 50071
LUSAKA – ZAMBIA

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

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 2023

Commissioners	Mr. Jason Kazilimani	Chairman
	Dr. Tecla Ngwenya	Vice – Chairperson
	Mr. Paul Kaluba	Commissioner
	Eng. Cosmas Mwanakaba	Commissioner
	Mr. George Patrick Kashika	Commissioner
	Eng. Eugene Milambo Haazele	Commissioner
	Ms. Sheila S. Mudenda	Commissioner
	Ms. Comfort Mulenga	Commissioner
	Dr. Francis Mutale Mulenga	Commissioner
	Ms. Mwaka Cynthia C. Mukubesa	Commissioner
	Mr. Anderson E. Matutu	Commissioner
	Mr. Christopher Banda*	Commissioner
	*(Resigned September 2023)	
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 2023

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Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

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 2023 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 2023

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 30 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 2023

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 2023.

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 2023, the Commission made a surplus on operations of K8,346,796, (2022: K3,701,986).

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

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

3. Commissioner's 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 in Mass Media with a land extent of 1,576 meter-squared as a donation in December 2015 to develop an Empowerment House. The valuation of land was received in 2022, hence its inclusion in the financial statements. Its value is K2,408,000.

As of 31st December 2023, the Commission' investment in properties, plant and equipment amounted to K5,083,150 (2022: K3,270,605) of which K2,853,315 was added in the current year through additions.

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 2023

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 30 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 2023

Independent Auditor's Report

HAILE SELASSIE AVENUE, LONGACRES

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LUSAKA, ZAMBIA

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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 2023, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 12 to 30.

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 2023 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 2023

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.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

- 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 2023 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 **DATE:** 02/05/ **2025**
ACTING AUDITOR GENERAL

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

Statement of Surplus or Deficit

for the year ended 31 December 2023

	Note	2023	2022
Income		**ZMW**	**ZMW**
Revenue	14.	84,580,700	25,621,288
Other Operating Income	15.	1,430,942	-
Earned Interest Transferred	16.	594,533	-
Total Revenue		**86,606,175**	**25,621,288**
Expenditure			
Employment Costs	17.	37,291,539	17,687,316
Other Operating Expenses	18.	39,927,070	4,154,778
Depreciation and Amortisation	19.	1,040,770	77,184
Total Expenditure		**78,259,379**	**21,919,278**
Operating surplus		**8,346,796**	**3,702,010**
Finance Costs	20.	-	24
Surplus for the year		**8,346,796**	**3,701,986**

There were no items of other comprehensive income during the year (2022: nil).

The accounting policies and notes on pages 16 to 30 are part of these financial statements.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

Statement of Financial Position
as at 31 December 2023

	Note	2023 ZMW	2022 ZMW
ASSETS			
Non Current Assets			
Property, Plant and Equipment	19.	5,083,150	3,270,605
		5,083,150	**3,270,605**
Current Assets			
Receivables	21.	11,706,859	635,478
Inventory	22.	1,120,980	210,197
Prepayments, Short Term Investments	23.	80,020	58,502
Cash and Cash Equivalents	24.	20,752,971	7,630,185
Total Current Assets		**33,660,830**	**8,534,362**
Total Assets		**38,743,980**	**11,804,967**
LIABILITIES AND EQUITY			
Equity			
Capital Grant - Land	25.	2,408,000	2,408,000
Accumulated deficit	26.	(19,542,757)	(27,889,553)
Total Equity		**(17,134,757)**	**(25,481,553)**
Current Liabilities			
Payables	27.	40,596,489	37,286,520
Deferred Income	28.	15,282,248	-
Total Current Liabilities		**55,878,737**	**37,286,520**
Total Equity and Liabilities		**38,743,980**	**11,804,967**

The financial statements and the notes on page 12 to 30 were approved by the Commissioners on the 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 2023

Statement of Changes in Equity
for the year ended 31 December 2023

	31 December 2023
Balance as at 1 January 2022	**(31,591,539)**
Surplus for the Year	3,701,986
Balance at 31 December 2022	**(27,889,553)**
Balance as at 1 January 2023	**(27,889,553)**
Surplus for the year	8,346,796
Balance as at 31 December 2023	**(19,542,757)**

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

Statement of Cash Flows

for the year ended 31 December 2023

	Note	2023	2022
		ZMW	ZMW
Cash flows from operating activities	29	**15,976,103**	**5,691,299**
Cash flows from investing activities			
Purchase of Property, Plant & Equipment	19	(2,853,315)	(417,054)
Payments		(1)	-
Net Cash flows from investing activities		**(2,853,316)**	**(417,054)**
Increase in cash and cash equivalents		**13,122,786**	**5,274,245**
Cash and cash equivalents at start of year		7,630,185	2,355,940
Cash and cash equivalents at end of year		**20,752,971**	**7,630,185**

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements
Accounting Policies

for the year ended 31 December 2023

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 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2023

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 is included in surplus or deficit in the year in which they are incurred.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2023

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 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

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2023

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.

