Industrial Development Corporation Limited

Separate Financial Statements

For the year ended 31 December 2020

Contents

The Directors submit their report together with the audited annual financial statements for the year ended 31 December 2020, which disclose the state of affairs and performance of Industrial Development Corporation Limited (the "Company").

1 PRINCIPAL ACTIVITIES

The Company is an investment holding company for the State-Owned Enterprise's (SOE) and is wholly owned by the Government of the Republic of Zambia through the Minister of Finance pursuant to the Minister of Finance (Incorporation) Act Cap 349 of the Laws of Zambia. The Company's mandate is to play a catalytic role in deepening and supporting Zambia's industrialization capacity to support job creation and domestic wealth formation across key economic sectors. The Company plays its role through co-investing alongside private sector investors. Simultaneously, the Company serves as an investment holding company for previously state-owned enterprises and acquisition of new investments in priority sectors. Sources of financing and revenue include dividend income, equity disposals, bank borrowings and debt issuance in the capital market. Profits generated by the company are reinvested to fund new projects or advanced as shareholder loans to its subsidiaries and paid out to its shareholder, the Minister of Finance, as dividends.

2 SHARE CAPITAL AND BENEFICIAL OWNERSHIP INFORMATION

The authorised share capital of the Company remained unchanged at **ZMW20 million** (2019:ZMW20 milllion) ordinary shares at a par value of **ZMW1.00** (2019: ZMW1.00) each. The issued and fully paid-up share capital remained at **ZMW10 million** (2019: ZMW10 million) ordinary shares at a par value of **ZMW1.00** (2019 : ZMW1.00) each.

The Company shareholding is represented as follows:

Name of shareholder	Percentage of shareholding
Ministry of Finance and National Planning	99%
Minister of Finance and National Planning	1%

3 SHAREHOLDING IN INVESTEE COMPANIES

The portfolio of subsidiaries and investee companie's is across a diverse range of sectors. These subsidiaries are guided and managed by their respective boards with the Group providing strategic oversight.

Energy and resources	ZESCO (100%)
	ZCCM -IH (60.28%)
	ZAFFICO (100%)
	Indeni Petroleum Refinery Limited (100%)
	Kagem Mining Limited (25%)
	Zampalm Limited (90%)
	Nangonye power Limited (20%)
	Bangweulu Solar PV Plant (20%)
Financial services	ZSIC Life Plc (100%)
	ZSIC General Plc (100%)
	Prima Reinsurance (28%)
	Indo Zambia Bank Limited (40%)
	ZANACO Plc (25%)
	Zambia Industrial Commercial Bank (100%)
	Zambia Reinsurance PLC (28.17%)

3 SHAREHOLDING IN INVESTEE COMPANIES (continued)

Industrial markets	Kawambwa Tea Industries (100%) Nitrogen Chemicals of Zambia (100%) Zambia China Mulungushi Textiles Zambia (33%) Zamcapital Enterprises Limited (100%) Marcopolo Tiles Company (23%) Agro - Luswishi Limited (100%) Pelidic Zambia Limited (100%)
Telecommunications and media	ZAMTEL (100%) Times Printpak (Z) Limited (100%) Zambia Printing Company Limited (100%) Zambia Daily Mail Limited (100%) Infratel Zambia Limited (100%)
Tourism , real estate and others	Mulungushi Village Complex Limited (100%) Mulungushi International Conference Centre (100%) NIEC Business School Trust (100%) Mupepetwe Development Company (100%) Medical Services Limited (100%) Zambia International Trade Fair (100%) Mukuba Hotel Limited (100%) Lusaka Trust Hospital (50%) Lusaka South Multi Facility Economic Zone Limited (100%)
Transport and logistics	Zambia Railways Limited (100%) Engineering Services Corporation (100%) Mpulungu Harbour Corporation Limited (100%) Zamcargo Logistics Limited (100%)

4 SIGNIFICANT EVENTS DURING THE YEAR

In August 2020, the Company acquired 22.61% shares in Marcopolo Tiles at **ZMW374.95 million** and acquired 28% shares in Prima Re- insurance at **ZMW35.50 million.**

On 11 March 2020, the ministry of Finance and National Planning transferred Kawambwa Tea Industry to the Company at a value of **ZMW156.41 million** to Industrial Development Corporation Limited.

On the 12th February 2020, Zambia Forestry Industries Corporation was listed on the Lusaka Securities Exchange (LUSE) and is now operating as a Public Limited Company (PLC).

Prior to the listing, the Government of the Republic of Zambia through the Company held 99% of the share capital with the remaining 1% held by the Secretary to the Treasury.

5 RESULTS AND DIVIDEND

The profit for the year of **ZMW138.46 million** (2019 : Loss ZMW36.83 million) has been charged against retained earnings. The Directors did not recommend the payment of a dividend (2019: nil).

6 DIRECTORS AND REMUNERATION

The Directors who held office during the year and at the date of this report are as follows:

Name of Director	**Sector**	**Position**
His Excellency Mr. Hakainde Hichilema	President of the Republic of Zambia (Appointed 12.08.21)	Chairman

6 DIRECTORS AND REMUNERATION (continued)

Name of Director	Sector	Position
Honourable Dr Musokotwane Situmbeko	Minister of Finance (Appointed 27.08.21)	Non - Executive Director
Honourable Chipoka Mulenga	Minister of Commerce , Trade & Industry (Appointed 12.08.21)	Non - Executive Director
Honourable Reuben Phiri	Minister of Agriculture (Appointed 09.09.21)	Non - Executive Director
Mr. Felix Nkulukusa	Secretary to the Treasury (Appointed 09.08.22)	Non - Executive Director
Mr. Edson M Hamakowa	Farmer and freelance Consultant (Appointed 09.03.22)	Non - Executive Director
Mr. Windu.C. Matoka	Entrepreneurship and Business Development Coach (Appointed 09.03.22)	Non - Executive Director
Mrs. Beatrice Nkanza	Entrepreneur and Performance Coach (Appointed 09.03.22)	Non - Executive Director
Ms Lynda Mataka	Legal Practitioner (Appointed 09.03.22)	Non - Executive Director
Mr. Nitesh Patel	Business Turnaround, Restructuring and Insolvency Professional (Appointed 09.03.22 and resigned	Non - Executive Director
Mr. Arthur Ndhlovu	Finance & Business Transformation Professional (Appointed 09.03.22 and resigned 24.04. 23)	Non - Executive Director
Mr Perry Mapani	Industrial Development Corporation Ltd (Appointed 09.03.22 and resigned 10.08.23)	Executive Director
Mr Cornwell Muleya	Industrial Development Corporation Ltd (Appointed 11.10.23)	Executive Director
His Excellency Dr Edgar Chagwa Lungu	President of the Republic of Zambia (Resigned 12.08.21)	Chairman
Honourable Dr Bwalya Ng'andu	Minister of Finance (Resigned 12.08.21)	Non - Executive Director
Honourable Christopher Yaluma	Minister of Commerce , Trade & Industry (Resigned 12.08.21)	Non - Executive Director
Honourable Micheal Katambo	Minister of Agriculture (Resigned 12.08.21)	Non - Executive Director
Mr. Fredson Yamba	Secretary to the Treasury (Resigned 12.08.21)	Non - Executive Director
Mr. Mushuma Mulenga	Permanent Secretary , Ministry of Commerce , Trade and Industry (Resigned 12.08.21)	Non - Executive Director
Mr. Mateyo Kaluba	Industrial Development Corporation Ltd (Resigned 17.08.21)	Executive Director
Mr . David Kombe	Executive Chaiman - Blackdot Media Limited (Resigned 12.08.21)	Non - Executive Director
Mr . Isaac Ngoma	Development Specialist (Resigned 12.08.21)	Non - Executive Director
Mr. Alexander B Chikwanda	Director -Apollo Enterprises Limited (Resigned 12.08.21)	Non - Executive Director
Mr . Geofrey Sakulanda	Director - Spirit Insurance (Resigned 12.08.21)	Non - Executive Director
Mrs . Silvia Banda	Chief Executive - Sylva University (Resigned 12.08.21)	Non - Executive Director
Mr . Ben Shoko	Consultant - Banking (Resigned 12.08.21)	Non - Executive Director

6 DIRECTORS AND REMUNERATION (continued)

Name of Director	Sector	Position
Mr . Leonard Chiti	Director- Jesuit Centre for Theological Reflection (Resigned 12.08.21)	Non - Executive Director

During the year, the total Directors remuneration was **ZMW6.09 million** (2019: ZMW2.82 million) , comprised of **ZMW4.65 million** (2019 : ZMW1.22 million) for services rendered by Executive Directors , and **ZMW1.44 million** (2019: ZMW1.60 million) for services rendered by Non - Executive Directors.

7 INTERESTS REGISTER INFORMATION

During the year, the Company officers (Directors, Company Secretary or Executive Officers of the Company) did not declare any interest in the Company's transactions and business (2019: nil).

The interests' register, as required by the Companies Act, 2017 of Zambia, that should contain particulars of the interests declared, is available for inspection at the Company's registered office.

8 AVERAGE NUMBER OF EMPLOYEES AND REMUNERATION

The total remuneration for employees during the year amounted to **ZMW67.31 million** (2019:ZMW52.13 million) and the average number of employees were less than **100** (2019: less than 100)

9 HEALTH , SAFETY AND ENVIRONMENT ISSUES

The Company has policies and procedures to safeguard the occupational health, safety, and welfare of its employees.

10 GIFTS AND DONATIONS

During the year, the Company made donations amounting to **ZMW0.37million** to charitable organisations and events (2019: ZMW0.26 million).

11 RESEARCH AND DEVELOPMENT

The Company did not incur any costs on research and development during the year (2019: nil).

12 PROPERTY , PLANT AND EQUIPMENT

During the year, the Company purchased property, plant and equipment amounting to **ZMW42.26** million (2019: ZMW2.01 million). In the opinion of the Directors, the carrying value of property, plant and equipment is not more than their recoverable value.

13 SOCIAL RESPONSIBILITY

The Company is committed to supporting various activities and sectors across Zambia in line with its overall mandate of promoting, supporting, and facilitating job creation.

14 LEGAL MATTERS

There are no significant or material legal or arbitration proceedings to the knowledge of the Directors, any such proceedings which are pending or threatened, by or against the Company which may have or have had during the year immediately preceding the date of this document a significant effect on the financial position or profitability of the company.

15 GOING CONCERN

The Company's current liabilities exceeded its current assets by **ZMW27.30 million**.

The Government of the Republic of Zambia, will continue to provide operational and financial support to the Company for the foreseeable future. On this basis, the Directors believe that the Company will remain a going concern for at least the next twelve months from the date of these annual financial statements.

Subsequently and at the date of approval of the financial statements in July 2024, the current assets exceeded the current liabilities by **ZMW886.20 million** following a capital injection and refinancing of the borrowings. The Company meets its day to day working capital requirements through dividends received from its subsidiaries and associates and support from its shareholders.

As of 31 May 2024, a total of **ZMW 320.00 million** realised from dividend was placed in fixed deposits. Further, for the year ended 31 December 2023 Financial performance of the Company exceeded budget. A total of ZMW 856.60 million income was generated compared to **ZMW763.40 million** budgeted, profit after taxation amounted to **ZMW 572.30 million** compared to budget of **ZMW 24.30 million**. Net current assets position of **ZMW352.70 million** compared to budgeted net asset position of **ZMW 18.84 billion**.

16 COMPANY AUDITOR AND REMUNERATION

The Auditors, KPMG, term of office comes to an end at the next annual general meeting. KPMG will not seek reappointment as auditors of the Company.

The Auditor remuneration for the year was **ZMW0.8million** (2019:ZMW0.67 million) as regards audit services rendered to the Company.

Signed on behalf of the Board of Directors

Mr. Edson M Hamakowa
Director

4/10 2024

Mr Cornwell Muleya
Director

The Companies Act, 2017 of Zambia requires the Directors to prepare annual financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adhere to the corporate governance principles or practices contained in Part VII's Sections 82 to 122 of the Companies Act, 2017 of Zambia.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act, 2017 of Zambia.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of annual financial statements, and for such internal controls as the directors determine necessary to enable the preparation of annual financial statements that are free from material misstatement whether due to fraud or error.

The Directors are of the opinion that the annual financial statements set out on pages 10 to 70 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2017 of Zambia. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Part VII's Sections 82 to 122 of the Companies Act, 2017 of Zambia.

As set out in **Note 2.2** of the accompanying financial statements the Company's current liabilities exceeded its current assets by **ZMW27.30 million**.

