NATIONAL PENSION SCHEME AUTHORITY

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009









CONTENTS	PAGES
Mission, Vision and Value Statement	4
Report of Trustees	5 - 13
Statement of responsibilities	14
Independent auditor's report	15 - 16
Statement of changes in net assets available for benefits	17 - 18
Statement of net assets available for benefits	19
Statement of cash flows	20 - 21
Significant accounting policies	22 - 30
Notes to the financial statements	31 - 57
(Not forming part of the financial statements)	
Statement of comprehensive income	Appendix I
Statement of financial position	Appendix II
Statement of movements in accumulated funds	Appendix III

MISSION STATEMENT

To prudently administer and be custodian of a viable social scheme that guarantees social protection to our members and realize the highest aspirations of our social partners through a motivated workforce.

VISION STATEMENT

To be a pension scheme that adds value to members' funds and the economy

VALUE STATEMENT

We are committed to be responsible custodians of the funds entrusted with us.

We shall be guided by the highest professional standards in the conduct of our business

We are committed to the provision of quality service based on integrity and courtesy.

We are committed to fostering a good working environment in which all employees can develop their fullest potential.

BOARD OF TRUSTEES, SENIOR MANAGEMENT AND ADVISORS

Board of Trustees

Professor John Lungu (Copperbelt University)	-	Chairperson Appointed 22 May 2008 Retired 28 April 2009
Mr. Chris Kampamba (Alexander Forbes Limited)	-	Vice-Chairperson Re-appointed 22 May 2008 Retired 10 August 2009
Dr Winnie Sithole Mwenda (Permanent Secretary – Ministry of Labour & Social Security)	- -	Member Appointed 20 March 2009 Retired 10 August 2009
Mr. Ngosa Chisupa (Permanent Secretary – Ministry of Labour & Social Security)	-	Member Re-appointed 22 May 2008 Retired 20 March 2009
Mr. Leonard Hikaumba (Zambia Congress of Trade Unions)	-	Member Re-appointed 22 May 2008 Retired 10 August 2009
Ms. Ireen Muyenga (Zambia State Insurance Corporation)	-	Member Appointed 22 May 2008 Retired 10 August 2009
Mr. Justin Mubanga (Ministry of Finance & National Planning)	-	Member Appointed 22 May 2008 Retired 10 August 2009
Mr. Rayford Mbulu (Mine Workers Union of Zambia)	-	Member Appointed 22 May 2008 Retired 10 August 2009
Mr. Alfred Masupha (Zambia Federation of Employers)	-	Member Appointed 22 May 2008 Retired 10 August 2009

SENIOR MANAGEMENT

Dr. Aubrey M. Chibumba	-	Director General Appointed 1 June 2007 Separated 14 March 2009
Mr. Stanley Z Phiri	-	Director General Appointed 10 July 2009
Mr Butler A Sitali	-	Authority Secretary Appointed 26 August 2009
Mr Joseph Ngosa	-	Director Investments
Mr Yollard Kachinda	-	Director Contributions & Benefits
Mr Astley Mbangweta	-	Director Human Resource
Mrs Kapambwe D Chiwele	-	Director Finance

ADVISORS

Legal Advisors:	Legal Counsel National Pension Scheme Authority Provident House P.O Box 33790 **LUSAKA**
Auditors:	Ernst & Young Development House Building P.O Box 32385 **LUSAKA**
Actuaries:	Government Actuary's Department Finlaison House 15 – 17 Furnival Street London EC4A 1AB **UNITED KINGDOM**
Bankers:	Zambia National Commercial Bank Plc Private Bag E119 **LUSAKA**
	Citibank Zambia Limited P.O Box 30037 **LUSAKA**
	Barclays Bank Zambia Plc Private Bag E308 **LUSAKA**
	Stanbic Bank Zambia Plc P.O Box 31955 **LUSAKA**
Head Office:	Lusaka House Plot No. 8360 P.O Box 51275 **LUSAKA**

REPORT OF THE BOARD OF TRUSTEES

The Trustees present their Report for the year ended 31st December 2009.

1.0 Overview

1.1 Principal activities

The National Pension Scheme Authority ("NAPSA") administers a defined benefit scheme under the provisions of the National Pension Scheme Act Number 40 of 1996. NAPSA implements policies relating to the National Pension Scheme as well as controls and administers the operations of the Scheme.

NAPSA also controls and manages the assets and liabilities of members who contributed to a defined contribution plan previously established under the now repealed Zambia National Provident Fund ("ZNPF")

1.2 Role in the national economy

The Authority continued to be a major player in the financial and capital markets, as in prior years. The Authority invested all its funds with locally based institutions.

2.0 Operational performance for the year 2009

2.1 Pension Scheme

The net assets available for benefits at 31 December 2009 increased overall by 36%, to K3.1 trillion, from K2.3 trillion in 2008. The main components impacting on performance were as follows:

i) Investment operations

The Scheme recorded net investment income of K279 billion, an increase of 33% at K69 billion, from 2008. In addition, gains on revaluation of financial assets and equity increased by K180 billion (291%) from 2008. This was due to the increase in the value of the bond book as a result of the plunge in interest rates, and the upswing in stock prices on the Lusaka Stock Exchange, respectively.

ii) Contributions collected

The Scheme collected K596 billion in contributions, an annual increase from 2008 of K33 billion (6%), in comparison to the increase of K131 billion (30%) recorded in 2008 from 2007. The impact of the global economic crisis on some contributing employers resulted in this shortfall against the budget target of K720 billion, as

some employers restructured and went into Care and Maintenance.

iii) Management expenses

The Authority registered an increase of K30 billion (37%) in management recurrent expenses. Of this amount, 60% was expended towards payment of an outstanding out-of-court settlement.

2.2 Provident Fund

The Provident Fund recorded an overall decrease of 13% in net assets available for benefits. The main components impacting on performance were as follows:

i) Investment operations

The Fund recorded net investment income of K31 billion, an increase from 2008, of K11 billion (56%). In addition, gains on revaluation of financial assets, equity and investment properties increased by K34 billion (152%) in total.

ii) Contributions collectable

The Fund is depleting in nature since there are no fresh fund inflows from member contributors, following the repeal of the Zambia National Provident Fund Act.

3.0 Restriction on Pension Scheme expenditure

The Pension Scheme has a restriction on expenditure (or cap), intended to allow the Scheme to build a reserve fund capable of maintaining the member contribution rate stable. The measure is thus intended to ensure that a higher percentage of contributions received are channelled to investment activities and enhance benefits for the members, with a lesser percentage going to management expenses. In the year 2008, the structure of the expenditure ceiling was changed from 10% of annual contributions collected to 9%, and 1% of funds held under investment.