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:

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2023

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 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

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2023

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 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

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2023

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.

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

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2023

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 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 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

Notes to the Financial Statements (continued)
Accounting Policies (continued)
for the year ended 31 December 2023

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.

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 2023

Notes to the Financial Statements (continued)
for the year ended 31 December 2023

	2023	2022
Revenue	**ZMW**	**ZMW**
Government Grant	35,210,862	15,210,865
Project Finance Loan Interest	-	1,733,603
Project Finance Facility Fees	47,599,499	396,506
Trade Finance Facility Fees	1,770,339	8,280,314
	84,580,700	**25,621,288**
Other Operating Income		
Other Income-Lobito Corridor funds	**1,430,942**	-
Earned Interest transferred		
Earned interest transferredfrom Empowerment to Operations	**594,533**	-
Total Revenue	**86,606,175**	**25,621,288**
Employment Costs		
Basic Salary	17,149,567	8,637,261
NAPSA	853,065	497,663
Housing Allowance	3,231,443	1,650,697
Gratuity	7,984,232	2,159,381
Leave Pay	1,951,202	660,411
Office Refreshments	215,587	31,629
Acting Allowance	65,481	250,133
Transport Allowance	3,558,602	1,996,572
Relocation Cost	170,180	147,559
Responsibility Allowance	26,563	91,041
PAYE	112,434	901
Workers Compensation	47,434	22,481
NHIMA	145,900	83,802
Staff Welfare - Other	103,424	43,591
Medical Expenses	1,500,370	1,182,023
Over Time	61,014	34,149
Funeral expenses	82,950	52,000
Recruitment Costs	2,500	146,022
Casual Wages	29,591	-
	37,291,539	**17,687,316**

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
for the year ended 31 December 2023

18. Operating Costs

	2023 ZMW	2022 ZMW
Social Community responsibility	50,000	-
Audit Fees	350,812	70,000
Sundry Expenses	8,493	-
Promotion & Publicity	4,247,111	294,680
Office Expenses	265,253	23,634
Cleaning Expenses	453,163	244,075
Computer Expenses	129,842	491,022
Consultation Fees	761,602	-
Courier & Postages	70,616	32,659
Board Expenses	767,635	455,242
Debt Recovery Costs	-	160,000
Electricity and Water	181,636	123,703
Legal Costs	3,891,380	-
Bank Charges-Operations	46,154	16,186
Hire of Motor Vehicle	438,660	-
Procurement Expenses	3,450	55,450
Insurance-Motor Vehicle	66,548	178,402
Keyman's Insurance Admin Fees	16,250,634	-
Repair & Maintenance - Office equipment	62,385	12,532
Motor Vehicle Expenses - Fines & Penalties	7,750	-
Motor Vehicle Expenses - Repairs & Maintenance	565,581	175,434
Motor Vehicle Expenses - Fuel and Oil	105,525	52,599
Motor Vehicle Expenses - licenses	11,538	11,538
Repair & Maintenance - Office Building	248,750	33,972
Printing and Stationery	796,242	128,132
Communication Expenses	2,037,637	701,700
Office Rentals	145,636	437,879
Subscription Professions	37,129	-
Security Expenses	1,167,125	261,464
Training and Development	801,608	-
Travel & Accommodation	4,745,229	112,858
Workshops-Seminars	1,211,946	81,617
	39,927,070	**4,154,778**

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)

for the year ended 31 December 2023

19. Property Plant and Equipment

2023	ZMW Opening Balance	ZMW Additions	ZMW Disposal	ZMW Depreciation	ZMW Total
Land and Buildings	2,428,152	-	-	-	2,428,152
Furniture and Fittings	10,441	497,411	-	103,982	403,870
Motor Vehicles	-	-	-	-	-
Office Equipment	12,765	-	-	-	12,765
Computer Equipment	818,564	2,355,904	-	936,788	2,237,680
Other Property, Plant and Equipment	-	-	-	-	-
Capital Work in Progress	683	-	-	-	683
Total	**3,270,605**	**2,853,315**	**-**	**1,040,770**	**5,083,150**