The Government of the Republic of Zambia, will continue to provide operational and financial support to the Company for the foreseeable future. On this basis, the Directors believe that the Company will remain a going concern for at least the next twelve months from the date of these annual financial statements.

for

Mr Edson M Hamakowa
Director

Mr Cornwell Muleya
Director

14/10/2024

KPMG

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Independent auditor's report

To the shareholders of Industrial Development Corporation Limited

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Industrial Development Corporation Limited ("the Company") set out on pages 11 to 71, which comprise the Statement of financial position at 31 December 2020, and the Statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the separate financial position of Industrial Development Corporation Limited at 31 December 2020, and of its separate financial performance and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the requirements of the Companies Act of Zambia.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the separate financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

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

KPMG

Valuation of investments in subsidiaries and associates

Refer to notes 2.4 Investments in projects and other entities, 3 critical accounting estimates and judgements, note 13 investments in subsidiaries and note 14 investments in associates

Key audit matter	*How the matter was addressed in our audit*
The Company recognizes its investment in subsidiaries and associates at Fair Value through Other Comprehensive Income (FVTOCI). Investments in subsidiaries and investments in associates amounted to K 15.15 billion and K 964.2 million respectively at 31 December 2020. These balances are significant to the financial statements. Management utilized a valuation expert to determine the fair value of its investments. Management exercises significant judgement and applies assumptions when determining key valuation inputs utilized to value its level 2 and 3 investments. Investments in subsidiaries and associates are measured at fair value and are classified as either level 1,2 or 3 in accordance with IFRS 13, Fair value measurement (IFRS 13) based on the inputs used in the valuation. The key inputs and assumptions involving significant estimation and judgement and having the most significant impact on the fair value of the investments is the: • Valuation technique used • Weighted average cost of capital • Liquidity discount • Control premium for investments in subsidiaries • Minority discount for investments in associates • Earnings before Interest Tax Depreciation Amortization (EBITDA) (projected cash flows) • Comparable companies where market multiples valuation technique was used. This was an area of focus and is considered a key audit matter due to the size of the investment and the significant complexity, estimation and judgement applied by management in the valuation of investments.	With the assistance of our internal valuation specialists: • We assessed the competence, independence and experience of management's expert by inspecting their qualifications and experience obtained in carrying out valuations of a similar nature. • We challenged the valuation technique employed by management's appointed expert, including verifying reasonableness of the weighted average cost of capital, liquidity discounts, control premiums and minority discounts used by comparing them to external data. • We challenged the Earnings before Interest Tax Depreciation Amortization (EBITDA) projections used in the computation by comparing the values used to actual results. • We assessed comparability of companies used where the multiples valuation technique was utilized by verifying that industry risk profiles were similar. • We recalculated the fair value of investments in subsidiaries and associated and compared it to management's valuation expert's calculation • We assessed the adequacy of the disclosures in the financial statements related to the valuation of investments in accordance with IFRS 13, Fair value measurement.

KPMG

Other information

The Directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act of Zambia and the Statement of Directors' responsibilities. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the requirements of the Companies Act of Zambia, and for such internal control as the directors determine is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, the directors are responsible for assessing the company'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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

Companies Act of Zambia

In accordance with Section 259 (3) (a) of the Companies Act of Zambia (the Act), we consider and report that:

- there is no relationship, interest or debt we have with the Company; and
- there were no serious breaches of corporate governance principles or practices by the directors. This statement is made on the basis of the corporate governance provisions of the Act, Part VII – Corporate Governance of the Companies Act of Zambia.

KPMG

KPMG Chartered Accountants 16 October **2024**

Maaya Chipwayambokoma **AUD/F000861**
Partner signing on behalf of the firm

Figures in thousands of Zambian Kwacha

Statement of profit or loss and other comprehensive income

	Notes	2020	2019
Revenue	5	**242,020**	148,253
Other income	6	**125,025**	10,605
Net impairment charge on financial assets	4 (b)	**(27,221)**	(14,647)
Administrative expenses	7	**(101,059)**	(86,723)
Operating profit		**238,765**	57,488
Finance income	8	**148,019**	18,782
Finance costs	8	**(235,207)**	(85,781)
Profit before taxation		**151,577**	(9,511)
Income tax expense	9	**(13,122)**	(27,314)
Profit / (loss) for the year		**138,455**	(36,825)
Other comprehensive income			
Total items that will not be reclassified to P&L :			
Gain on revaluation of property	10	**-**	13,504
Deferred tax	22	**-**	(4,726)
		-	8,778
Fair value (losses) / gains on investment in subsidiaries	13 (a)	**(7,465,840)**	11,833,028
Fair value losses on investment in associates	14(a)	**(302,986)**	(135,870)
		(7,768,826)	11,705,936
Total comprehensive income for the year		**(7,630,371)**	11,669,111

The notes on pages 15 to 71 are an integral part of these annual financial statements.

Figures in thousands of Zambian Kwacha

Statement of financial position

	Notes	2020	2019
ASSETS			
Non-current assets			
Property, plant, and equipment	10	**87,801**	50,859
Investment property	11	**59,769**	19,750
Investments in projects	12	**194,198**	61,995
Deferred tax asset	22	**15,739**	532
Loans receivable from related parties	25 (iii)	**3,494,136**	674,379
Investments in associates	14 (a)	**964,204**	850,971
Investments in subsidiaries	13 (a)	**15,149,844**	22,493,999
		19,965,691	24,152,485
Current assets			
Trade and other receivables	15	**178,939**	50,304
Cash and cash equivalents	16	**102,100**	9,257
Asset held for sale	17	**17,956**	4,500
		298,995	64,061
Total assets		**20,264,686**	24,216,546
EQUITY AND LIABILITIES			
Equity			
Share capital	18	**10,000**	10,000
Capital and other reserves	19	**16,011,243**	23,623,661
Retained earnings		**169,819**	31,364
Total equity		**16,191,062**	23,665,025
Non- current liabilities			
Borrowings	20	**3,466,810**	273,233
Capital grants	21	**280,520**	5,920
		3,747,330	279,153
Current liabilities			
Trade and other payables	23	**156,468**	70,479
Current tax payable	9	**72,210**	52,025
Borrowings	20	**50,054**	148,577
Bank overdraft	20	**47,562**	1,287
		326,294	272,368
Total liabilities		**4,073,624**	551,521
Total equity and liabilities		**20,264,686**	24,216,546

The notes on pages 15 to 71 are an integral part of these annual financial statements.

The annual financial statements on pages 11 to 71 were approved and authorised for issue by the board of directors on ....[illegible].........and were signed on its behalf by:

Mr. Edson M Hamakowa
Director

Mr Cornwell Muleya
Director

Figures in thousands of Zambian Kwacha

Statement of changes in equity

	Share capital	Capital reserve	Fair value reserve	Revaluation reserve	Retained earnings	Total equity
Balance at 1 January 2019	10,000	13,681,378	(2,385,903)	-	68,189	11,373,664
Loss for the year	-	-	-	-	(36,825)	(36,825)
Other comprehensive income:						
Gain on revaluation of property (Note 10)	-	-	-	13,504	-	13,504
Deferred tax charge (Note 9)	-	-	-	(4,726)	-	(4,726)
Fair value gain on investments in subsidiaries (Note 13)	-	-	11,833,028	-	-	11,833,028
Fair value loss on investments in associates (Note 14)	-	-	(135,870)	-	-	(135,870)
Total comprehensive income	-	-	11,697,158	8,778	(36,825)	11,669,111
Transactions with owners :						
Shareholder loan - asset rationalization*	-	622,250	-	-	-	622,250
	-	622,250	-	-	-	622,250
Balance at 31 December 2019	10,000	14,303,628	9,311,255	8,778	31,364	23,665,025
Balance as at 1 January 2020	10,000	14,303,628	9,311,255	8,778	31,364	23,665,025
Profit for the year	-	-	-	-	138,455	138,455
Other comprehensive income:						
Fair value gain on investments in subsidiaries (Note 13)	-	-	(7,465,840)	-	-	(7,465,840)
Fair value loss on investments in associates (Note 14)	-	-	(302,986)	-	-	(302,986)
Total comprehensive income	-	-	(7,768,826)	-	138,455	(7,630,371)
Transactions with owners:						
Acquisition of subsidiary (Note 13)	-	156,408	-	-	-	156,408
	-	156,408	-	-	-	156,408
Balance at 31 December 2020	**10,000**	**14,460,036**	**1,542,429**	**8,778**	**169,819**	**16,191,062**

*See Note 19 for further details on the reserves

The notes on pages 15 to 71 are an integral part of these annual financial statements.

Figures in thousands of Zambian Kwacha

Statement of cash flows

	Notes	2020	2019
Cash flows from operating activities			
Cash generated from operations	24 (a)	**94,508**	74,244
- Interest income		**676**	279
- Interest paid	24 (b)	**(114,186)**	(38,912)
- Tax paid	9	**(8,144)**	(25,281)
Net cash (outflow) / inflow from operating activities		**(27,146)**	10,330
Cash flows from investing activities			
Payments for acquisition of investments in subsidiaries	13	**(173,277)**	(58,815)
Payments for acquisition of investments in associates	14	**(416,219)**	-
Payments for investments in projects	12	**(132,203)**	(51,346)
Payments for property, plant and equipment	10	**(43,256)**	(2,010)
Purchase of investment property	11	**(38,685)**	(11,877)
Loans to related parties	25 (iii)	**(2,689,934)**	(15,191)
Proceeds from disposal of shares		**301,086**	-
Proceeds from sale of property, plant and equipment		**415**	-
Repayment of loans by related parties	25 (iii)	**12,445**	78,732
Net cash outflow from investing activities		**(3,179,628)**	(60,507)
Cash flows from financing activities			
Proceeds from borrowings	24 (b)	**3,441,038**	312,000
Repayment of borrowings	24 (b)	**(462,296)**	(285,415)
Capital grant	21	**274,600**	-
Net cash inflow from financing activities		**3,253,342**	26,585
Net increase / (decrease) in cash and cash equivalents		**46,568**	(23,592)
Cash and cash equivalents at start of period		**7,970**	31,562
Cash and cash equivalents at end of period	16	**54,538**	7,970

The notes on pages 15 to 71 are an integral part of these annual financial statements.

Notes to the annual financial statements

1 General information

The Company is an investment holding company for the State-Owned Enterprise's (SOE) and is wholly owned by the Government of the Republic of Zambia through the Minister of Finance pursuant to the Minister of Finance (Incorporation) Act Cap 349 of the Laws of Zambia. The Company's mandate is to play a catalytic role in deepening and supporting Zambia's industrialization capacity to support job creation and domestic wealth formation across key economic sectors.

The Company plays its role through co-investing alongside private sector investors. Simultaneously, the Company serves as an investment holding company for previously state-owned enterprises and acquisition of new investments in priority sectors. Sources of financing and revenue include dividend income, equity disposals, bank borrowings and debt issuance in the capital market. Profits generated by the company are reinvested to fund new projects or advanced as shareholder loans to its subsidiaries and paid out to its shareholder, the Minister of Finance, as dividends.

The Company is domiciled in Zambia and the address of its registered office is:

P.O Box 37232,
61 Independence Avenue Prospect Hill.
Lusaka.
Zambia

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to entities reporting under IFRS and the Zambia Companies Act. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

In accordance with the requirements of the Companies Act of Zambia, the financial statements for the year ended 31 December 2020 have been approved for issue by the Directors. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Zambian Kwacha (ZMW). The functional currency of the Company is the Zambian Kwacha rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

2.2 Going concern

The Company's current liabilities exceeded its current assets by **ZMW27.30 million**.

The Government of the Republic of Zambia, will continue to provide operational and financial support to the Company for the foreseeable future. On this basis, the Directors believe that the Company will remain a going concern for at least the next twelve months from the date of these annual financial statements.

Notes to the annual financial statements (continued)

2 Summary of significant accounting policies (continued)

2.2 Going concern (continued)

Subsequently and at the date of approval of the financial statements in July 2024, the current assets exceeded the current liabilities by **ZMW886.20** million following a capital injection and refinancing of the borrowings. The Company meets its day to day working capital requirements through dividends received from its subsidiaries and associates and support from its shareholders.

As of 31 May 2024, a total of **ZMW320.00** million realised from dividend was placed in fixed deposits. Further, for the year ended 31 December 2023 Financial performance of the Company exceeded budget. A total of **ZMW856.60** million income was generated compared to **ZMW763.40** million budgeted, profit after taxation amounted to **ZMW572.30** million compared to budget of **ZMW324.30** million. Net current assets position of **ZMW352.70** million compared to budgeted net asset position of **ZMW18.84** billion.