4.0 Summary financial performance for 2009

4.1 The performance for the year ended 31 December 2009 as is shown in Table 1 below:

Table 1

	31 December 2009	31 December 2008	Variance	Variance
	K' millions	K' millions	K'Millions	%
Recurrent xpenditure	112,702	81,490	31,212	37
Capital expenditure	6,825	9,419	(2,594)	(27)
	119,527*	**90,909**	**28,618**	**31**
Total Budget	**98,864**	**92,793**	**6,071**	**6**

**Initial expenditure before depreciation was at K97.2 billion and within budget. Subsequent upward adjustments were mandated for amounts totalling K18.2 billion as follows:*

- Payment towards out of court settlement at K15.5 billion

- Provision for doubtful debts at K2.7 billion

Depreciation for the year was K4.1 billion.

5.0 Member service operations

5.1 Pension Scheme

Table 2

Contributions	2009	2008	% Increase
Total number of employers	22,118	20,287	9
Cumulative number of members	1,175,306	1,065,401	10
Provisional registrations	699,329	475,977	47
Monthly average collection (Kwacha Billions)	49.6	46.8	6
Benefits			
Lump sum benefits (Kwacha Billions)	39.6	27.2	45
Pensions paid (Kwacha Billions)	16.2	8.6	88
Number of Pensioners	2,748.0	1,640.0	67

5.2 Provident Fund

The Authority also pays benefits under the repealed Zambia National Provident Fund Act. In 2009 K55.8 billion was paid out in claims benefits compared to K40.1 billion in 2008, representing an increase of 39%.

6.0 Investments

The Investment portfolio held at the end of the year 2009 is shown in tables 3 and 4 below: These numbers do not include investments in the three real estate developments as they are still work in progress and amounted to K315.3 Billion at 31st December 2009.

Table 3 (Pension Scheme – in Kwacha Billions)

Asset Class	2009 Net Investments Total	2009 % of total portfolio	2008 Net Investments Total	2008 % of total portfolio
Treasury Bills	759.1	29	597.1	28
Government Bonds	948.4	36	958.9	45
Term Deposits	549.3	21	384.3	18
Equities	334.5	13	161.6	7
Fixed Interest Securities	27.7	1	33.1	2
	2,619	**100**	**2,135**	**100**

Table 4 (Provident Fund – in Kwacha Billions)

Asset Class	2009 Net Investments Total	2009 % of total portfolio	2008 Net Investments Total	2008 % of total portfolio
Treasury Bills	56.5	19	26.4	9
Government Bonds	9.5	3	36.0	12
Term Deposits	23.2	10	31.6	11
Investment Properties	100.8	35	108.9	38
Equities	93.3	33	85.4	30
	283.3	**100**	**288.3**	**100**

7.0 Staff establishment

7.1 The approved establishment as at 31 December 2009 was as shown at Table 5 below.

Table 5 (Staff establishment)

Station	31/12/2009	31/12/2008
Approved Staff Establishment	342	332
Actual Numbers	334	320

7.2 Various training interventions were implemented in 2009 in accordance with the identified training needs and plan for the year.

8.0 Statement on Corporate Governance

8.1 NAPSA subscribes to the tenets of good corporate governance. The Authority has in place structures and procedures that ensure that the decision making process, governance and administration of the institution are all in accord with good corporate governance practices.

8.2 During the period under review, the Board of Trustees (comprised of the Members of the Authority), met thirteen (13) times to consider various matters relating to the Authority. All the Meetings of the Trustees were held in accordance with the provisions of the National Pension Scheme Act, and the proceedings duly recorded.

8.3 On 10th August 2009, the Board of Trustees was dissolved.

8.4 Pursuant to paragraph 7 of the First Schedule of the Act which allows the Authority to establish and delegate some of its functions to committees, and in keeping with corporate governance best practice, the Authority had the Committees during the period under review. Further and in order to benefit from persons with relevant skills and experience, some non-Authority Members were co-opted into the Committees, as recommended by good corporate governance practice.

8.5 The Committees of the Board were as follows:

9.0 Audit Committee

9.1 The Audit Committee was composed of the following Members:

- Mr. Rayford Mbulu
- Dr. W. S. Mwenda
- Mr. Justin Mubanga
- Mr. S. E. Banda*

9.2 During the period under review, the Audit Committee met four (04) times to consider audit issues and make appropriate recommendations to the Authority.

10.0 Investments Committee

10.1 The Investments Committee was composed of the following Members:

- Mr. Chris Kampamba
- Dr. W. S. Mwenda
- Mr. Leonard Hikaumba
- Mr. Ronald Kasongo*
- Mr. Justin Mubanga

10.2 In 2009, the Investments Committee met four (04) times to consider investment proposals, make investment decisions and make appropriate recommendations to the Authority.

11.0 Staff Affairs Committee

11.1 The Staff Affairs Committee was composed of the following members:

- Mr. Alfred Masupha
- Mr. Ireen Muyenga
- Mr. Rayford Mbulu
- Mrs Beatrice Mwila*

11.1 During the period under review, the Staff Affairs Committee met eight (08) times to consider matters relating to staff.

12.0 Senior Management

12.1 Senior Management comprises the Director General appointed by the Minister of Labour & Social Security who is the Chief Executive Officer of the Authority and who is, subject to the control of the Board, responsible for the day to day administration of the Authority. The Director General is supported by five (05) Directors who each head a Directorate and the Authority Secretary. There is open communication between the Board of Trustees and the Senior Management. The Board and its Committees are supplied with full information prior to each meeting to enable them discharge their responsibilities.

12.2 The Board understands the relationship between itself and the members of NAPSA. It acknowledges that its role is to promote the interest of the members and recognizes that it is accountable to the members for the performance of the pension scheme.

---------- ----------

Trustee **Trustee**

***denotes Committee Members who are not Authority Members**

Statement of responsibility for annual financial statements

Part II of the First Schedule of the National Pension Scheme Act, No. 40 of 1996 requires the Trustees to keep proper books of accounts and other records relating to its accounts and to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Authority and the results for the period.

The Trustees are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The independent external auditors, Ernst & Young, have audited the annual financial statements and their report appears on pages 15 and 16.

The Trustees are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability for assets, and to prevent and detect material misstatements. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Trustees to indicate that any material breakdown in the functioning of those controls, procedures and systems has occurred during the period under review.

In the opinion of the Trustees:

- the statement of changes in net assets is drawn up so as to give a true and fair view of the surplus of income over expenditure of the Authority for the financial year ended 31 December 2009;
- the statement of net assets available for benefits is drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 December 2009;
- At the date of this statement there are reasonable grounds to believe that the Authority will be able to pay its debts as and when they fall due; and
- The financial statements are drawn up in accordance with the National Pension Scheme Authority Act No. 40 of 1996 and applicable International Financial Reporting Standards.

Signed on behalf of the Board of Trustees by:

---------- ----------

Trustee ***Trustee***

Report on the financial statements

We have audited the financial statements of National Pension Scheme Authority which comprise the statement of net assets available for benefits at 31 December 2009 and the statement of changes in net assets available for benefits and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes as set out on pages 17 to 61.

Trustees' responsibility for the financial statements

The Trustees are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the requirements of the National Pension Scheme Authority Act No. 40 of 1996. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the National Pension Scheme Authority at 31 December 2009 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the National Pension Scheme Act No. 40 of 1996.

