

Notes

1 Principle activity and financing of the Africa Centre of Excellence for Sustainable Mining (ACESM) Project

The Africa Centre of Excellence for sustainable Mining ("ACE" or the Project") is a joint project which the Zambian Government, with the Copperbelt University as the implementing agent, is running the project in conjunction with the International Development Association ("IDA" or the Donor").

The objective of the Project is to support the Recipient to strengthen selected Eastern and Southern Africa Higher Education Institutions in the Recipient's territory to deliver quality post-graduate education and build collaborative research capacity in the regional priority areas.

The Republic of Zambia and the International Development Association (IDA) signed the Project Preparation Advance (PPA) Agreement on 26 May 2016 for total funding of six million United States dollars (US \$6.00 million).

The IDA Project 5803-ZM was approved by the Board of the World Bank on The Financing Agreement was signed on 11th May 2017 between the Republic of Zambia and the International Development Association (IDA) and the main Credit will become effective in 2018. The closing date of the credit will be in 2022.

2 Statement of Compliance and Basis of Preparation – IPSAS 1

The project's financial statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Zambian Kwacha and US Dollar, which are the functional and reporting currencies of the project. The project has adopted IPSAS for the first time in this financial year.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The financial statements are prepared on accrual basis.

3 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these Financial Statements are set out below. These policies have been adopted in the current financial year.

(a) Funds

Income is recognized when it is probable that future economic benefits will flow to the Copperbelt University and these benefits can be measured reliably when disbursement link indicators (DLI) have been met.

(b) Expenditure Recognition

Expenditures are recognized when they incurred on the goods that have been delivered or service rendered and not necessarily when the payment is affected.

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3 Summary of significant accounting policies (continued)

(c) Foreign currencies

Transactions in currencies other than Kwacha are converted using the rate of exchange at the date of transaction. At the year end, foreign monetary assets are converted at the rate of exchange at that date. Resulting exchange differences are recognized in the financial statements.

4. Income

	Year ended 31 December 2018 ZMW	Year ended 31 December 2018 US\$
Grant Income	<u>5,837,374</u>	<u>599,985</u>

5. Other income

	Year ended 31 December 2018 ZMW	Year ended 31 December 2018 US\$
Interest received from forex account	<u>16,272</u>	<u>1,526</u>

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6. Property and equipment

	Motor Vehicles ZMW	Office Equipment ZMW	Furniture & fittings ZMW	Total ZMW
Cost				
At 1 January 2018	-	-	-	-
Additions	588,434	326,506	63,270	978,210
At 31 December 2018	<u>588,434</u>	<u>326,506</u>	<u>63,270</u>	<u>978,210</u>
Depreciation				
At 1 January 2018	-	-	-	-
Depreciation Charge	58,843	15,179	2,636	76,658
At 31 December 2018	<u>58,843</u>	<u>15,179</u>	<u>2,636</u>	<u>76,658</u>
Net Book value				
At 31 December 2018	<u>529,591</u>	<u>311,327</u>	<u>60,634</u>	<u>901,552</u>
Property, Plant & Equipment – US\$				
	Motor Vehicles US\$	Office Equipment US\$	Furniture & fittings US\$	Total US\$
Cost				
At 1 January 2018	-	-	-	-
Additions	59,558	27,060	5,295	91,913
At 31 December 2018	<u>59,558</u>	<u>27,060</u>	<u>5,295</u>	<u>91,913</u>
Depreciation				
At 1 January 2018	-	-	-	-
Depreciation Charge	5,956	1,253	221	7,430
At 31 December 2018	<u>5,956</u>	<u>1,253</u>	<u>221</u>	<u>7,430</u>
Net Book value				
At 31 December 2018	<u>53,602</u>	<u>25,807</u>	<u>5,074</u>	<u>84,483</u>

Notes (Continued)

7. Intangible asset	2018 ZMW	2018 US\$
At start of year	-	-
Additions	63,504	5,400
Amortisation	<u>(2,117)</u>	<u>(180)</u>
At end of year	<u>61,387</u>	<u>5,220</u>

The intangible asset represents the cost of team work software that is amortised over the useful life of the asset.

8. Trade and other receivables

	2018 ZMW	2018 US\$
Other receivables-Bank error	<u>37,800</u>	<u>3,163</u>

Other receivables represents a payment made erroneously by the bank from ACESM project account and was subsequently reversed in 2019.

9. Cash and cash equivalents

Bank and cash at period end were held in Investrust bank as below:

	2018 ZMW	2018 US\$
Cash and cash equivalents	<u>4,049,888</u>	<u>340,665</u>

The breakdown of this amount per source is shown below:

	2018 ZMW	2018 US\$
Investrust forex Account	3,883,743	325,817
Investrust ZMW	<u>166,145</u>	<u>14,848</u>
	<u>4,049,888</u>	<u>340,665</u>

Notes (Continued)

10. Audit fees

The total audit fee for the year ended 31 December 2018 is US\$9,590.

11. Taxation

The Project is exempt from income tax under the Zambia Income Tax Act (Chapter 323) 1996 as amended.

12. Trade and other payables

	31 December 2018 ZMW	31 December 2018 US\$
2018 Audit fee	<u>119,971</u>	<u>9,590</u>
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Appendix I – Comparison of actual against budget analysis

Category of Expenditure	Budgeted Amounts 31 December, 2018 US\$	Actual Costs as at 31 December, 2018 US\$	Balance US\$	Comments
Achieve learning excellence	231,950	82,400	149,550	Delayed start of implementation due to delayed achievement of effectiveness
Quality assurance	94,500	5,814	88,686	Delayed start of implementation due to delayed achievement of effectiveness
Attract Academic Staff and Students from Region	43,000	6,406	36,594	Delayed start of implementation due to delayed achievement of effectiveness
National and Regional Sector Partners	145,000	30,036	114,964	Delayed start of implementation due to delayed achievement of effectiveness
Management and Governance	229,550	68,581	160,209	Delayed start of implementation due to delayed achievement of effectiveness
Monitoring and Evaluation	55,300	41,946	13,354	Delayed start of implementation due to delayed achievement of effectiveness
Bank error	-	3,163	(3,163)	A payment made erroneously by the bank from ACESM project account and was subsequently reversed on 8 th April 2019.
Bank charges	-	760	(760)	
Audit fee	-	9,590	(9,590)	
Total	799,300	248,696	550,604	

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