2.3 Changes in accounting policy and disclosures

i) New standards, amendments, interpretations adopted by the Company

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

Number	Effective date	Executive summary
Amendment to IAS 1, 'Presentation of financial statements ' and IAS 8, ' Accounting policies , changes in accounting estimates and errors' on the definition of material.	Annual periods beginning on or after 1 January 2020 (Published October 2018)	These amendments to IAS 1 and IAS 8 and consequential amendements to other IFRSs: · Use a consistent definition of materiality through IFRSs and the Conceptual Framework for Financial Reporting. . Clarify the explanation of the definition of material; and . Incorporate some of the guidance in . IAS 1 about immaterial in information. The amended definition is: *"information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements ,which provide financial information about a specific reporting entity"*

Notes to the annual financial statements (continued)

2 Summary of significant accounting policies (continued)

2.3 Changes in accounting policy and disclosures (continued)

i) New standards, amendments, interpretations adopted by the Company (continued)

Number	Effective date	Executive summary
Amendments to IFRS 9, 'Financial IAS 39, 'Financial Instruments: Recognition and Measurement' and IFRS 7, 'Financial Instruments: Disclosure' – Interest rate benchmark reform (Phase 1)	Annual periods beginning on or after 1 January 2020 (early adoption is permitted). (Published September 2019)	These amendments provide certain reliefs on connection with interest rate benchmark reform (IBOR) . The reliefs relate to hedge accounting and have the effect that IBOR should not generally cause hedge accounting to terminate. However , any hedge ineffectiveness should continue to be recorded in the income statements.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. These standards are not expected to have a material impact on the annual financial statements.

Number	Effective date	Executive summary
Amendments to IFRS 9 ' Financial Instruments' , IAS 39 ' Financial Instruments : Recognition and Measurement' , IFRS 7 ' Financial Instruments : Disclosures' , IFRS 4 ' Insurance Contracts' and IFRS 16 ' Leases - interestrate benchmark (IBOR) reform (Phase 2)	Annual periods beginning on or after 1 January 2021. (published August 2020)	The Phase 2 amendments address issues that arise from the implementation of the reform of an interest rate benchmark, including the replacement of one benchmark with an alternative one.
Amendment to IAS 1 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non-current .	Annual periods beginning on or after 1 January 2022 (Published January,2020)	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by expectations of the entity or events after the reporting date (for example, the receipt of a waiver or a breach of covenant).

Notes to the annual financial statements (continued)

2 Summary of significant accounting policies (continued)

2.3 Changes in accounting policy and disclosures (continued)

(ii) New standards and interpretations not yet adopted (continued)

Number	Effective date	Executive summary
Amendments to IAS 16 'Property, Plant and Equipment' on Proceeds before Intended Use	Annual periods beginning on or after 1 January 2022. (Published May, 2020).	The amendment to IAS 16 prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use (for example, the proceeds from selling samples produced when testing a machine to see if it is functioning properly). The proceeds from selling such items, together with the costs of producing them, are recognised in profit or loss.
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' on Onerous Contracts—Cost of Fulfilling a Contract	Annual periods beginning on or after 1 January 2022 (Published May 2020)	The amendment clarifies which costs an entity includes in assessing whether a contract will be loss-making. This assessment is made by considering unavoidable costs, which are the lower of the net cost of exiting the contract and the costs to fulfil the contract. The amendment clarifies the meaning of 'costs to fulfil a contract'. Under the amendment, costs to fulfil a contract include incremental costs and the allocation of other costs that relate directly to fulfilling the contract.
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022	These amendments include minor changes to: • IFRS 1, 'First time adoption of IFRS' has been amended for a subsidiary that becomes a first-time adopter after its parent. The subsidiary may elect to measure cumulative translation differences for foreign operations using the amounts reported by the parent at the date of the parent's transition to IFRS.

Notes to the annual financial statements (continued)

2 Summary of significant accounting policies (continued)

2.3 Changes in accounting policy and disclosures (continued)

(ii) New standards and interpretations not yet adopted (continued)

Number	Effective date	Executive summary
Annual improvements cycle 2018 -2020	Annual periods beginning on or after 1 January 2022	These amendments include minor changes to: • IFRS 9, 'Financial Instruments' has been amended to include only those costs or fees paid between the borrower and the lender in the calculation of "the 10% test" for derecognition of a financial liability. Fees paid to third parties are excluded from this calculation. IFRS 16, 'Leases', amendment to the Illustrative Example 13 that accompanies IFRS 16 to remove the illustration of payments from the lessor relating to leasehold improvements. The amendment intends to remove any potential confusion about the treatment of lease incentives.

2.4 Investment in projects and other entities

i) Investment in projects

Investments in projects are classified as fair value through profit or loss. They are initially recognised at cost. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognised in profit or loss. There is no subsequent reclassification of fair value gains and losses to profit or loss following the recognition of the investment.

ii) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company . They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the Company and these are accounted for at cost less accumulated impairment.

iii) Associates

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at fair value .

Notes to the annual financial statements (continued)

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the annual financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The functional currency and presentation currency of the Company is the Zambian Kwacha (K).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.6 Revenue

Investment income

Investment income is accounted for on an accruals basis and relates to interest from Government bonds, bank interest earned and rental income from investment properties.

Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

Leases for which the Company is a lessor are classified as either finance leases or operating leases. A lease is classified as a finance lease if it transfers substantially all of the risks and rewards incidental to ownership of an underlying asset. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

Revenue represents the net invoice value of services provided to third parties after deducting discounts, volume rebates, outgoing sales taxes and duties, and is recognised when control is transferred to the customers .

2.7 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Classification and measurement

Financial assets

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss (FVTPL) which are expensed in profit or loss.

Notes to the annual financial statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

Classification and measurement (continued)

Financial assets (continued)

Classification and subsequent measurement is dependent on the Company's business model for managing the asset and the cash flow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

All the Company's financial assets as at reporting period satisfy the conditions for classification at amortised cost under IFRS 9.

The Company's financial assets include trade receivables, other receivables , loans receivable from related parties and cash and cash equivalents.

i) Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

ii) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to financial assets classified at amortised cost and contract assets under IFRS 15 Revenue from Contracts with Customers.

The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

Notes to the annual financial statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

Impairment of financial assets (continued)

The Company's applies the simplified approach to determine impairment of receivables. The simplified approach requires expected lifetime losses to be recognized from initial recognition of the receivables. This involves determining the expected loss rates which is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

Financial liabilities

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL . A financial liability is classified as held for trading if:

•It has been incurred principally for the purpose of repurchasing it in the near term ; or
• on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short -term profit- taking ; or
•it is a derivative that is not designated and effective as a hedging instrument .

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

•such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise ; or
•the financial liability forms part of a financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the 's documented risk management or investment strategy, and information is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.
Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Notes to the annual financial statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

Financial liabilities (continued)

i) Borrowings (continued)

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

ii) Trade and other payables

Trade and other payables are subsequently measured at amortised cost using the effective interest

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 net carrying amount on initial recognition.

Derecognition

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Notes to the annual financial statements (continued)

2 Summary of significant accounting policies (continued)

2.7 Financial instruments (continued)

Substantial modification

A substantial modification of the terms of an existing debt instrument or part of it is accounted for as an extinguishment of the original debt instrument and the recognition of a new debt instrument. Gains or losses arising from the modification of the terms of a debt instrument are recognised immediately in profit or loss where the modification does not result in the derecognition of the existing instrument.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

As at the reporting period, there were no assets and liabilities off-set relating to financial instruments.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.8 Property,plant and equipment

Buildings are initially recognised at cost and subsequently shown at fair value, based on valuations by external independent valuers, less accumulated depreciation. Valuations are performed every two years on buildings to ensure that the fair value does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

All other property, plant and equipment are initially stated at historical cost and subsequently measured at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred .

Increases in the carrying amount arising on revaluation of buildings are credited to other comprehensive income and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against the revaluation reserve, all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	2%
Equipment and furniture	20%
Motor vehicles	25%
IT equipment	33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Notes to the annual financial statements (continued)

2 Summary of significant accounting policies (continued)

2.8 Property,plant and equipment (continued)

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Capital work in progress, which represents additions to property, plant and equipment that have not yet been brought into use, is not depreciated. Additions are transferred into the above depreciable asset classes once they are brought into use. Work in progress is measured at cost less impairments.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are included in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

2.9 Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset , but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the noncurrent asset is recognised at the date of derecognition.

Assets are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for salen in the statement of financial position.

2.10 Investment property

Investment property is property held to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use for the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the profit or loss.

Any gain or loss on the disposal of investment property (calculated as the difference between the net proceeds and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount that is included in the revaluation reserve is transferred to retained earnings.

2.11 Share capital

Ordinary shares are classified as share capital in equity. Any premium received over and above the par value of the shares is classified as share premium in equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as deduction from the proceeds.

Notes to the annual financial statements (continued)

2 Summary of significant accounting policies (continued)

2.12 Employee benefits

Employee benefits are all forms of consideration given in exchange for services rendered by employees or for the termination of employment. The classification, recognition and measurement of employee benefits is as follows;

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. The Company's short term employee benefits comprise remuneration in the form of salaries, wages, incentive bonuses, employee entitlement to leave pay and medical aid. The undiscounted amount of all short-term employee benefits expected to be paid in exchange for service rendered are recognised as an expense or as part of the cost of an asset during the period in which the employee renders the related service. The Company recognises the expected cost of incentive bonuses only when the Company has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

(ii) Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits).

Post-employment benefits comprise retirement benefits that are provided for employees through an independently administered defined contribution fund and by the National Pension Security Authority (NAPSA), which is also a defined contribution fund from the Company's perspective. Payments to the defined contribution fund and to the NAPSA scheme are recognised as an expense when they fall due, which is when the employee renders the service. The Company has no liability for post-employment retirement benefit funds once the current contributions have been paid at the time the employees render service. During the year, the Company contributed to the Company defined contribution fund and to the NAPSA scheme.

2.13 Income tax expense

(i) Current income tax

The tax credit for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the annual financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Notes to the annual financial statements (continued)

2 Summary of significant accounting policies (continued)

2.13 Income tax expense (continued)

(ii) Deferred income tax (continued)

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3 Critical accounting estimates and judgements

The preparation of annual financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also exercises judgement in applying the Company's accounting policies. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

Detailed information about each of these estimates and judgements is included together with information about the basis of calculation for each affected line item in the annual financial statements.

The estimates and assumptions that have significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i) Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

ii) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

iii) Fair value of financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgement to make assumptions that are mainly based on market conditions existing at each reporting date.

Listed equities are valued based on their listed value (fair value) on 31 December 2020.

Unlisted equities are valued based on various valuation methods, including free cash flow, price earnings (PE) and net asset basis (NAV) bases.

Notes to the annual financial statements (continued)

3 Critical accounting estimates and judgements (continued)

Judgements and assumptions in the valuations and impairments include determining the:

- Free cash flows of investees
- Discount or premium applied to the IDC's stake in investee.
- Sector / subsector betas
- Debt weighting - this is the target interest bearing debt level.

Refer note 13 (b) and 14 (b) for more details.

4 Financial risk management

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance.

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's risk management framework and governance structures are intended to provide comprehensive controls and ongoing management of its major risks. The Board of Directors exercises oversight through delegation from the Board to various sub-committees, notably the Audit and Risk Committee , which are organised in line with risk management policies.

a) Market risk

(i) *Foreign exchange risk exposure*

Foreign exchange risk arises when recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The Company is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the United States Dollar (US$).To manage foreign exchange risk, the Company holds fixed deposits with various banks which act as a natural hedge for foreign currency obligations. Hedging techniques such as currency swap are also used to manage currency risk.

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in Zambian Kwacha is detailed in the table below.

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

a) *Market risk (continued)*

	Exposure USD
As at 31 December 2020	
Financial asset:	
Cash and cash equivalents	**228**
Loans due from related parties	**2,811,349**
	2,811,577
Financial liabilities :	
Borrowings	**(2,794,328)**
Net exposure	**17,249**
As at 31 December 2019	
Financial asset:	
Cash and cash equivalents	6,900
Loans due from related parties	34,072
	40,972
Financial liabilities :	
Borrowings	(32,760)
Net exposure	8,212

The following significant rates have been applied during the year:

	Average rate		Reporting date	
	2020	2019	**2020**	2019
ZMW to 1 USD	**18.23**	13.65	**21.35**	13.77

Sensitivity

A strengthening (weakening) of the Kwacha by 10 percent, as indicated below against the USD would have increased /(decreased) equity and profit or loss by the amounts shown below. This computation is based on the foreign exchange rate variance that the company considered reasonably possible at the reporting date. The computation assumes all the other variables remain constant.

	Strengtheing		Weakening	
	Profit/ loss	**Equity**	**Profit/ loss**	**Equity**
As at 31 December 2020				
USD	**1,725**	**1,725**	**(1,725)**	**(1,725)**
As at 31 December 2019				
USD	812	812	(812)	(812)

(ii) Cash flow and fair value Interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

a) *Market risk (continued)*

(ii) Cash flow and fair value Interest rate risk (continued)

The exposure of the Company's borrowings to interest rate changes at the end of the reporting period are as follows:

	2020	% of total loans	2019	% of total loans
Variable rate borrowings	172,668	100%	355,997	100%

The percentage of total loans shows the proportion of loans that are currently at variable rates in relation to the total amount of borrowings. None of the borrowings are referenced to a benchmark interest rate subject to interbank offered rates (IBOR) reform.