Report on other legal and regulatory requirements

In accordance with the National Pension Scheme Act No. 40 of 1996, we report that, in our opinion, the required accounting records, other records and registers have been properly kept in accordance with the Act.

Ernst & Young
Chartered Accountants

Henry C Nondo
Partner

2010
Lusaka

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

for the year ended 31 December 2009

All figures are stated in Kwacha'000

	Pension Scheme		Provident Fund	
	2009	2008	**2009**	2008
Net assets available at beginning of year	**2,312,770,896**	1,720,312,406	**230,514,187**	288,286,415
Member service operations:				
Contributions receivable from members	**595,909,921**	562,036,306	**-**	-
Statutory contributions received	**-**	-	**-**	213
Pension claims and withdrawals	**(36,462,007)**	(24,446,334)	**(55,798,858)**	(40,081,359)
Normal retirement pensions	**(16,250,925)**	(8,624,673)	**-**	-
Funeral and maternity grants	**(3,217,444)**	(2,780,051)	**(8,124)**	(1,461)
	539,979,545	526,185,248	**(55,806,982)**	(40,082,607)
Investment operations:				
Investment revenue				
- Interest on Government bonds	**144,380,001**	134,692,449	**2,471,790**	5,907,062
- Interest on treasury bills	**115,440,507**	64,528,218	**7,654,097**	2,808,542
- Interest on term deposits	**52,437,855**	33,051,567	**3,043,616**	2,159,866
- Other investments	**5,515,567**	4,033,406	**-**	-
- Rental income	**-**	-	**13,734,292**	9,051,608
- Dividend income	**5,906,732**	1,571,684	**1,659,295**	3,390,595
Interest on loans and advances	**1,000,253**	888,384	**23,690**	23,755
Rental Income NAPSA	**-**	-	**1,248,000**	1,248,000
Management fees ZNPF	**2,233,029**	2,991,196	**-**	-
Handling fees	**(3,794,725)**	(3,386,592)	**(206,423)**	(31,118)
Medical Levy	**(3,149,180)**	(2,387,555)	**(130,766)**	(99,351)
Net exchange gains/(losses)	**(1,252,435)**	1,661,660	**1,849,941**	(5,290,553)
Sundry income	**2,311,856**	2,071,457	**-**	-
Write back of provision on diminution	**-**	-	**-**	881,696
(Loss)/gain on disposal of investment properties	**-**	-	**(299,500)**	(241,825)
Gain/(loss) on revaluation of financial assets	**47,033,596**	31,167,999	**7,830,622**	609,856
Surplus on revaluation of Properties	**-**	-	**90,000**	-
(Loss)/surplus on revaluation of equity	**71,396,372**	(93,030,767)	**3,619,729**	(22,809,478)
	439,459,426	177,853,106	**42,588,385**	(2,391,345)

The notes on pages 22 to 61 form part of these financial statements

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS (CONTINUED)

for the year ended 31 December 2009

	Pension Scheme		Provident Fund	
	2009	2008	**2009**	2008
Management expenses:				
- Employee benefit expenses	**(57,472,012)**	(43,416,666)	-	-
- Administration expenses	**(43,551,310)**	(31,191,128)	**(11,526,918)**	(4,927,408)
- Depreciation	**(4,126,925)**	(3,349,994)	-	-
- Pension costs	**(3,611,342)**	(2,677,724)	-	-
- Interest expense	-	-	**(554,121)**	(467,441)
Management fees ZNPF	-	-	**(2,233,029)**	(2,991,196)
Rental Charges ZNPF	**(1,248,000)**	(1,248,000)	-	-
- Gain on disposal of property, plant and equipment	**22,216**	176,189	-	-
- Bad debts expense and doubtful debts	**(2,714,497)**	217,136	**(890,772)**	(5,745,949)
	(112,701,871)	(81,490,187)	**(15,204,839)**	(14,131,994)
Income tax expense	**(42,529,143)**	(30,089,677)	**(1,731,978)**	(1,166,283)
Increase in net assets	**824,207,958**	592,458,490	**(30,155,415)**	(57,772,228)
Net assets available at end of year	**3,136,978,854**	2,312,770,896	**200,358,774**	230,514,187

The notes on pages 22 to 61 form part of these financial statements

STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
at 31 December 2009

All figures are stated in Kwacha'000		Pension Scheme		Provident Fund	
	Note	2009	2008	2009	2008
NET ASSETS		**3,136,978,854**	2,312,770,896	**200,358,774**	230,514,187
Represented by:					
ASSETS					
Bank and cash balances		**148,568,641**	58,277,119	-	-
Financial assets	9	**2,618,826,967**	2,135,076,101	**182,513,033**	179,579,908
Loans and advances	15	-	-	-	-
Employee receivables	16	**6,711,371**	7,826,753	-	-
Members' contributions receivables	27	**32,589,539**	33,145,914	-	-
Other receivables	17	**20,156,521**	16,541,674	**4,652,953**	3,217,902
Current account with NAPSA		**42,673,797**	22,784,158	-	-
Long term receivables	18	-	-	-	-
Inventory	19	**298,607**	497,127	-	-
Investment properties	20	-	-	**100,792,991**	108,978,411
Property, plant and equipment	21	**329,490,948**	64,303,764	**35,848,344**	35,848,344
		3,199,316,391	2,315,668,452	**323,807,322**	304,840,407
LIABILITIES					
Current account with NAPSA		-	-	**(42,673,797)**	(22,784,158)
Other payables and accruals	23	**(11,764,694)**	(6,319,782)	**(10,495,214)**	(9,127,699)
Provisions for legal claims	26	**(26,036,960)**	(5,250,360)	**(49,159,828)**	(42,914,965)
Deferred liabilities	24	**(2,149,739)**	(1,215,693)	-	-
Income Tax liabilities	3	**(22,386,143)**	(12,895,879)	**(710,334)**	(561,681)
Long term loan	25	-	-	**(20,409,375)**	(21,721,875)
		(62,337,537)	(2,897,556)	**(123,448,548)**	(74,326,220)
NET ASSETS		**3,136,978,854**	2,312,770,896	**200,358,774**	230,514,187

The financial statements on pages 17 to 61 were approved by the Board of Trustees on 26th May 2010 and were signed on its behalf by:

---------- ----------

Trustee ***Trustee***

The notes on pages 22 to 61 form part of these financial statements

STATEMENT OF CASH FLOWS

for the year ended 31 December 2009

All figures are stated in Kwacha'000

	Pension Scheme		Provident Fund	
	2009	2008	**2009**	2008
Cash flows from operating activities				
Increase/(decrease) in net assets	**824,207,958**	592,458,490	**(30,155,415)**	(57,772,228)
Adjusted for non cash items:				
Depreciation	**4,126,925**	3,349,994	-	-
Income tax expense	**42,529,143**	30,089,677	**1,731,978**	1,166,283
Dividend income	**(5,906,732)**	(1,571,684)	**(1,659,295)**	(3,390,595)
Interest income	**(317,773,930)**	(236,305,640)	**(13,169,503)**	(10,875,471)
Surplus on revaluation of investments	**(71,396,372)**	93,030,767	**(3,619,729)**	22,809,478
Loss/ (gain) on amortisation of financial assets	**(47,033,596)**	(31,167,999)	**(7,830,622)**	(609,856)
Surplus on revaluation of investments properties	-	-	**(90,000)**	-
Gain (loss) on disposal of property, plant and equipment	**(22,216)**	(176,189)	**299,500**	241,825
Operating cash inflows before movements in operating funds	**428,731,181**	449,707,416	**(54,493,086)**	(48,430,564)
Movement in operating assets and liabilities:				
Dividends received	**5,906,732**	1,571,684	**1,659,295**	3,390,595
Interest received	**317,773,930**	236,305,640	**13,169,503**	10,875,471
Purchase of financial assets	**(365,320,846)**	(589,806,563)	**8,607,227**	(12,454,679)
Increase/(decrease) in deferred liabilities	**934,046**	387,829	-	-
(Decrease)/increase in loans and advances	-	-	-	136,163
Increase in employee receivables	**1,115,382**	6,961,722	-	-
Increase in member's contribution receivables	**556,375**	(12,496,710)	-	-
(Increase)/decrease in other receivables	**(23,504,485)**	(37,256,597)	**18,454,587**	30,745,420
Decrease in long term receivables	-	-	-	3,038,064
(Increase)/decrease in inventories	**198,519**	(9,670)		-
Proceeds on disposal of investment properties	-	-	**7,885,920**	9,093,435
Proceeds on disposal of Property, plant & equipment	**117,024**	999,675	-	-
Increase in other payables and accruals	**26,231,512**	279,081	**6,299,880**	4,762,908
Net movement in operating assets and liabilities	**(35,991,811)**	(393,063,909)	**56,076,412**	49,587,377

The notes on pages 22 to 61 form part of these financial statements

STATEMENT OF CASH FLOWS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

	Pension Scheme		Provident Fund	
	2009	2008	**2009**	2008
Income tax paid	**(33,038,879)**	(27,683,117)	**(1,583,325)**	(1,156,813)
Net cash utilised in operations	**359,700,490**	28,960,390	-	-
Cash flows from investing activities				
Purchase of property, plant and equipment	**(269,408,968)**	(62,107,410)	-	-
Net cash (outflows) inflows	**90,291,522**	(33,147,020)	-	-
Cash and cash equivalents at beginning of the year	**58,277,119**	91,424,139	-	-
Cash and cash equivalents at end of the year	**148,568,641**	58,277,119	-	

The notes on pages 22 to 61 form part of these financial statements

SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2009

1. General Information

The National Pension Scheme Authority was established by the National Pension Scheme Act No. 40 of 1996 (the "Act"). The Authority has the sole management rights and control of the National Pension Scheme. The Authority manages the National Pension Scheme and pays pension benefits to members. The Authority became operational on 1 February 2000.

2. New standards and interpretations effective in 2009

A number of new standards, amendments to standards and interpretations are mandatory for the year ended 31 December 2009, and have been adopted by the Authority where relevant to the Authority's operations.

IFRS 8 Operating Segments

The IFRS specifies how an entity should report information about its operating segments in annual financial statements and requires an entity to report selected information about its operating segments in interim financial reports. It also sets out requirements for related disclosures about products and services, geographical areas and major customer. An entity shall apply this IFRS for annual periods beginning on or after 1 January 2009

The standard has no impact on the 2009 financial statements.

IAS 23 Borrowing Costs

Before the Standard was revised entities had the option to capitalize or expense borrowing costs relating to qualifying assets. This option is no longer available.

The revised IAS 23 now requires that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalised as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably. The standard was also revised to exclude certain assets as qualifying assets.

This revised Standard is effective for annual periods beginning on or after 1 January 2009

The standard has no impact on the 2009 financial statements.

SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2009

2. New standards and interpretations effective in 2009 (Continued)

IAS 1 Presentation of Financial Statements (Revised)
The main changes are as follows:

- Change of the titles of primary statements. The revised Standard replaces the term 'Balance sheet' with 'Statement of financial position' and 'Cash flow statement' with 'Statement of cash flows'.
- Separation of items previously disclosed in the statement of changes in equity between 'other comprehensive income' and 'statement of changes in equity' in order to separate owner and non-owner changes in equity.
- Statement of comprehensive income to include profit or loss for the period (previously the income statement) plus all income and expense items that go directly to equity i.e. items that have by-passed the income statement but have nothing to do with the owners.
- Revised Standard requires dividends recognised as distributions to owners and related amounts per share to be presented in the statement of changes in equity or in the notes. The presentation of such disclosures in the statement of comprehensive income is not permitted.

Implemented.

Whilst early application is permitted, entities will be required to comply with the following revised standards for financial periods commencing on or after 1 January 2009. These standards have no impact on the 2009 financial statements of the Authority.

		Effective date
IFRS 1	First time adoption of International Financial Reporting Standards – additional exemptions for first time adopters.	Periods beginning on or after1 January 2010.
IFRS 2	Group cash settled share based payments arrangement.	Periods beginning on or after 1 January 2009.
IFRS 3	Business combinations (revised)	Periods beginning on or after 1 July 2009.
IAS 27	Consolidated and separate financial statements (amendment).	Periods beginning on or after 1 July 2009.
IAS 39	Financial Investments: Recognition and measurement – eligible Hedge items (amendments).	Periods beginning on or after 1 July 2009.
IFRIC 17	Distributions of Non – Cash Assets to Owners	Periods beginning on or after1 July 2009

SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2009

3. Significant accounting polices (Continued)

Statement of compliance
The financial statements have been prepared in accordance with International Financial Reporting Standards.

Basis of preparation
The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). 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 (K), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgment in the process of applying the Authority's accounting policies. The areas involving higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in the accounting policies 4.

The principal accounting policies are set out below.

Contributions receivable
The National Pension Scheme Act No. 40 of 1996 requires eligible employers to remit contributions for each month by the 10th of the following month. Accordingly, contributions receivable are recognised as revenue by the Authority based on cash received from the 11 January during the year to the 10th of January following the end of the financial year.

The contribution rate is set at 10% of the employee's gross wages up to a ceiling. The rate is shared equally at 5% between the employer and the employee.

Dividend and interest revenue
Dividend revenue from investments is recognised when the Authority's right to receive payment has been established.

Investment income comprises interest from Government bonds, treasury bills, fixed term deposit and bank interest earned. Interest revenue is accrued on a straight line basis.

Rental income
Rental income from investment properties is accrued on a straight-line basis over the term of the relevant lease.

Inventories
In determining the cost, the first-in, first-out method is used and includes all costs incurred in bringing the inventory to its present location and condition.

SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2009

3. Significant accounting polices (Continued)

In determining the cost, the first-in, first-out method is used and includes all costs incurred in bringing the inventory to its present location and condition.