2022	ZMW Opening Balance	ZMW Additions	ZMW Disposal	ZMW Depreciation	ZMW Total
Land and Buildings	44,916	2,408,000	-	24,764	2,428,152
Furniture and Fittings	21,308	-	-	10,868	10,440
Motor Vehicles	-	-	-	-	-
Office Equipment	18,464	-	-	5,881	12,583
Computer Equipment	437,364	417,054	-	35,671	818,747
Other Property, Plant and Equipment	-	-	-	-	-
Capital Work in Progress	683	-	-	-	683
Total	**522,735**	**2,825,054**	**-**	**77,184**	**3,270,605**

	2023 ZMW	2022 ZMW
20. Finance Costs		
Interest on Motor vehicle loan	-	24
	-	24

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 2023

Notes to the Financial Statements (continued)
for the year ended 31 December 2023

		2023	2022
21.	**Receivables**	**ZMW**	**ZMW**
	Staff Imprest	50,258	500,715
	Account Receivable	1,073,909	-
	Staff Advances	253,531	134,763
	Staff Personal Loan	10,291,092	-
	Other Trade	38,069	-
		11,706,859	**635,478**
22.	**Inventory**		
	General Inventory	**1,120,979**	**210,196**
23.	**Prepayments, Short Term Investments**		
	Prepayments Fuel	42,500	44,000
	Fuel & Oils-Gen Set	-	500
	Fuel & Oils-BaB 529	13,000	3,000
	Fuel & Oils-ABR 9346	13,501	8,002
	Software Licences and Support	8,018	-
	Prepaid Rent	3,001	3,000
	Total	**80,020**	**58,502**
24.	**Cash and Cash Equivalents**		
	Zanaco Account	16,878,823	7,534,580
	Absa Bank Account	3,192,150	-
	Atlas Mara Account	43,800	-
	Petty Cash	302	-
	Finance Account	-	94,341
	Lusaka Province	69,759	-
	Luapula Province	48,800	-
	Northwestern Province	57,551	35
	Central Province	105,800	-
	Copperbelt Province	39,699	-
	Southern Province	70,729	1,001
	Western Province	109,000	193
	Eastern Province	44,370	-
	Northern Province	92,128	-
	Muchinga Province	60	35
	Total	**20,752,971**	**7,630,185**

The Zanaco account balance of K16,878,823 includes a grant of K15,282,248 received from the government of the Republic of Zambia for the purchase of motor vehicles for operations. The motor vehicles were purchased during 2024.

Citizens Economic Empowerment Commission
Financial Statements for the year ended 31st December 2023

Notes to the Financial Statements (continued)
for the year ended 31 December 2023

	2023 ZMW	2022 ZMW
25. Capital Grant - Land	**2,408,000**	**2,408,000**
26. Accumulated Deficit		
At 1 January	(27,889,553)	(31,591,539)
Surplus for the Year	8,346,796	3,701,986
At 31 December	**(19,542,757)**	**(27,889,553)**
27. Payables		
ZRA Liability	660,585	660,585
NAPSA Liability	960,741	960,741
Salaries Control - Net Salaries	1,204,779	5,072
Salaries Control - PAYE	25,407,613	9,278,238
Salaries Control - NAPSA	231,488	-
Salaries Control - National Health Insurance	5,355	12,828
Salaries Control - salary advance	36,348	-
Provisions - Leave Pay Provision	1,829,046	499,649
Provisions for Doubtful Debts	83,758	-
Provisions - Gratuity	8,401,648	3,477,085
Accounts Payables	-	1,499,171
Other Payables	1,775,128	20,893,151
Total Payables	**40,596,489**	**37,286,520**
28. Deferred Income	**15,282,248**	**-**

The deferred Income is in respect of a grant received from the government of the Republic of Zambia for the purchase of motor vehicles for operations. The motor vehicles were purchased during 2024.

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Notes to the Financial Statements (continued)

for the year ended 31 December 2023

		2023	2022
29.	**Cash Generated from Operations**	**ZMW**	**ZMW**
	Surplus for the year	8,346,796	3,701,986
	Adjustment for:		
	Depreciation and ammortisation	1,040,771	77,184
	Deferred Income	15,282,248	
	Changes in working capital:		
	Inventories	(910,783)	9,001
	Trade and other receivables	(11,071,381)	(292,651)
	Prepayments, short term investments	(21,518)	(7,601)
	Trade and other payables	3,309,970	2,203,380
	Total	**15,976,103**	**5,691,299**

Citizens Economic Empowerment Commission

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