As at 31 December 2020, with all other variables held constant, a 2 % (2019: 2%) decrease/increase in the base interest rate would have resulted in change in post-tax profit for the year and shareholders' equity as follows:

	2020 K	2019 K
Impact on profit and equity	(3,453)	(7,120)

b) *Credit risk*

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables.

i) Risk management

For banks and financial institutions, the Company only engages reputable well-established financial institutions. The Company's risk control unit assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with limits set by the board. The compliance with credit limits by the customers is regularly monitored by line management.

ii) Impairment of financial assets

The Company has three types of financial assets that are subject to the expected credit loss model:

- Trade receivables and loan receivables
- Cash and cash equivalents

Trade receivables and loan receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and loan receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Company's historical credit loss experience does not show significantly different loss patterns for the various customer segments. Therefore, the grouping of trade receivables and loan receivables are not disaggregated into further risk profiles other than days past due.

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

b) *Credit risk (continued)*

ii) Impairment of financial assets (continued)

Trade receivables and loan receivables (continued)

The expected loss rates are based on the payment profiles or sales over a period of 36 months before 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The outstanding receivables subjected to expected credit loss calculation are net of debtors where there is a legal right to offset.

There were no changes in the estimation techniques or significant assumptions made as at the reporting period. The amount that best represents the Company's maximum exposure to credit risk is the carrying value of its financial assets as presented in the statement of financial position.

On that basis, the loss allowance as at 31 December 2020 was determined as follows for trade receivables and loans due from related parties:

Trade receivables

2020	**Current**	**1 - 30 days past due**	**31 - 60 days past due**	**61 -90 days past due**	**Over 90 days past due**	**Total**
Gross carrying amount	-	5,660	6,255	27,226	27,751	66,892
Expected Loss rate	-	17.64%	21%	28%	44%	
Loss allowance	-	998	1,314	7,623	12,210	22,146
Amortised cost	**-**	**4,662**	**4,941**	**19,603**	**15,541**	**44,746**

Loan receivables

2020	**Current**	**1 - 30 days past due**	**31 - 60 days past due**	**61 -90 days past due**	**Over 90 days past due**	**Total**
Gross carrying amount	-	-	-	233,447	3,280,410	3,513,857
Expected Loss rate	-	0%	0%	1.00%	0.53%	
Loss allowance	-	-	-	2,334	17,388	19,722
Amortised cost	**-**	**-**	**-**	**231,113**	**3,263,022**	**3,494,135**
2019						
Gross carrying amount	-	-	-	11,414	677,612	689,026
Expected Loss rate	-	-	-	-	2.16%	
Loss allowance	-	-	-	-	14,647	14,647
Amortised cost	**-**	**-**	**-**	**11,414**	**662,965**	**674,379**

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

b) *Credit risk (continued)*

ii) Impairment of financial assets (continued)

Trade receivables and loan receivables (continued)

On that basis, the loss allowance as at 31 December on trade receivables and loan receivable was as follows:

	2020 K	2019 K
Trade receivable	22,146	-
Loan receivable	19,722	14,647
	41,868	**14,647**

The loss allowances for trade receivables and loan receivable as at 31 December 2020 reconcile to the opening loss allowances as follows:

	2020 K	2019 K
At start of year	14,647	-
Impairment charge- Loan receivable	5,075	14,647
Impairment charge- Trade receivable	22,146	-
	41,868	14,647

Trade receivables and loan receivable are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables and loan receivable are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Cash and cash equivalents

While these balances are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

c) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management includes maintaining sufficient cash coupled with the availability of funding from an adequate amount of committed credit facilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Management monitors rolling forecasts of the Company's liquidity reserve on the basis of expected cash flows. This maintains the level of its cash flow and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities through cash flow forecasts.

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

c) *Liquidity risk (continued)*

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows and include estimated interest payments and exclude the impact of netting agreements.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows
At 31 December 2020					
Assets					
Cash and cash equivalents	102,100	-	-	-	102,100
Loan from related parties	2,323	7,624	19,361	4,550,586	4,579,894
Trade and Other receivables (excluding prepayments)	179,268	-	-	-	179,268
	283,691	**7,624**	**19,361**	**4,550,586**	**4,861,262**
Liabilities					
Borrowings	23,679	458,749	28,924	4,550,586	5,061,938
Trade and Other payables (excluding statutory and contract liabilities)	105,531	-	-	-	105,531
	129,210	**458,749**	**28,924**	**4,550,586**	**5,167,469**
Net amount	**154,481**	**(451,125)**	**(9,563)**	**-**	**(306,207)**
At 31 December 2019					
Assets					
Cash and cash equivalents	9,257	-	-	-	9,257
Loan from related parties	-	12,217	48,583	690,663	751,463
Trade and Other receivables (excluding prepayments)	50,304	-	-	-	50,304
	59,561	12,217	48,583	690,663	811,024
Liabilities					
Borrowings	84,601	412,575	17,300	-	514,476
Trade and Other payables (excluding statutory and contract liabilities)	68,510	-	-	-	68,510
	153,111	412,575	17,300	-	582,986
Net amount	(93,550)	(400,358)	31,283	690,663	228,038

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

4 Financial risk management (continued)

d) Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity, as shown in the statement of financial position, plus net debt.

The capital structure consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in Note 20, cash and cash equivalents disclosed in Note 16 , and equity as disclosed in the statement of financial position.

During 2020, the Company's strategy, which was unchanged from prior year, was to maintain a gearing ratio of less than 50%. The gearing ratios at 31 December 2020 and 31 December 2019 were as follows:

	2020	2019
Net debt (Note 24 (b))	**(3,462,326)**	(413,840)
Total equity	**16,191,063**	23,665,024
Gearing ratio	**21.38%**	1.75%

d) Financial instruments by category

Financial assets

	2020	2019
Trade and other receivables (excluding prepayments)	**179,268**	50,304
Loans from related parties	**3,494,136**	674,379
Cash and cash equivalents	**54,538**	7,970
	3,727,942	732,653

Financial liabilities

	2020	2019
Borrowings	**3,516,864**	423,097
Trade and other payables (excluding statutory liabilities)	**132,364**	68,510
	3,649,228	491,607

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

5 Revenue

	2020	2019
Dividends	**145,710**	148,253
Management fees	**96,310**	-
	242,020	148,253

Dividends Breakdown:

Indo Zambia	**26,821**	24,000
Mulungushi Village Company	**-**	27
Indeni Petroleum Limited	**52,288**	30,788
ZCCM - IH	**31,652**	59,125
ZANACO	**18,782**	9,200
ZAFFICO	**16,167**	25,113
	145,710	148,253

6 Other income

Rentals	**2,195**	1,124
Profit from the sale of shares in ZAFFICO	**111,042**	-
Sundry income	**10,454**	39
Foreign exchange differences other than on borrowings and cash	**-**	1,569
Valuation gain on investment property (Note 11)	**1,334**	7,873
	125,025	10,605

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

		2020	2019
7	**Administrative expenses**		
	Advertising and publications	**98**	501
	Audit fees	**800**	669
	Assets held for sale impairment (Note 17)	**4,500**	-
	Bank charges	**693**	132
	Board fees	**1,440**	1,556
	Business and entertainment	**20**	55
	Cleaning expenses	**502**	303
	Communication expense	**302**	35
	Consultancy	**801**	11,230
	Depreciation	**5,567**	3,363
	Donations	**366**	261
	Employee costs (Note 7.1)	**67,273**	52,125
	Electricity and water	**396**	80
	Fuel and lubricants	**1,628**	1,119
	Foreign exchange differences other than on borrowings and cash	**710**	-
	ICT expenses	**2,810**	1,368
	Insurance	**3,841**	848
	Legal costs	**415**	605
	Licences and fees	**101**	593
	Loss on disposal of property, plant and equipment	**332**	-
	Motor vehicles expense	**204**	554
	National events	**21**	1,305
	Office expenses	**223**	163
	Other expenses	**38**	181
	Pacra expenses	**346**	20
	Printing and stationery	**611**	520
	Procurement/evaluation	**85**	64
	Professional membership	**108**	117
	Project costs	**(314)**	433
	Repairs and maintenance	**151**	510
	Rates	**27**	-
	Security expenses	**432**	445
	Seminars and workshops	**1,584**	2,335
	Telephones and postage	**497**	339
	Training expenses	**127**	114
	Travel expenses	**2,125**	3,398
	Withholding tax	**2,199**	1,382
		101,059	86,723
7.1	**Employee costs**		
	Salaries and wages	**65,451**	49,905
	NAPSA	**666**	574
	Defined contribution scheme	**1,156**	1,646
		67,273	52,125

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

8 Finance income and costs

	2020	2019
Finance income :		
Foreign exchange gains on loan receivable (Note 25 (iii))	19,477	6,958
Interest on shareholder loans (Note 25 (iii))	127,866	11,414
Interest on call account	254	101
Interest on placed deposits	204	104
Interest on treasury activities	19	74
Interest on staff loans	199	131
	148,019	18,782
Finance costs :		
Exchange losses on borrowings (Note 24 (b))	15,081	9,445
Interest expense on borrowings (Note 24 (b))	215,417	72,923
Loan facility fees	4,709	3,413
	235,207	85,781
Net finance income	87,188	66,999

9 Income tax expense

	2020	2019
Current income tax charge	28,329	27,314
Over provision	(138)	-
Deferred income tax expense/ credit	(15,069)	-
	13,122	27,314

The tax on the Company's profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	2020	2019
Profit / (loss) before income tax	151,577	(9,511)
Tax calculated at the statutory income tax rate of 35% (2019:35%)	53,052	(3,329)
Tax effect of:		
Adjustments for income on lower tax rate	(28,727)	-
Adjustments for non-deductible expenses	-	30,643
Over/(under) provision	(11,203)	-
	13,122	27,314

Current income tax movement in the statement of financial position

	2020	2019
At start of year	52,025	49,992
Current income tax expense	28,329	27,314
Payment	(8,144)	(25,281)
	72,210	52,025

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

10 Property , plant and equipment

	Land and buildings	Equipment and furniture	Motor Vehicles	IT Equipment	Capital work in progress	Total
As at 31 December 2018						
Cost or fair value	32,950	2,674	8,152	2,599	-	46,375
Accumulated depreciation	(494)	(1,374)	(4,244)	(1,555)	-	(7,667)
Net book value	32,456	1,300	3,908	1,044	-	38,708
Year ended 31 December 2019						
Opening balance	32,456	1,300	3,908	1,044	-	38,708
Additions	580	788	-	642	-	2,010
Revaluation	13,010	-	-	-	-	13,010
Depreciation charge	(24)	(753)	(1,885)	(701)	-	(3,363)
Reversal of depreciation	494	-	-	-	-	494
Net book value	46,516	1,335	2,023	985	-	50,859
As at 31 December 2019						
Cost or fair value	47,010	3,462	8,152	3,241	-	61,865
Accumulated depreciation	(494)	(2,127)	(6,129)	(2,256)	-	(11,006)
Net book value	46,516	1,335	2,023	985	-	50,859

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

10 Property , plant and equipment (continued)

	Land and buildings	Equipment and furniture	Motor Vehicles	IT Equipment	Capital work in progress	Total
Year ended 31 December 2020						
Opening balance	46,516	1,335	2,023	985	-	50,859
Additions	34,783	429	6,694	350	1,000	43,256
Disposal	-	-	(1,792)	-	-	(1,792)
Depreciation charge	(1,596)	(640)	(2,751)	(580)	-	(5,567)
Disposal	-	-	1,045	-	-	1,045
Net book value	**79,703**	**1,124**	**5,219**	**755**	**1,000**	**87,801**
As at 31 December 2020						
Cost or fair value	81,323	3,891	13,054	3,591	1,000	102,859
Accumulated depreciation	(1,620)	(2,767)	(7,835)	(2,836)	-	(15,058)
Net book value	**79,703**	**1,124**	**5,219**	**755**	**1,000**	**87,801**

The register showing the details of equipment, as required by Section 30 of the Companies Act, 2017 of Zambia is available during business hours at the registered office of the Company.

As at 31 December 2019, the Company undertook a revaluation of the corporate offices, 61 Independence Avenue, prospect hill, Lusaka. The property valuations were performed by Sherwood Greene, an accredited and independent valuer using comparable method technique.The valuation model used is in accordance with 'RICS Definition of Value and General Principles to all Valuation '.