Investment properties
Investment properties which are properties held to earn rentals and/or capital appreciation, are measured initially at cost, including transaction cost. Subsequent to initial recognition, investment properties are measured at fair value. Investment properties are individually valued by professional valuers on the basis of open market value as and when the value is deemed to have significantly changed. In other years the properties are stated at the Trustees' valuation having prudent regard to the likely realisable value.

Fair value
Fair value is the amount at which a financial instrument can be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, where one exists. The estimated fair values of financial instruments have been determined by the Authority using available market information and appropriate valuation methodologies. However judgment is necessarily required to interpret market data to estimate fair values. Accordingly, the estimates are not necessarily indicative of the amounts the Authority could realise in a current market exchange. The carrying amounts of the financial assets and liabilities approximate their fair values.

Provisions
Provisions are recognised when the Authority has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Impairment
At each balance sheet date, the Authority reviews the carrying amounts of its long term and other assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2009

3. Significant accounting polices (Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of changes in net assets.

Translation of foreign currencies
Transactions denominated in foreign currencies are translated into Zambian Kwacha at the rates of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into Kwacha at the rates of exchange ruling at the balance sheet date. Gains and losses arising on translation are included in the statement of changes in net assets in the year in which they arise.

Employee retirement benefits
The Authority operates a pension scheme for its employees, comprising both defined benefit and defined contribution schemes. The Authority's defined benefit scheme is actuarially valued at intervals of not more than three years. Funding shortfalls arising in the defined benefit scheme are met through lump sum payments into the Scheme or increased future contributions. Severance liabilities in respect of collective agreements with unionised employees are assessed annually.

The Authority provides for retirement benefits for all pensionable employees as provided for in line with the Authority's conditions of service.

For contract employees, gratuity is payable at the end of the contract period. Contract periods range from one to three years.

Property, plant and equipment
Buildings held for administrative purposes, are stated in the financial statements at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values.

SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2009

3. Significant accounting polices (Continued)

Fixtures and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost or valuation of assets, other than properties under construction, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of changes in net assets.

Financial instruments

Investments are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Financial assets
Listed shares and listed redeemable notes held by the Authority that are traded in an active market are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the statement of changes in net assets. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised is included in the statement of changes in net assets for the period.

Dividends on equity instruments are recognised in the statement of changes in net assets when the Authority's right to receive payments is established.

Loans and receivables
Loans and receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are fair valued using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2009

3. Significant accounting polices (Continued)

Impairment of financial assets
Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account. When a receivable is uncollected it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in statement of changes in net assets.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of changes in net assets.

Financial liabilities
Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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 through the expected life of the financial liability, or, where appropriate, a shorter period.

4. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Authority's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies
The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

a) *Impairment losses on loans and advances*
The Authority reviews its employee loan portfolio to assess impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded, the Authority makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from the portfolio. If such evidence is identified an impairment loss is recognised.

b) *Fair value*
The fair value of assets is determined by using market rates and in some cases where there is no active market by using valuation techniques. The Authority uses its judgment and makes assumptions that are mainly based on market conditions existing at the balance sheet date.

Key sources of estimation uncertainty

a) *Recoverability of rental debtors*
During the year, management reconsidered the recoverability of rental debtors arising from investments properties which is included in the Statement of Net Assets. At each annual reporting period the Authority makes an estimate of the recoverability of the rental debtors and an allowance for doubtful debts.

b) *Useful lives of property, plant and equipment*
The Authority reviews the estimated useful lives of property, plant and equipment at the end of each annual reporting period.

SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2009

4. Critical accounting judgments and key sources of estimation uncertainty Continued

Depreciation is calculated on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

- Furniture 8 years
- Computer equipment 3 years
- Motor vehicles 4 to 5 years.

Management has estimated the current useful lives to still be appropriate and continues to apply the same useful lives.

c) Provision for legal claims

The Authority is involved in various ongoing litigation cases whose ultimate resolution may result in loss to the Authority. The Authority reviews the estimated losses each year and provisions are made at the Trustees' best estimate of the likely outcome of those cases.

d) Actuarial valuation

The Authority reviews the actuarial positions of both the Pension Scheme and Provident Fund every three years. The last valuation was performed as at 31 December 2004. The subsequent valuation as at 31 December 2007 was rolled over and incorporated into the report as at 31 December 2008 which is under finalisation.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2009

All figures are stated in Kwacha'000

1. Principal activity

The National Pension Scheme Authority was established by the National Pension Scheme Act No. 40 of 1996 (the "Act"). The Authority has the statutory mandate for the management, control and administration of the National Pension Scheme. The Authority manages the National Pension Scheme and pays pension benefits to members. The Authority became operational on 1 February 2000.

The main objective of the Authority is to implement the policy relating to the National Pension Scheme as stipulated in the Act. The Authority is mandated to manage the Scheme so as to ensure that at all times it is in a state of actuarial correctness, financially sustainable, fair in its benefit distribution and is affordable.

Under the Act and its regulations, the Authority also controls and manages the assets and liabilities of members who contributed to a defined contribution plan established under the repealed Zambia National Provident Fund Act (the "ZNPF" Act). Members of the former fund may, at their election, and on the conditions subsisting under the Act and its regulations, convert their assets to the National Pension Scheme to improve their benefits payable under the Scheme. Members who exercise this option shall receive a month's credit for every three months of contributions under the Zambia National Provident Fund.

Notwithstanding the repeal of the ZNPF Act, the Authority, as custodian, continues to pay benefits to members qualifying under the rules in the repealed ZNPF Act.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

All figures are stated in Kwacha'000

2. Actuarial deficit

In accordance with Section 44 (2) of the Act, the Scheme's actuarial obligation is assessed on tri-annual basis by independent actuaries. Accordingly, the Authority engaged an Actuary to evaluate the Pension scheme as at 31 December 2008. As the valuation is still in progress, the last available report is as at 31 December 2004. As at that date the actuarial valuation revealed that the present value of the Authority's obligation exceeded the fair value of the assets as follows:

Pension Scheme (Kwacha Trillions)	**Short records**
Value of benefits accrued	1.24
Assets	0.64
Deficit	(0.60)

Provident Fund (Kwacha Trillions)	
Total liability	4.011
Assets	0.198
Deficit	(3.813)

The key assumptions used were:	%
Valuation interest rate	13
Long term inflation rate	10
Expected rate of return on scheme assets	12.2
Future salary increases	10
Future pension increases	10

The Actuary based the present value of promised retirement benefits on a discount factor of 0.9441 and indexation of 10% a year.

In accordance with IAS 26 paragraph 28 b, the Authority has elected to disclose the deficit and not record it as a liability on the statement of Net Assets available for benefits. The statement of net assets available for benefits therefore does not reflect the Actuarial present value of the promised retirement benefits.

3. Taxation

The Authority is exempt from income tax under the terms of the Second Schedule to the Income Tax Act, 1966 as amended, except as follows: Under the terms of the Income Tax Amendments Act 3 of 2003, interest arising from treasury bills ("TBs") and Government bonds is subject to income tax of 15% and with effect from 1st April 2003 and as amended effective 1st April 2007, the tax which is withheld at source is also the final tax.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

All figures are stated in Kwacha'000

3. Taxation (Continued)

In the course of the year the Authority paid K33,000,000 in Withholding Tax on Investment income under the Pension Scheme and K1,500,000 under the Provident Fund.

Pension Scheme	**2009**	2008
Income tax expense		
Income tax @ 15% on interest on TBs or Government bonds	**42,529,143**	30,089,677
Included under current liabilities (assets)		
Payable in respect of previous year	**12,895,879**	10,489,319
Payable in respect of the current year	**42,529,143**	30,089,677
	55,425,022	40,578,996
WHT suffered	**(33,038,879)**	(27,683,117)
Current tax liabilities	**22,386,143**	12,895,879

Provident Fund	**2009**	2008
Income tax expense		
Income tax @ 15% on interest on TBs or Government bonds	**1,731,978**	1,166,283
Included under current liabilities (assets)		
Payable in respect of previous year	**561,681**	552,210
Payable in respect of the current year	**1,731,978**	1,166,283
	2,293,659	1,718,493
WHT suffered	**(1,583,325)**	(1,156,812)
Current tax liabilities	**710,334**	561,681

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

All figures are stated in Kwacha'000

4. Financial risk management

The Authority's activities expose it to a variety of financial risks, including credit risk and the effects of changes in equity market prices, foreign currency exchange rates and interest rates. The Authority's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

Risk management is carried out by management under policies approved by the Board of Trustees. Management identify and evaluate the financial risks.

Market risk

(i) Fair value Interest rate risk
The Authority's interest bearing assets are at fixed rate (fixed term deposits, treasury bills and Government Bonds) except for the following:

Investrust bonds (3 years and 6 years) which are at 182 days Treasury bill rates + 2.5% and 3.25% respectively and Lunsemfwa Hydro Power bond at LIBOR + 3%. Lunsemfwa Hydro Power Bond matured during the year, and Barclays Bank Bond at 91 days Treasury bill rate + 1.25%.

(ii) Equity market prices
The Authority is exposed to equity market price risk arising from changes in market prices of shares and investment securities. Equity market price risk arises from recognised equity investments and investment securities.

Pension scheme

At 31 December 2009, if the market prices had strengthened by 10% with all other variables held constant, the increase in net assets for the year would have been K33,192,842 (2008: K16,166,072) mainly as a result of equity investments.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

All figures are stated in Kwacha'000

4. Financial risk management (Continued)

Pension scheme

At 31 December 2009, if the market prices had weakened by 10% with all other variables held constant, the decrease in net assets for the year would have been K33,192,842 (2008: K16,166,072) mainly as a result of equity investments.

Provident fund

At 31 December 2009, if the market prices for equity investments had strengthened by 10% with all other variables held constant, the increase in net assets for the year would have been K9,330,609 (2008: K8,549,990) mainly as a result of equity investments

At 31 December 2009, if the market prices for equity investments had weakened by 10% with all other variables held constant, the decrease in net assets for the year would have been K9,330,609 (2008: K8,549,990) mainly as a result of equity investments.

(iii) Foreign exchange risk

Pension scheme

The Authority is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the Dollar bonds (Pyramid Plaza Bond) and the Dollar bank account.

At 31 December 2009, if the Kwacha had strengthened/weakened by 5% against the US dollar with all other variables held constant, the increase/decrease in net assets for the year would have been K251,491 (2008 : K393,969) mainly as a result of US dollar bonds and bank balances.

Provident fund

The Fund is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the World Bank loan.

At 31 December 2009, if the Kwacha had strengthened/weakened by 5% against the US dollar with all other variables held constant, the increase/decrease in net assets for the year would have been K1,026,469 (2008: K1,086,094) mainly as a result of the US dollar payables.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

4. Financial risk management (Continued)

(iv) Credit risk

Credit risk arises from cash and cash equivalents, corporate bonds and deposits with banks, as well as other receivables. The Authority does not have significant concentrations of credit risk. The Board assesses the credit quality of each investment, 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 of Trustees.

The Authority's maximum exposure to credit risk at 31 December 2009 is as follows:

	2009	2008
Pension scheme		
Cash and cash equivalents	**148,568,641**	58,277,119
Equity investments	**331,928,419**	161,660,718
Government securities	**1,707,484,618**	1,555,988,298
Fixed term deposits	**549,215,006**	384,345,638
Other bonds	**27,711,181**	33,081,447
Other receivables	**26,867,892**	24,368,427
	2,791,775,757	2,217,721,647

Collateral is held at K5,000,000 and K80,000,000 on Other bonds and Fixed term deposits respectively.

	2009	2008
Provident fund		
Equity investments	**93,306,086**	85,499,905
Government securities	**66,006,274**	62,488,793
Fixed term deposits & other bonds	**27,711,180**	33,081,446
Other receivables	**4,652,953**	3,217,902
	191,676,494	184,288,045

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

All figures are stated in Kwacha'000

4. Financial risk management (Continued)

No collateral is held for any of the above assets.

None of the above assets are past due or impaired except for the following amounts in rental debtors (which are due within 30 days of the end of the month in which they are invoiced):

	2009	2008
Past due but not impaired:		
above 60 days	**9,958,196**	8,317,553
Total past due but not impaired	**9,958,196**	8,317,553
Provision for bad debts	**(5,192,507)**	(4,385,490)
	4,765,690	3,932,063

(v) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, and the availability of funding from member contributions and returns from investments.

Management monitors rolling forecasts of the Authority's liquidity reserve on the basis of expected cash flow.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2009

All figures are stated in Kwacha'000

4. Financial risk management (Continued)

The table below analyses the Authority's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual undiscounted cash flows. Payables due within 24 months equal their carrying balances, as the impact of discounting is not significant.

Pension Scheme	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
At 31 December 2009			
Payables	**13,914,434**	**26,026,960**	-
At 31 December 2008			
Payables	7,535,475	5,250,360	-
Provident Fund			
At 31 December 2009			
Long term loan	-	-	**20,409,375**
Payables	**59,655,042**	-	-
At 31 December 2008			
Long term loan	-	-	21,721,875
Payables	52,042,663	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

5. Investment revenue

Investment revenue comprises interest from Government bonds, treasury bills, bank deposits, dividends, rental income from investment properties and loans and advances.

Investment revenue earned can be analysed by category of asset as follows:

Pension Scheme	2009	2008
Financial assets	**323,680,661**	237,877,324
Employee loans and advances	**1,000,253**	888,384
	324,680,914	238,765,708
Provident Fund		
Financial assets	**13,169,503**	14,266,065
Rental income	**14,982,292**	10,299,608
Loans and advances	**23,690**	23,756
	28,175,486	24,589,429

6. Net exchange gains/(losses)

The net exchange gains/ (losses) in the income statement comprise the following:

Pension Scheme		
Exchange gains	-	1,661,660
Exchange losses	**(1,252,435)**	-
Net exchange gains/(losses)	**(1,252,435)**	1,661,660
Provident Fund		
Exchange gains	**1,849,941**	-
Exchange losses	**-**	(5,290,553)
Net exchange (losses)/gains	**1,849,941**	(5,290,553)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

6. Net exchange gains/(losses) (Continued)

In 2009 the Zambian Kwacha appreciated against the US Dollar and other major convertible foreign currencies.