11 Investment property

	2020	2019
Carrying amount at 1 January	**19,750**	-
Additions	**38,685**	11,877
Change in fair value (Note 6)	**1,334**	7,873
Carrying amount at 31 December	**59,769**	19,750

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

11 Investment property (continued)

The Corporation's investment property relates to stand No. 7940 & 7941 (Kambendekela House) and, stand No. 6229 in Mongu (Teba House), Subdivision 1 of subdivision C10 Farm 748 Ndola, Subdivision 12 of Farm 748 Njo situate Ndola, Subdivision 13 of subdivision B of Farm 748 Ndola, Plot No. 1029, Lusaka, Plot No. 1034, Lusaka and Plot No. 1033, Lusaka

The properties were independently valued by Fairworld Property Limited, a firm of Chartered Valuation Surveyors & Real Estate Agents at their market value as at December 31, 2020 .

The valuation assumptions used are summarized in the table below:

Valuation technique	Significant unobservable inputs	Inter- relationship between unobservable inputs and fair value measurement
This valuation method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs sum as rent free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location (prime vs secondary) tenant credit quality.	• Expected market rental growth (3 - 5%. Weighted average 4%) . • Void periods (average 6 months after the end of each lease). • Occupancy rate (80-90%, weighted average 80%). • Rent-free periods (1-month period on new leases) • Risk-adjusted discount rates (10% - 10.5%. weighted average 10%)	The estimated fair value would increase (decrease) if : • Expected market rental growth were higher (lower); • Void periods were shorter (longer) ; • The occupany rate were higher (lower) ; • Rent -free periods were shorter (longer) ;or • The risk -adjusted discount rate were lower (higher).

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

12 Investment in projects

	2020	2019
Movement in investment in projects		
At 1st January 2020	61,995	10,649
Additions	132,203	51,346
At 31st December	194,198	61,995

Fruit project	97,062	17,676
Fig tree project	1,255	-
Infratel Project	2,022	-
oil palm	2,373	-
Kabwe textiles project	2,311	1,909
Kawambwa tea project	10	10
Katete mango project	3,905	96
Luswishi project	336	301
Marubeni project	840	840
Mununshi plantation project	17,783	11,985
Mupepetwe project	351	350
Mwinulunga project	22,437	116
Scaling solar project	9,655	7,950
Zambia Airways project	33,826	20,730
Zambia cashew nuts project	10	10
Zambia chemicals project	22	22
	194,198	61,995

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

13 Investment in subsidiaries

(a) Valuation of investment in subsidiaries

Country of incorporation	Name of company	Percentage held	Opening balance 01-Jan-20	Transfer	Addition	Disposal	Movement	Closing balance 31-Dec-20
Zambia	Agro – Luswishi	100%	15,315	-	-	-	-	15,315
Zambia	Engineering Services Corporation	100%	-	-	-	-	-	-
Zambia	Indeni Petroleum	100%	727,989	-		-	(150,188)	577,801
Zambia	Lusaka South Multi- Facility Economic	100%	2,720,993	-	-	-	(738,138)	1,982,855
Zambia	Infratel Limited	100%	4,756	-	81	-	3,000,906	3,005,743
Zambia	Mulungushi Village	100%	142,076	-	-	-	(31,044)	111,032
Zambia	Mulungushi International Conference	100%	1,058,894	-		-	255,121	1,314,015
Zambia	Mpulungu Harbour Corporation Limited	100%	9,900	-	-	-	62,251	72,151
Zambia	Mupepetwe Development Company	100%	-	-	-	-	-	-
Zambia	Nitrogen Chemicals of Zambia	100%	177,644	-		-	97,718	275,362
Zambia	Kawambwa Tea Industries Limited*	100%	-	-	156,408	-	84,890	241,298
Zambia	Superior Milling Ltd	76%	-	-	-	-	-	-
Zambia	Times of Zambia Printpak Limited	100%	-	-	-	-	-	-
Zambia	ZESCO Limited	100%	12,539,232	-	-	-	(10,398,013)	2,141,219
Zambia	Zambia Cargo and Logistics Limited	100%	4,101	-	-	-	79,999	84,100
Zambia	ZCCM - IH Investments	60%	2,760,500	-	-	-	1,000,255	3,760,755
Zambia	Zambia Railways Limited	100%	881,857	-	-	-	(281,252)	600,605
Zambia	Zambia Forestry and Forest Industries	100%	673,008	-	144,193	(208,000)	(76,004)	533,197
Zambia	Zambia International Trade Fair	100%	55,046	-	-	-	(17,082)	37,964
Zambia	ZICB	100%	85,911	-	-	-	19,850	105,761
Zambia	Zambia China Textiles	1000%	-	-	-	-	-	-
Zambia	ZAMCAPITAL ZEL	100%	-	-	-	-	-	-
Zambia	Zampalm	90%	183,122	-	29,003	-	25,018	237,143
zambia	ZSIC General Insurance	100%	-	-	-	-	43,479	43,479
Zambia	ZSIC Life Company	100%	3,000	-	-	-	7,049	10,049
Zambia	Zambia Telecommunications Company	100%	450,655	-	-	-	(450,655)	-
			22,493,999	**-**	**329,685**	**(208,000)**	**(7,465,840)**	**15,149,844**

* The additions include a non cashflow of ZMW 156,408,000.

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

13 Investment in subsidiaries (continued)

(a) Valuation of investment in subsidiaries

Country of incorporation	Name of company	Percentage held	Opening balance 01-Jan-19	Transfer	Addition	Disposal	Movement	Closing balance 31-Dec-19
Zambia	Agro – Luswishi	100%	15,315	-	-	-	-	15,315
Zambia	Engineering Services Corporation	100%	1	-	-	-	-	1
Zambia	Indeni Petroleum	100%	770,386	-		-	(42,397)	727,989
Zambia	Lusaka South Multi- Facility Economic	100%	5,106,888	-	-	-	(2,385,895)	2,720,993
Zambia	Mulungushi Village	100%	228,257	-	-	-	(86,181)	142,076
Zambia	Mulungushi International Conference	100%	35,792	-		-	1,023,102	1,058,894
Zambia	Mpulungu Harbour Corporation Limited	100%	23,987	-	-	-	(14,087)	9,900
Zambia	Mukuba Hotel	100%	-	-	-	-	-	-
Zambia	Medical Services Limited	100%	1	-	-	-	(1)	-
Zambia	Mupepetwe Development Company	100%	1	-	-	-	(1)	-
Zambia	NIEC Business Trust School	100%	2,293	-	-	-	(2,293)	-
Zambia	Nitrogen Chemicals of Zambia	100%	-	-		-	177,644	177,644
Zambia	Pelidic	100%	26	-	-	-	(26)	-
Zambia	Superior Milling Ltd	76%	-	-	-	-	-	-
Zambia	Times of Zambia Printpak Limited	100%	-	-	-	-	-	-
Zambia	ZESCO Limited	100%	-	-	-	-	12,539,232	12,539,232
Zambia	Zambia Cargo and Logistics Limited	100%	-	-	-	-	4,100	4,100
Zambia	ZCCM - IH Investments	60%	2,486,265	-	-	-	274,235	2,760,500
Zambia	Zambia Railways Limited	100%	400,113	-	-	-	481,744	881,857
Zambia	Zambia Forestry and Forest Industries	100%	1,496,148	-	-	-	(823,140)	673,008
Zambia	Zambia International Trade Fair	100%	6,007	-	-	-	49,039	55,046
Zambia	ZICB	100%	30,675	-	-	-	55,236	85,911
Zambia	ZAMCAPITAL ZEL	100%	1	-	-	-	(1)	-
Zambia	Zampalm	90%	-	-	54,059	-	129,063	183,122
Zambia	Infratel	100%	-	-	4,756	-	-	4,756
Zambia	ZSIC Life Company Ltd	100%	-	-	-	-	3,000	3,000
Zambia	Zambia Telecommunications Company	100%	-	-	-	-	450,655	450,655
			10,602,156	-	58,815	-	11,833,028	22,493,999

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

13 Investment in subsidiaries (continued)

(b) Measurement of fair value

The company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

Level 1 **:** Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

Level 2 **:** Inputs other than quoted prices included within Level 1 that are observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

Level 3 : Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices volatiles and correlations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

The following table shows the reconciliation from opening balances to closing balances of levels 1, 2 and 3 investments in subsidiaries:

	Level 1	Level 2	Level 3	Total
Balance at 1 January 2020	2,760,500	16,339,507	3,393,992	22,493,999
Transfer from level 3 to level 1	673,008		(673,008)	-
Additions	144,193	185,492	-	329,685
Disposal	(208,000)	-	-	(208,000)
Change in fair value	924,251	(7,671,803)	(718,288)	(7,465,840)
Balance at 31 December	**4,293,952**	**8,853,196**	**2,002,696**	**15,149,844**

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

13 Investment in subsidiaries (continued)

13 (b) Measurement of fair value (continued)

As at 31 December 2020 the companies with fair value in excess of ZMW100 million were twelve (12) namely. Indeni Petroleum, Infratel Corporation Limited, Lusaka South Multi - Facility Economic Zone, Nitrogen Chemicals of Zambia, Mulungushi Village, Mulungushi Confrence Centre ,Kawambwa Tea Industries Limited, ZESCO Limited, ZCCM-IH, Zambia Railways Limited, Zambia Forestry and Forest Industries Corporation, Zampalm Limited . These companies accounted for 99% of the reported fair value.

- ZCCM-IH PLC and ZAFFICO are listed on the Lusaka Securities Exchange. The fair value of Company's equity investment is determined as the number of shares held as at the end of the year multiplied by the quoted market price per share;

- Infratel Corporation Limited, Lusaka South Multi - Facility Economic Zone, Kawambwa Tea Industries Limited, Mulungushi Village Complex Limited, Mulungushi Conference Centre, Nitrogen Chemicals of Zambia, Zambia Railways, Zampalm Limited and ZESCO Limited are determined using the asset-based approach. Its value is equivalent to its net asset value;

- Indeni Petroleum Refinery values were estimated using the market multiples-based approach.

The assumptions used are summarized in the table below:

Name of subsidiary	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between unobservable inputs and fair value measurement
Indeni Petroleum Refinery Limited	Market multiples using EV/ EBITDA The market multiples approach provides a market benchmark against which valuation for a private company can be established at a given point in time. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	Four comparable companies from capital IQ with an average EV/EBITDA multiple of 5.03X adjusted for the following. •Control premium of between 15% and 24% •Marketability discount of between 6% and 10% To arrive at the adjusted peer group multiple 1.1	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher).

Figures in thousands of Zambian Kwacha

13 Investment in subsidiaries (continued)

13 (b) Measurement of fair value (continued)

The assumptions used (continued)

Name of subsidiary	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between unobservable inputs and fair value measurement
Infratel Limited	Relative Valuation and Adjusted NAV Results RV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Infratel Corporation Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	•Comparable companies from capital IQ with EV/EBITDA multiples between 4.47x and 4.61x over the period under analysis •Control premium of 15.9%and 23.9% •Marketability discount 4.4% and 6.6% •Adjusted peer group multiple 0.7 .	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher).
Nitrogen Chemicals of Zambia	Relative Valuation and Adjusted NAV Results RV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Nitrogen Chemicals Zambia Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	•Comparable companies from capital IQ with EV/EBITDA multiples between 1.03x and 1.57x over the period under analysis •Control premium of 15.9%and 23.9% •Marketability discount 6.4% and 9.6% •Adjusted peer group multiple 0.7	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher).

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

13 Investment in subsidiaries (continued)

13 (b) Measurement of fair value (continued)

The assumptions used (continued)

Name of subsidiary	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between unobservable inputs and fair value measurement
Mulungushi Village Complex Limited	Relative Valuation and Adjusted NAV Results RV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on MVCL. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	•Comparable companies multiples between 0.43x and 0.59x over the period under analysis •Control premium of between 16% and 24% •Marketability discount of between 4% and 7%	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher)
Mulungushi International Conference Centre	Relative Valuation and Adjusted NAV Results RV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on MICC. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	•Comparable companies multiples between 2.5x and 2.9x over the period under analysis •Control premium of between 15.9% and 23.9% •Marketability discount of between 4.4% and 6.6%	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher)

Figures in thousands of Zambian Kwacha

13 **Investment in subsidiaries (continued)**

13 (b) **Measurement of fair value (continued)**

The assumptions used (continued)

Name of subsidiary	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between unobservable inputs and fair value measurement
Lusaka South Multi- facility Zone	Relative Valuation and Adjusted NAV Results RV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Lusaka South Multi-Facility Zone Limited The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	•Comparable companies multiples between 0.43x and 0.59x over the period under analysis •Control premium of between 15.9% and 23.9% •Marketability discount of between 6.4% and 9.6%	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher).
ZESCO Limited	Relative Valuation and Adjusted NAV Results RV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on ZESCO. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	•Comparable companies multiples between 0.36x and 0.88x over the period under analysis •Control premium of between 16% and 24% •Marketability discount of between 4% and 7%	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher)

Figures in thousands of Zambian Kwacha

13 Investment in subsidiaries (continued)

13 (b) Measurement of fair value (continued)

The assumptions used (continued)

Name of subsidiary	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between unobservable inputs and fair value measurement
Kawambwa Tea Industries Limited	Relative Valuation and Adjusted NAV Results RV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Kawambwa Tea Industries Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	•Comparable companies from capital IQ with EV/EBITDA multiples between 1.2x and 1.8x over the period under analysis •Control premium of 15.9%and 23.9% •Marketability discount 6.4% and 9.6% •Adjusted peer group multiple 1.37	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher).
Zambia Railways Limited	Relative Valuation and Adjusted NAV Results RV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Zambia Railways Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	•Comparable companies multiples between 2.5x and 2.9x over the period under analysis •Control premium of between 15.9% and 23.9% •Marketability discount of between 21.6% and 32.4%	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher) .