The impact of the appreciation of the Kwacha is that the Authority recorded exchange losses on its foreign currency denominated investments and bank balances, and an exchange gain on the foreign currency denominated loan.

The table below illustrates the movements in the US Dollar exchange rates during the period:

Currency	**Mid – market exchange rate as at 1 January 2009**	**Mid – market exchange rate as at 31 December 2009**	Average appreciation during the year
US Dollar (1 US$ =)	**ZK4,965**	**ZK4,665**	6%

The table below illustrates the movements in the US Dollar exchange rates during 2008:

Currency	**Mid – market exchange rate as at 1 January 2008**	**Mid – market exchange rate as at 31 December 2008**	Average depreciation During the year
US Dollar (1 US$ =)	**ZK3,850**	**ZK4,965**	29%

7. Benefit claims and refunds

Pension Scheme	**2009**	2008
Retirement refunds	**9,557,378**	5,614,131
Survivors refunds	**6,620,661**	5,475,362
Invalidity refunds	**133,640**	150,704
Refund of contributions	**500**	25,015
	16,312,179	11,265,212
Indexation on refunds	**18,893,394**	12,196,385
Interest on refunds	**1,256,433**	984,737
	20,149,827	13,181,122
	36,462,007	24,446,334

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

7. Benefit claims and refunds (Continued)

In accordance with the Act, Members qualify for payment of pension following attainment of pensionable age of 55 years and have made not less than 180 monthly contributions.

The indexed payment is meant to compensate the Member for the loss of value due to the devaluation of the Kwacha. Interest is paid on the Members' contributions using the rate as determined by the Authority.

The Authority made pension payments to those members that have qualified under the reduced criteria for those aged between the ages of 39 and 48 years at inception (on 1 February 2000). Since the Authority was only established in 2000, no Members have made 180 monthly contributions to date. However, Members who reach the retirement age but have not made 180 contributions are given a refund plus interest on the contributions made to the Authority up to the time of retirement.

Provident Fund	**2009**	2008
Interest on benefits	**50,342,097**	36,384,133
Retirement	**4,115,383**	3,076,066
Survivors	**684,312**	87,896
Age	**451,551**	152,616
Disability	**67,130**	376,011
Home ownership	**104,836**	4,504
Savings	**39,640**	516
Emigration	**(202)**	355
Contribution refunds	**(5,858)**	(738)
Supplementary savings	**(32)**	-
	55,798,858	40,081,359

Various lump sum payments are made to Members who contributed to the Zambia National Provident Fund.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

8. Normal retirement pensions

The normal retirement pension relates to the pension paid to Members who have qualified for a pension under the reduced criteria for those aged between 39 and 48 year at inception of the Authority on 1 February 2000.

The year ended 2006 was the first year in which members qualified to be paid a retirement pension under the sliding scale.

The table below also referred to as the "sliding scale" specifies the number of months of pensionable employment required at each age by the appointed date under this rule for a member to qualify for a pension. This is necessary because there are some members who on 1 February 2000, would not be able to qualify for a pension since they were required to make the minimum 180 monthly contributions.

Age at (1 February 2000) appointment date	Number of months of pensionable employment required
39	168
40	156
41	144
42	132
43	120
44	108
45	96
46	84
47	72
48	60

The intention of this provision is to enable older workers, who could not reasonably be expected to garner 180 months of pensionable employment by retirement age, to earn the right to a pension benefit.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

9. Financial assets

	2009	2008
Pension Scheme		
Treasury bills (note 10)	**759,052,392**	597,042,141
Government bonds (note 11)	**948,432,226**	958,946,158
Fixed term deposits (note 12)	**549,215,006**	384,345,638
Other stocks and bonds (note 13)	**27,711,181**	33,081,446
Equity (note 14)	**334,416,162**	161,660,718
	2,618,826,967	2,135,076,101
Provident Fund		
Treasury bills (note 10)	**56,453,139**	26,493,730
Government bonds (note 11)	**9,553,136**	35,995,063
Fixed term deposits (note 12)	**23,200,674**	31,591,210
Equity (note 14)	**93,306,085**	85,499,905
	182,513,034	179,579,908

The following financial assets exceeded 5% of Net Assets available for benefits:

	Pension Scheme	Provident Fund
	%	%
Treasury bills	**24**	**28**
Government bonds	**30**	**5**
Fixed Term Deposits	**18**	**12**
Equity	**11**	**47**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

10. Treasury bills - maturity analysis

Pension Scheme

	2009	2008
91 days	**18,923,979**	-
182 days	**20,000,314**	40,472,533
273 days	**77,032,283**	116,497,862
365 days	**643,095,816**	440,071,746
	759,052,392	597,042,141

Provident Fund		
91 days	**18,541**	26,430,814
182 days	**6,759,394**	-
273 days	**35,994,932**	62,916
365 days	**13,680,272**	-
	56,453,139	26,493,730

Interest on treasury bills is receivable on maturity at varying rates between 5% and 12%. The bills mature on diverse dates between January 2010 and December 2010.

11. Government bonds

Pension Scheme	**2009**	2008
2 to 5 years Government bonds	**909,190,236**	916,290,836
7 to 15 years Government bonds	**39,241,990**	42,655,322
	948,432,226	958,946,158

Interest on the Government bonds is receivable semi annually at varying rates between 9% and 15%. The bonds mature on diverse dates between January 2010 and December 2022.

Government bonds	**2009**	2008
Provident Fund		
2 to 5 years Government bonds	**9,553,136**	35,995,063

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

12. Fixed term deposits

Pension Scheme	2009	2008
Citibank Zambia Limited	**30,882,957**	30,909,041
Zanaco	**65,048,850**	-
Indo-Zambia Bank Limited	**32,275,420**	23,137,308
Investrust Bank Limited	**15,776,712**	10,667,397
Union Bank Limited (In Liquidation)	**235,096**	235,096
United Bank of Zambia Limited (In Liquidation)	**80,517**	140,517
Finance Building Society	**2,634,178**	3,684,726
Stanbic Bank Zambia Limited	**158,888,642**	57,335,643
Barclays Bank Zambia Limited	-	140,772,538
Standard Chartered Bank	**93,416,280**	83,709,232
Finance Bank	**113,310,724**	29,021,260
Access Bank Zambia Limited	**31,792,750**	5,108,493
Ecobank	**5,188,493**	-
	549,530,619	384,721,251
Less impairment provision	**(315,613)**	(375,613)
	549,215,006	384,345,638