Notes to the annual financial statements (continued)

13 Investment in subsidiaries (continued)

13 (b) Measurement of fair value (continued)

The assumptions used (continued)

Name of subsidiary	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between unobservable inputs and fair value measurement
Zampalm Limited	Relative Valuation and Adjusted NAV Results RV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Zampalm Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	•Comparable companies from capital IQ with EV/EBITDA multiples between 1.3x and 1.8x over the period under analysis •Control premium of 15.9%and 23.9% •Marketability discount 6.4% and 9.6% •Adjusted peer group multiple 1.2 .	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher).
ZCCM-IH	Market value This approach provides a market value based on the publicly trade shares on the LUSE at a closing price at the spot date	Prices or quotes from exchanges or listed markets i.e LUSE in which there is sufficient activity .	The estimated fair value would increase/(decrease) if: •there is movement in the price per share on the stock exchange .
ZAFFICO	Market value This approach provides a market value based on the publicly traded shares on the LUSE at a closing price at the spot date .	Prices or quotes from exchanges or listed markets i.e LUSE in which there is sufficient activity .	The estimated fair value would increase/(decrease) if: •there is movement in the price per share on the stock exchange .

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

13 Investment in subsidiaries (continued)

13 (b) Measurement of fair value (continued)

Sensitivity analysis

Sensitivity analysis table of the equity value of the significant subsidiaries is shown below assuming a 10% fluctuation in the market multiple upwards and downwards

Indeni Petroleum Refinery Limited

	Low	Appropriate	High
Multiple	0.93	**1.03**	1.13
Book value	561,190	**561,190**	561,190
Applied book value	520,021	**577,801**	635,581
Total debt	-	-	-
Cash and cash equivalent	-	-	-
Equity value	520,021	**577,801**	635,581
IDC's stake	100%	**100%**	100%
Equity value	520,021	**577,801**	635,581

Infratel Limited

	Low	Appropriate	High
Multiple	1.44	**1.60**	**1.76**
Net assets	1,876,713	**1,876,713**	1,876,713
Enterprise value	2,705,169	**3,005,743**	3,306,317
Total debt	-	-	-
Cash and cash equivalent	-	-	-
Equity value	2,705,169	**3,005,743**	3,306,317
IDC's stake	100%	**100%**	100%
Equity value	2,705,169	**3,005,743**	3,306,317

Nitogen Chemicals

	Low	Appropriate	High
Multiple	0.81	**0.90**	0.99
Revenue	267,305	**267,305**	267,305
Enterprise value	216,733	**240,815**	267,306
Total debt	-	-	-
Cash and cash equivalent	34,547	**34,547**	34,547
Equity value	251,280	**275,362**	301,853
IDC's stake	100%	**100%**	100%
Equity value	251,280	**275,362**	301,853

Mulungushi Village

	Low	Appropriate	High
Multiple	0.39	**0.43**	0.48
Applied book value	256,912	**256,912**	256,912
Enterprise value	99,929	**111,032**	122,135
Total debt	-	-	-
Cash and cash equivalent	-	-	-
Equity value	99,929	**111,032**	122,135
IDC's stake	100%	**100%**	100%
Equity value	99,929	**111,032**	122,135

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

13 Investment in subsidiaries (continued)

13 (b) Measurement of fair value (continued)

Sensitivity analysis (continued)

Mulungushi International Confrence Centre

	Low	Appropriate	High
Multiple	2.31	**2.56**	2.82
Applied book value	512,774	**512,774**	512,774
Enterprise value	1,182,613	**1,314,015**	1,445,416
Total debt	-	**-**	-
Cash and cash equivalent	-	**-**	-
Equity value	1,182,613	**1,314,015**	1,445,416
IDC's stake	100%	**100%**	100%
Equity value	1,182,613	**1,314,015**	1,445,416

Lusaka South Multi Facility Economic Zone

	Low	Appropriate	High
Multiple	0.35	**0.39**	**0.43**
Applied book value	5,097,800	**5,097,837**	5,097,800
Enterprise value	1,784,557	**1,982,855**	2,181,125
Total debt	-	**-**	-
Equity value	1,784,557	**1,982,855**	2,181,125
IDC's stake	100%	**100%**	100%
Equity value	1,784,557	**1,982,855**	2,181,125

ZESCO Limited

	Low	Appropriate	High
Multiple	0.59	**0.66**	0.72
Net assets	3,255,000	**3,255,000**	3,255,000
Enterprise value	1,927,097	**2,141,219**	2,355,341
Equity value	1,927,097	**2,141,219**	2,355,341
IDC's stake	100%	**100%**	100%
Equity value	1,927,097	**2,141,219**	2,355,341

Kawambwa Tea Industries Limited

	Low	Appropriate	High
Multiple	1.39	**1.54**	1.70
Net assets	156,241	**156,241**	156,241
Enterprise value	217,168	**241,298**	265,428
Equity value	217,168	**241,298**	265,428
IDC's stake	100%	**100%**	100%
Equity value	217,168	**241,298**	265,428

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

13 Investment in subsidiaries (continued)

13 (b) Measurement of fair value (continued)

Sensitivity analysis (continued)

Zambia Railways Limited

	Low	Appropriate	High
Multiple	0.62	**0.69**	0.76
Applied book value	875,007	**875,007**	875,007
Enterprise value	540,544	**600,605**	660,665
Total debt	-	-	-
Cash and cash equivalent	-	-	-
Equity value	540,544	**600,605**	660,665
IDC's stake	100%	**100%**	100%
Equity value	540,544	**600,605**	660,665

Zampalm

Multiple	1.55	**1.72**	1.89
Net assets	138,019	**138,019**	138,019
Enterprise value	213,429	**237,143**	260,857
Total debt	-	-	-
Cash and cash equivalent	-	-	-
Equity value	213,429	**237,143**	260,857
IDC's stake	100%	**100%**	100%
Equity value	213,429	**237,143**	260,857

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

14 Investments in associates

(a) Valuation of investment in associates

The carrying amounts of investments in associates has been accounted for at fair value as follows:

2020

Company	Shareholding Percentage	1 January	Addition	Transfer	Fair Value Movement	31 December
Indo Bank Zambia	40%	366,368	-	-	(58,301)	308,067
Zanaco PLC	25%	180,500	-	-	(10,859)	169,641
Kagem Limited	25%	280,202	-	-	(204,156)	76,046
Bangweulu Solar PV Plant	20%	5,901	-	-	(5,901)	-
Ngonye Power Limited	20%	18,000	-	-	(18,000)	-
Prima Reinsurance	28%	-	34,232	-	1,267	35,499
Marcopolo Tiles Company	23%	-	381,987	-	(7,036)	374,951
		850,971	**416,219**	**-**	**(302,986)**	**964,204**

2019

Company	Shareholding Percentage	1 January	Addition	Transfer	Fair Value Movement	31 December
Indo Bank Zambia	40%	435,645	-	-	(69,277)	366,368
Zanaco PLC	25%	303,188	-	-	(122,688)	180,500
Kagem Limited	25%	243,632	-	-	36,570	280,202
Bangweulu Solar PV Plant	20%	4,414	-	-	1,487	5,901
Lusaka Trust Hospital Limited	45%	4,462	-	(4,500)	38	-
Ngonye Power Company	20%	-	-	-	18,000	18,000
		991,341	-	(4,500)	(135,870)	850,971

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

14 Investments in associates (continued)

(b) Measurement of fair value

The Company measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

	Level 1	Level 2	Level 3	Total
Balance at January	180,500	646,570	23,901	850,971
Addition	34,232	381,987	-	416,219
Change in fair value	(9,592)	(269,493)	(23,901)	(302,986)
Balance at 31 December	**205,140**	**759,064**	**-**	**964,204**

As at 31 December 2020 the companies with fair value in excess of ZMW100 million were four (4) namely. Indo Bank Zambia Limited, ZANACO Limited ,ZICB and Marcopolo Tiles Company .

• ZANACO is listed on the Lusaka Securities Exchange. The fair value of Company's equity investment is determined as the number of shares held as at the end of the year multiplied by the quoted market price per share.

The value of Indo Zambia PLC ,Marcopolo Tiles Company and Kagem Limited are based on a multiples approach see below for the assumptions used:

Name of associate	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between key unobservable inputs and fair value measurements
Indo Zambia Bank	Relative Valuation and Adjusted NAV Results RV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Indo Zambia Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	•Comparable companies multiples 1.5x over the period under analysis •Control premium of between 8.6% and 10.7% •Marketability discount of between 6.4% and 13.6%	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher).

Figures in thousands of Zambian Kwacha

14 Investments in associates (continued)

(b) Measurement of fair value (continued)

Name of associate	Valuation technique	Significant unobservable inputs and assumptions	Inter- relationship between key unobservable inputs and fair value measurements
Zambia Industrial and Commercial Bank	Relative Valuation and Adjusted NAV Results RV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on ZICB Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	•Comparable companies multiples between 0.89X and 1.01x over the period under analysis •Control premium of between 9.2% amd 11.0% •Marketability discount of between 11.7%	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher).
Marcopolo Tiles	Relative Valuation and Adjusted NAV Results RV makes use of a peer group of comparable publicly listed companies to derive valuation metrics that was applied on Marcopolo Tiles Limited. The market multiples method is built upon the premise that peer companies provide a relevant reference point for valuing a given target because they share key business and financial characteristics, performance drivers, and risks.	•Comparable companies multiples between 20x over the period under analysis •Control premium of between 6.4 % and 16.9 % •Marketability discount of between 13.2% and 15.3%	The estimated fair value would increase/(decrease) if: •Adjusted peer group multiple was higher/(lower) •Control premium was higher/(lower) •Marketability discount was lower/ (higher).

Sensitivity analysis

Sensitivity analysis table of the equity value of the significant associates is shown below assuming a 10% fluctuation in the market multiple upwards and downwards

Figures in thousands of Zambian Kwacha

14 Investments in associates (continued)

(b) Measurement of fair value (continued)

Sensitivity analysis (continued)

INDO Zambia Bank

	Low	Appropriate	High
Multiple	0.61	**0.67**	0.74
Applied book value	1,144,565	**1,144,565**	1,144,565
Enterprise value	693,149	**770,165**	847,182
Cash and cash equivalent	-	**-**	-
IDC's stake	40%	**40%**	40%
Equity value	277,259	**308,066**	338,873

Marcopolo Tiles Company

	Low	Appropriate	High
Multiple	6.16	**6.85**	7.53
EBITDA	272,149	**272,149**	272,149
Enterprise value	1,677,259	**1,863,621**	2,049,983
Total debt	(276,101)	**(276,101)**	(276,101)
Cash and cash equivalent	71,555	**71,555**	71,555
Equity value	1,472,713	**1,659,075**	1,845,437
IDC's stake	23%	**23%**	23%
Equity value	332,833	**374,951**	417,069

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

15 Trade and other receivables

	2020	2019
Trade receivable	66,892	-
Loss allowance (4 (b))	(22,146)	-
Trade receivables — net	44,746	-
Amounts due from related parties (25 (ii))	126,777	48,305
Rent receivable	1,544	-
Prepayments	1,693	1,664
Staff and other receivable	4,179	335
	178,939	50,304

16 Cash and cash equivalents

	2020	2019
Cash at bank and in hand	39,542	9,257
Fixed deposits	62,558	-
	102,100	9,257

Reconciliation to cashflow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2020	2019
Balances as above	102,100	9,257
Bank overdrafts (Note 20)	(47,562)	(1,287)
Cash and bank balances	54,538	7,970

i) Classifications as cash equivalents

Term deposits are presented as cash equivalents if they have a maturity of three months or less from the date of acquisition and are repayable with 24 hours' notice with no loss of interest.

17 Assets held for sale

	2020	2019
Lusaka Trust Hospital Limited	4,500	4,500
Impairment	(4,500)	-
Shares in Zaffico	17,956	-
	17,956	4,500

The Board resolved to sell 160,000,000 shares being 40% of its shareholding in Zaffico valued at ZMW208,384,000.00 through an IPO. As at 31 December 2020, the number of shares sold were 146,187,623 giving rise to a profit on disposal of ZMW111,042,000 and, the unsold shares amounted to ZMW13,812,377 valued at ZMW17,956,000.

18 Share capital

	2020	2019
Ordinary share of ZMW1 each	20,000	20,000
Shares issued and fully paid	10,000	10,000

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

18 Share capital (continued)

The authorised share capital of the Company remained unchanged at ZMW20 million ordinary shares at a par value of ZMW1.00 each. The issued and fully paid-up share capital remained at ZMW10 million ordinary shares at a par value of ZMW1.00 each. Ordinary shares entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

19 Capital and other reserves

	Capital reserve	Fair value reserve	Revaluation reserve	Total
2020				
At the start of the year	14,303,628	9,311,255	8,778	23,623,661
Acquisition	156,408	-	-	156,408
Fair value loss	-	(7,768,826)	-	(7,768,826)
At the end of the year	**14,460,036**	**1,542,429**	**8,778**	**16,011,243**
2019				
At the start of the year	13,681,378	(2,385,903)	-	11,295,475
Government loans to equity	622,250	-	-	622,250
Fair value gains/additions	-	11,697,158	13,504	11,710,662
Deferred tax charge	-	-	(4,726)	(4,726)
At the end of the year	14,303,628	9,311,255	8,778	23,623,661

i) Capital reserve

The capital reserves represents the net assets value of State-Owned Enterprise (SOE) transferred by the Government of the Republic of Zambia through the Minister of Finance pursuant to the Minister of Finance (Incorporation) Act Cap 349 of the Laws of Zambia to the Company and subsequent capital raised form non-operating activities.K156,408 relates to transfer of net assets of Kawambwa Tea Company to IDC from Ministry of Finance. (2019: A shareholder loan of K622.25 million relates to capital injection from the Ministry of Finance to IDC, Which was later provided to Infratel in the form of a loan.)

ii) Fair value reserve

The fair value reserve contains fair value movements from the valuation of the investment in subsidiaries and investment in associates which are held at fair value through other comprehensive income.

iii) Revaluation reserve

Items of property, plant and equipment are recognised at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation. The fair value of property, plant and equipment was revalued on 31 December 2019 by Sherwood Greene an external, independent valuer. The reserves are non-distributable to the shareholders and are recognised net of deferred income tax.

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

20 Borrowings

	2020	2019
Non - current portion		
National Pensions Scheme Authority (Kafue Gorge)	2,755,446	-
National Pensions Scheme Authority (Marcopolo Tiles Company)	378,652	-
Indo Zambia Bank	172,668	273,233
National Savings and Credit Bank	40,000	-
Zambia Forestry and Forest Industries Corporation PLC	40,000	-
Zambia National Commercial Bank	31,513	-
First Alliance Bank	23,700	-
Zambia Industrial Commercial Bank	9,066	-
Workers Compensation Fund	15,765	-
	3,466,810	273,233
Current portion		
Indo Zambia Bank	-	82,764
Workers Compensation Fund Control Board	17,054	5,813
ZCCM	33,000	-
National Pensions Scheme Authority	-	60,000
	50,054	148,577
Total borrowings	3,516,864	421,810
Bank overdrafts	47,562	1,287

Refer to **Note 24 (b)** for details on the movement in borrowings on the statement of financial position.

Terms of the loans are disclosed below:

National Pensions Scheme Authority (Kafue Gerge)

The loan facility of US$190 million from National Pension Scheme Authority (NAPSA) denominated in United States Dollars was issued to Industrial Development Corporation Limited as the principle borrower, Zambia Power Corporation Limited as the 1st Beneficiary and ZESCO Limited as the 2nd beneficiary. The on-lent loan was obtained to enable ZESCO Ltd finance a hydro power generation project at the Kafue Lower Gorge in Southern Province of Zambia. The loan is secured by a Sovereign Guarantee Deed executed by Ministry of Finance on behalf of GRZ. The loan is repayable over a period of 20 years (240 months) and the first installment is due after 36 months from the date disbursement 19 May 2020. The interest rate relating to this loan is 10% on the outstanding amount drawn. The loan has a moratorium of three years and has a repayment period of 20 years.

At the reporting date, the amount drawn translated to kwacha equivalent of ZMW2.76 billion. The amount disbused as at 31 December ,2020 amounted to US$123 million.

National Pensions Scheme Authority (Marcopolo Tiles Company)

The facility of ZMW375 Million was obtained from NAPSA by IDC to finance investments in Marcopolo Tiles Limited. The loan has a tenure of 7 Years with an interest of 15% where the loan facility is dominated in Zambian Kwacha.

Notes to the annual financial statements (continued)

20 Borrowings (continued)

Terms of the loans (continued) :

Indo Zambia - Kwacha

ZMW79.50 million- loan facility obtained from Indo Zambia Bank by the Company on 21 October 2018. The loan facility was obtained to support operations of Zambia Electricity Supply Corporation Limited (ZESCO Limited), a subsidiary of the Company . The loan facility is denominated in Zambian Kwacha and will be repaid within 4 years. The loan facility is denominated in Zambian Kwacha at an interest rate of 23% p.a floating .

Indo Zambia - Dollar

This is a US$2.50 million loan facility obtained from Indo Zambia Bank by the Company on 7 May 2018. The loan facility was obtained to facilitate the purchase of stand No. 6461 of independence avenue prospect Hill, Lusaka Zambia. The loan facility is denominated in United states dollars at an interest rate of 9% per annum. The loan will be repaid within 6 years.

National Savings and Credit Bank

Secured mortgage relating to farm No. Mwini /3142243 situate in the North - Western Province of Zambia . The interest is at 30% per annum and to be repaid in 5 years from date of first draw down. The facility is denominated in Zambian Kwacha.

Zambia Forestry and Forest Industries Corporation PLC

ZMW40 million bond issued to the Company on a tenure of 1 year at the interest rate of 22.71%. The bond was issued for the purpose settling the NAPSA bond of ZMW60 million.

Workers Compensation Fund Control Board – corporate bond

This is a ZMW15 million corporate bond issued to IDC on a tenure of 2 years at a semi-annual interest rate of 24.5%. The bond was issued for the purpose of investing in the Zambia Fruit Company project.

Zambia National Commercial Bank

Medium loan facility obtained from Zambia National Commercial Bank of ZMW42 million . The loan facility was obtained to support restructuring of Times Printpak Zambia Limited and to pay off retirees at Zamba Daily Mail Limited . The loan facility is denominated in Zambian Kwacha and will be repaid within 3 years. The loan facility is denominated in Zambian Kwacha at an interest rate of 27.25% p.a . The total amount disbursed to the Company as at 31 December, 2020 amounted to ZMW31.51 millon.

ZCCM

ZMW33 million bond issued to the Company on a tenure of 1 year at the interest rate of 22.71%. The bond was issued for the purpose settling the NAPSA bond of ZMW60 million.

First Alliance Bank

This facility was obtained from First Alliance Bank to finance the purchase of property situated at stand number 4767 Ngombo road, Lusaka . The interest is at 28% per annum and to be repaid in 5 years. The loan facility is denominated in Zambian Kwacha.

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

20 Borrowings (continued)

Terms of the loans (continued) :

Zambia Industrial Commercial Bank

This facility was obtained from ZICB to finance the purchase of new motor vehicles for operationalization of Infratel Corporation Limited. The interest is at 27.5% per annum and to be repaid in 5 years from date of first draw down. The loan facility is denominated in Zambian Kwacha.

NAPSA Loan - GRZ Bond

ZMW60 million GRZ bond issued to the Company on a tenure of 1 year at the interest rate of 29 %. The bond was issued for the purpose of investing in the Zambia Fruit Company project.

Indo Zambia Overdraft

This is an overdraft facility of ZMW7.50 million. The rate of interest is at 2% p.a. above the 364 days Treasury bill rate. The facility is a revolving line of credit, payable on demand, valid for 12 months up to 30 November 2019 and subject to renewal on an annual basis.

21 Capital grants

	2020	2019
At start of year	5,920	5,920
Additions	274,600	-
At end of year	280,520	5,920

Capital raise- Industrial Development Corporation Limited- ZMW274.6 milllion

The facility amounting to ZMW274.6 million was obtained from Companies within the IDC group as well as private instituitional funds to be brought through a private Government bond window. The purpose of the GRZ bond was to settle the loan obligation to Indo Zambia Bank.

Private Sector Development, Industrialisation and Job Creation (PSDIJC)- ZMW 5.92 milllion

The Company received a grant amounting to K5.92 million from the Ministry of Finance and National Planning for Private Sector Development, Industrialisation and Job Creation (PSDIJC) for a project which include Development of 600MW Grid Scale Solar Power Plants; Expansion of Industrial Forestry Plantations, establishment of Tourism Investment vehicle; and the development of Integrated fish Industry.

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

22 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 35% (2019: 35%). The movement on the deferred income tax account is as follows:

	2020	2019
At start of year	532	5,258
Charge in profit or loss	15,069	-
Under / over provision	138	-
Credit in equity	-	(4,726)
At end of year	15,739	532

Deferred income tax assets and liabilities and deferred income tax charge/(credit) in profit or loss and equity are attributable to the following items.

	At start of year	Under/ over	Impact of change in tax in tax rate in profit and loss	Profit or loss	Equity	At end of the year
Year ended 31 December 2020						
Deferred income tax liabilities						
Revaluation surplus	(4,726)	-	-	-	-	(4,726)
	(4,726)	-	-	-	-	(4,726)
Deferred income tax assets						
Non deductible Interest	5,258	(5,258)	-	-	-	-
Property, plant and equipment	-	258	-	111	-	369
Provision for gratuity	-	2,901	-	1,722	-	4,623
Provision for bad debts	-	-	-	12,956	-	12,956
Provision for leave pay	-	1,281	-	241	-	1,522
Provision for audit	-	956	-	39	-	995
	5,258	138	-	15,069	-	20,465
Net deferred tax asset	**532**	**138**	**-**	**15,069**	**-**	**15,739**
Year ended 31 December 2019						
Deferred income tax liabilities						
Revaluation surplus	-	-	-	-	(4,726)	(4,726)
	-	-	-	-	(4,726)	(4,726)
Deferred income tax assets						
Non deductible Interest	-	-	-	5,258	-	5,258
	-	-	-	5,258	-	5,258
Net deferred tax asset	-	-	-	5,258	(4,726)	532

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

		2020	2019
23	**Trade and other payables**		
	Trade payables	67,451	27,897
	Accruals	8,849	14,685
	Amounts due to related parties (25 (iv))	21,456	11,793
	Employee scheme	465	461
	Other payables	34,143	13,674
	Statutory liabilities	24,104	1,969
		156,468	70,479

24 Cash flow information

24 (a) Cash flows from operating activities

	2020	2019
Profit before income tax	151,577	(9,511)
Adjustments for:		
Depreciation on property, plant and equipment (Note 10)	5,567	3,363
Loss from the disposal of PPE (Note 7)	332	-
Impairment of shareholder loan (Note 7)	5,075	14,647
Fair gain on investment property (Note 6)	(1,334)	(7,873)
Foreign exchange loss on borrowings (Note 24 b)	15,081	9,445
Foreign exchange gain on shareholder loan (Note 25 (iii))	(19,477)	(6,958)
Interest on shareholder loans (Note 25 (iii))	(127,866)	(11,414)
Interest income (Note 8)	(676)	(279)
Interest expense (Note 8)	215,417	72,923
Profit from the sale of shares (Note 6)	(111,042)	-
Assets held for sale impairment (Note 7)	4,500	-
Changes in working capital		
- Trade and other receivables	(128,635)	24,331
- Trade and other payables	85,989	(14,430)
Cash generated from operations	94,508	74,244

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

24 Cash flow information (continued)

24 (b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented. Net debt is calculated as total borrowings less cash and cash equivalents .

	2020	2019
Cash and cash equivalents	**102,100**	9,257
Bank loans (Note 20)	**(3,516,864)**	(421,810)
Bank overdrafts (Note 20)	**(47,562)**	(1,287)
Net debt	**(3,462,326)**	(413,840)

	Liabilities from financing activities (Bank Loans)	Net Cash/ (net of bank overdrafts)	Total
2019			
As at start of year	(351,769)	31,562	(320,207)
Cashflows	(312,000)	(23,592)	(335,592)
Interest charged	(72,923)	-	(72,923)
Interest paid	38,912	-	38,912
Loan principal repayments	285,415	-	285,415
Exchange differences	(9,445)	-	(9,445)
At the end of year	(421,810)	7,970	(413,840)
2020			
As at start of year	(421,810)	7,970	(413,840)
Cashflows	(3,441,038)	46,568	(3,394,470)
Interest charged	(215,417)	-	(215,417)
Interest paid	114,186	-	114,186
Loan principal repayments	462,296	-	462,296
Foreign exchange losses	(15,081)	-	(15,081)
At the end of year	**(3,516,864)**	**54,538**	**(3,462,326)**

25 Related parties

The Company is an investment holding company for the State-Owned Enterprise (SOE) and is wholly owned by the Government of the Republic of Zambia through the Minister of Finance pursuant to the Minister of Finance (Incorporation) Act Cap 349 of the Laws of Zambia. All Government agencies and institutions are related parties of the Company .

The detailed listing of the companies owned by the Company are shown below .

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

25 Related parties (continued)

Sector	Company	Relationship
Energy and resources	ZESCO (100%)	Subsidiary
	ZCCM -IH (60.28%)	Subsidiary
	ZAFFICO (100%)	Subsidiary
	Indeni Petroleum Refinery Limited (100%)	Associate
	Kagem Mining Limited (25%)	Associate
	Zampalm Limited (90%)	Subsidiary
	Nangonye power Limited (20%)	Associate
	Bangweulu Solar PV Plant (20%)	Associate
Financial services	ZSIC Life Plc (100%)	Subsidiary
	ZSIC General Plc (100%)	Subsidiary
	Indo Zambia Bank Limited (40%)	Associate
	ZANACO Plc (25%)	Associate
	Zambia Industrial Commercial Bank (100%)	Subsidiary
Industrial markets	Kawambwa Tea Industries (100%)	Subsidiary
	Nitrogen Chemicals of Zambia (100%)	Subsidiary
	Zambia China Mulungushi Textiles Zambia (33%)	Associate
	Zamcapital Enterprises Limited (100%)	Subsidiary
	Agro - Luswishi Limited (100%)	Subsidiary
	Pelidic Zambia Limited (100%)	Subsidiary
	Marcopolo Tiles Company (23%)	Associate
Telecommunications and media	ZAMTEL (100%)	Subsidiary
	Times Printpak (Z) Limited (100%)	Subsidiary
	Zambia Printing Company Limited (100%)	Subsidiary
	Zambia Daily Mail Limited (100%)	Subsidiary
	Infratel Zambia Limited (100%)	Subsidiary
Tourism , real estate and others	Mulungushi Village Complex Limited (100%)	Subsidiary
	Mulungushi International Conference Centre (100%)	Subsidiary
	NIEC Business School Trust (100%)	Subsidiary
	Mupepetwe Development Company (100%)	Subsidiary
	Medical Services Limited (100%)	Subsidiary
	Zambia International Trade Fair (100%)	Subsidiary
	Mukuba Hotel Limited (100%)	Subsidiary
	Lusaka Trust Hospital (50%)	Associate
	Lusaka South Multi Facility Economic Zone Limited (100%)	Subsidiary
Transport and logistics	Zambia Railways Limited (100%)	Subsidiary
	Engineering Services Corporation (100%)	Subsidiary
	Mpulungu Harbour Corporation Limited (100%)	Subsidiary
	Zamcargo Logistics Limited (100%)	Subsidiary

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

25 Related parties (continued)

		2020	2019
(i)	**Transactions with other related parties**		
	Newspaper - Zambia Daily Mail Limited	129	210
	Electricity - Zambia Electricity Supply Corporation Limited	327	4,998
	Secondement of fees - Mulungushi Village Complex (Note 24 (iv))	319	319
	Secondement of fees - ZAMTEL (Note 24 (iv))	-	1,474
	Communication - Zambia Telecommunications Company	15	-
		790	7,001

		2020	2019
(ii)	**Balances receivables from related parties**		
	INDENI	43,573	-
	Times Printpak Zambia Limited	2,899	11,690
	ZSIC General	126	126
	ZSIC Life	27,614	-
	Zepre Shares	109	109
	Ministry of Finance	23,133	23,133
	ZAFFICO	15,545	5,003
	Lusaka South Multi Facility Economic Zone	4,833	5,833
	Oil Palm Company Limited	-	1,573
	Zambia Daily Mail	4,334	-
	Mukuba Hotel	1,577	-
	Nitrogen Chemicals of Zambia	1,208	-
	Zambia International Trade Fair	900	-
	Zambia Cargo and Logistics Limited	505	505
	Mulungushi Village Complex	333	333
	Power Company	88	-
		126,777	48,305

		2020	2019
(iii)	**Loans due from related parties**		
	Opening balance	674,379	111,945
	Transfer of assets to subsidiary	-	622,250
	Payments	2,689,934	15,191
	Receipts	(12,445)	(78,732)
	Interest accrued	127,866	11,414
	Impairment	(5,075)	(14,647)
	Exchange differences (Note 8)	19,477	6,958
	Closing balance	3,494,136	674,379

Breakdown of the carrying amount of the loans:

		2020	2019
ZESCO Limited	Subsidiary	2,765,035	6,184
Infratel Zambia Limited	Subsidiary	622,250	622,250
Superior Milling Limited	Subsidiary	53,432	-
Bangweulu Solar PV Plant	Associate	46,315	27,901
Nitrogen Chemicals of Zambia	Subsidiary	6,793	6,220
Zambia China Mulungushi Textiles Limited	Associate	-	4,037
Pelidic Zambia Limited	Subsidiary	-	1,351
Times Print Park Limited	Subsidiary	311	3,446
Zambia Cargo and Logistics Limited	Subsidiary	-	2,990
		3,494,136	674,379

Notes to the annual financial statements (continued)

25 Related parties (continued)

(iii) Loans due from related parties (continued)

The terms of loans are disclosed below:

ZESCO Limited

The unsecured shareholder loan amounting to US$190 million at an interest rate of 10% per year provided to ZESCO Limited with a tenure of 20 years. The purpose of the loan was invest in the hydro power generatio project at the Kafue Gorge Lower.

Infratel Zambia Limited

The unsecured shareholder loan amounting to ZMW622 million at an interest rate of 10.5% per year provided to Infratel Limited with 15 years tenor. The loan relates to the acquisition of assets from ZAMTEL Limited and Zambia National Data Centre Limited.

Superior Milling Limited

An unsecured shareholder loan amounting to ZMW53 million at an average interest rate of 17.5% p.a with a 1 year tenure. The purpose of the loan was to discharge Superior Milling Limited outstanding liabilities with Food Reserve Agency, ZANACO and ETG.

Bangweulu Power Company Limited

An unsecured shareholder loan of US$1.77 million with a 4 years tenor to Bangweulu for the start up capital. The rate of interest is at 10 .40 % p.a.

Nitrogen Chemicals of Zambia

An unsecured loan of ZMW5.70 million was provided for purposes of capital requirements for the entity to meet the demand for FISP (Fertiliser input support program) at an interest rate of 10 percent per annum over 3 years.

Lusaka South Multi Facility Economic Zone

ZMW6 million unsecured shareholder loan with a 5 year tenure . The rate of interest is at 14.75 %p.a.

Zambia China Mulungushi Textiles Limited

The unsecured loan was ZMW5 million at an annual interest rate of 10% for a period of 3 years. The purpose of the loan was to settle all staff related obligations.

Pelidic Zambia Limited

An unsecured shareholding loan of ZMW1 million with a 3 years tenure. The rate of interest is at 24.63 % p.a.

Times Printpak Zambia Limited

An unsecured amount of ZMW5.70 million provided for the settlement of the salary arears for the unionized staff at an interest rate of 10%. The loan would be repaid in 3 years as a single bullet payment. Further, 3 months grace period from maturity was extended.

Mukuba Hotel

The unsecured of ZMW5.50 million provided for the refurbishment of the Company , settlement of staff related obligations and National Pension Scheme Authority obligation.The loan would be repaid in 3 years at an intetest rate of 10 % p.a.

Figures in thousands of Zambian Kwacha

Notes to the annual financial statements (continued)

25 Related parties (continued)

(iii) Loans due from related parties (continued)

Zambia Cargo and Logistics Limited

The unsecured US$190 million loan to be repaid within 3 years at an interest rate of 11.5%. This was an unsecured loan. The repayment will be through one bullet payment with atleast 3 months grace period from the date maturity

(iv) Balances payable to related parties

	2020	2019
Ministry of Finance	10,000	10,000
ZAM Cargo Limited	6,426	-
Mpulungu Harbour Corporation	5,030	-
Mulungushi Village Complex	-	319
ZAMTEL	-	1,474
	21,456	11,793

(v) Loans due to related parties

Refer to Note 20 for more details.

	2020	2019
National Pensions Scheme Authority	3,134,098	60,000
Indo Zambia Bank	172,668	355,997
Zambia Forestry and Forest Industries Corporation PLC	40,000	-
Workers Compensation Fund Control Board	17,054	5,813
ZCCM	33,000	-
Zambia Industrial Commercial Bank	9,066	-
	3,405,886	421,810

(vi) Key management compensation

Key management includes Directors (Executive and Non-Executive) and members of senior

- Chief Executive Officer
- Chief Corporate Services Officer
- Chief Legal Officer
- Chief Human Capital Officer
- Chief Internal Auditor
- Chief Financial Officer
- Chief Investments Officer

The compensation paid or payable to key management for employee services is shown below:

	2020	2019
Salaries and short-term emoluments	15,073	15,227

(vii) Directors' remuneration

	2020	2019
Non-executive Director fees	1,439	1,596
Executive Director salaries and short-term emoluments	4,653	1,224
	6,092	2,820

Notes to the annual financial statements (continued)

26 Events occurring after the reporting period

(a) Divestitures

Medical Stores Limited

On 3rd February 2021, the Company divested its interest in Medical Stores Limited, following the coming into operation of the Order of the Zambia Medicines and Medical Supplies Agency Act of 2019. The operation of Medical Stores Limited ceased on 3rd February 2021.

(b) Strategic plan 2024 - 2035

In its meeting in April 2024, Board of Directors of the Company approved the transformative strategic plan for the period 2024 - 2035.The Company's transformation framework is designed to: a) Establish the IDC as a Wealth Fund, capitalizing on a diverse funding mechanism to ensure long-term economic stability and intergenerational wealth equity: b)Revise and enhance operational structures and investment policies to become a preferred investment partner and active governance shareholder; c) Implement robust governance frameworks to enhance accountability and performance across its portfolio; and d) Drive substantial legislative reforms to support the operational and strategic realignment of the Company.
Subsequently, the Strategic plan has been implemented by the Company.

(c) Russia's invasion of Ukraine

On the 24 February 2022, Russian troops started the invading Ukraine and since then the ongoing military attack led to significant causalities, dislocation of the population, damage to infrastructure and disruption to economic activity in Ukraine. This caused the greatest humanitarian crisis in Europe since the Second World War. Multiple jurisdictions in response have imposed initial tranches of economic sanctions on Russia and in certain cases Belarus.

The war in Ukraine and related events take place at a time of significant global economic uncertainty and volatility, and the effects are likely to interact with and worsen the effects of current, market conditions. Many jurisdictions are already facing the impacts of rising commodity prices and increased raw material costs, as a result of surging consumer demand as the COVID-19 pandemic eases. Supply-chain bottlenecks, arising from effects of the pandemic, continue to persist. These conditions may be significantly intensified by the wider effects of the war in Ukraine weakening the global post-pandemic recovery.

The Russian invasion of Ukraine has a remarkable impact on the African continent which consequently affects the Company's portfolio and investments. The Company's sectors likely to be impacted by the Russian invasion of Ukraine include the transportation & logistics sector, agriculture, and manufacturing sectors.

(d) Transaction Announcement Update Regarding Mopani Copper Mines Plc

ZCCM INVESTMENTS HOLDINGS PLC

On 22 December 2023, ZCCM-IH entered into an agreement with IRH pursuant to which IRH, through its wholly owned subsidiary Delta Mining Limited ("Delta"), has committed up to US$1.1 billion for a 51% interest in Mopani Copper Mines and the formation of a strategic partnership with ZCCM-IH. This investment comprises US$620 million in new equity capital, up to US$100 million in settlement of existing third-party letters of credit and up to US$380 million of shareholder loans into Mopani Copper Mines as a SEP (the "Transaction"), subject to the fulfilment of Conditions Precedent defined herein. Consequently, upon the satisfaction of those Conditions Precedent, the relationship between Glencore International AG ("Glencore") and Mopani Copper Mines will be restructured.

Notes to the annual financial statements (continued)

26 Events occurring after the reporting period (continued)

(e) Contingent liabilities and commitments

i) ***Contingent liabilities***

There were no contingent liabilities as at 31 December 2020 (2019:nil).

ii) ***Commitments***

There were no commitments as at 31 December 2020 (2019:nil).

(f) Other material facts or circumstances

There have been no other material facts or circumstances that have occurred between the reporting date and the date of these financial statements that require disclosure in or adjustment to the financial statements.