Interest on fixed term deposits is receivable on maturity at varying rates between 6% and 18%. The maturity period ranges between 30 to 365 days and deposits mature on diverse dates between January 2010 and December 2010.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

12.	**Fixed term deposits (Continued)**	**2009**	2008
	Provident Fund		
	Cavmont Capital Bank Limited Plc	**430**	430
	Zambia National Building Society	**-**	593,197
	Commerce Bank Limited (In Liquidation)	**1,365,977**	1,365,977
	First Merchant Bank Limited	**847,187**	847,187
	Credit Africa Bank Limited (In Liquidation)	**793,790**	793,790
	Union Bank Limited (In Liquidation)	**299,850**	239,850
	Prudence Bank Limited (In Liquidation)	**362,823**	362,823
	Union Leasing Zambia Limited	**202,835**	202,835
	Stanbic Bank Zambia Limited	**9,959,803**	8,741,938
	Manifold Investment Bank Limited (In liquidation)	**36**	36
	Pan African Building Society	**128,358**	128,358
	UniFinance Zambia Limited	**119,837**	119,837
	Barclays Bank Zambia Limited		12,157,177
	Standard Chartered Bank	**13,774,068**	10,692,096
		27,854,994	36,245,531
	Less impairment provision	**(4,654,320)**	(4,654,320)
		23,200,674	31,591,211

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

13. Other stocks and bonds	2009	2008
Pension Scheme		
Barclays Bank Zambia Plc ("BBZ") 7 - 12 year bond	**14,882,130**	15,073,970
Lunsemfwa Hydro Power Company Limited Bonds	**-**	4,959,292
Pyramid Plaza Limited Bonds	**1,809,338**	1,835,258
Investrust Bank	**12,681,940**	12,875,154
	29,373,408	34,743,674
Less: Impairment provision	**(1,662,228)**	(1,662,228)
	27,711,180	33,081,446
Provident Fund		
Meridien BIAO Bank Limited (In liquidation)	**11,252**	11,252
	11,252	11,252
Less: Impairment provision	**(11,252)**	(11,252)
	-	-

Barclays Bank Zambia Plc ("BBZ") 7 - 12 year bond
This is a 12 year BBZ corporate bond denominated in Kwacha. The bond bears interest at 91 days Treasury bill rate paid semi annually.

Lunsemfwa Hydro Power Bonds
The Lunsemfwa Hydro Power Company Limited Bonds were six year bonds denominated in United States Dollars (0.25 floating rate bond @US$100,000 per bond) stated at market value. Interest was payable semi-annually in United Sates Dollars at six months LIBOR plus 3% per annum. These bonds matured during the year.

Pyramid Plaza Bonds
This is a combination of three corporate bonds denominated in US Dollars with tenures of 3 years, 4 years and 5 years. The bonds bear annual interest rates of 10%, 11% and 12% per annum respectively.

Investrust Bank
This is a combination of two bonds denominated with tenures of '3 years and '6 years. The interest rates are at 182 days Treasury Bills rate + 2.5% margin and 182 days Treasury bills rate + 3.25% margin.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

14. Financial assets - equity

Pension Scheme	No. of shares	Share price	2009 Market Value	2008 Market Value
British Petroleum Zambia Plc	31,402,551	270.00	**8,478,689**	18,056,467
Zambeef	8,282,171	3,800.00	**31,472,250**	28,987,599
Standard Chartered Bank	24,596,401	250.00	**6,149,100**	9,322,036
Cavmont Capital Holdings Plc	546,915,739	8.50	**4,648,784**	6,289,531
Metal Fabricators of Zambia Plc	10,890,519	200.00	**2,178,104**	3,256,265
Farmers House Plc	2,097,576	2,700.00	**5,663,455**	2,097,576
Zambia Sugar plc	361,520,236	381.00	**137,739,210**	1,760,623
National Breweries Plc	150,000	6,460.00	**969,000**	1,032,000
Pamodzi Hotel Plc	4,056,473	320.00	**1,298,071**	2,028,237
British American Tobacco Zambia Plc	155,048	1,250.00	**193,810**	229,471
African Explosives Plc	69,288	1,000.00	**69,288**	116,404
ZANACO PLC	102,463,013	550.00	**56,354,657**	39,448,260
Celtel Zambia	124,800,000	498.00	**62,150,400**	37,440,000
Prima Re-Insurance	570,918,822	8.00	**4,567,351**	1,600,000
Zambian Lotto	10,000,000	999.63	**9,996,250**	9,996,250
Lafarge Plc	452,317	5,500.00	**2,487,744**	-
			334,416,162	161,660,719
Provident Fund				
Zambia Sugar Plc	130,470,417	381.00	**49,709,229**	29,970,919
Standard Chartered Bank Zambia Plc	62,834,139	250.00	**15,708,535**	23,814,139
Lafarge Plc	3,781,934	5,500.00	**20,800,637**	23,069,797
National Breweries Plc	1,250,000	6,460.00	**8,075,000**	8,600,000
Commerce Bank Limited (In Liquidation)	2,157,780,000	1.00	**2,157,780**	2,157,780
Development Bank of Zambia	4,505	10,000.00	**45,050**	45,050
Zambia Consumer Buying Corporation Limited (In Liquidation)			**2,500**	2,500
Lima Bank Limited (In Liquidation)	500,000	1.00	**500**	500
Kapiri Glass Products Limited (In Liquidation)	150,000	1.00	**150**	150
			96,499,381	87,660,835
Less impairment provision			**(3,193,295)**	(2,160,930)
			93,306,086	85,499,905

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

15.	**Loans and advances**	**2009**	2008
	Provident Fund		
	Government loans	**876,358**	852,668
	Parastatal and private sector	**88,227**	88,227
	Local authority loans	**7,715**	7,715
		972,300	948,610
	Less: Impairment provision	**(972,300)**	(948,610)
		-	-

16.	**Employee receivables**		
	Pension Scheme		
	Housing loans	**150,060**	180,629
	Personal loans	**6,999**	30,571
	Other staff loans	**6,929,053**	7,704,483
		7,086,111	7,915,683
	Bad debts provision	**(374,740)**	(88,930)
		6,711,371	7,826,753

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

17	**Other receivables**	**2009**	2008
	Pension Scheme		
	Other receivables	**2,640,741**	167,088
	Dividend receivables	**137,643**	69,928
	Prepayments	**17,378,137**	16,304,658
		20,156,521	16,541,674
	Bad debts provision	-	-
		20,156,521	16,541,674

Included under prepayments is an advance payment of K16 billion made by the Authority for purchase of Mubuyu Farms. The amount was subsequently refunded in 2010.

	Provident Fund		
	Rental debtors	**9,958,196**	8,317,553
	Dividends	**273,038**	902,421
		10,231,234	9,219,974
	Bad debts provision	**(5,836,788)**	(6,002,072)
		4,394,446	3,217,902

18.	**Long term receivables**		
	At beginning of year	-	3,038,064
	Reversal	-	(3,038,064)
	At end of year	-	-

The Authority is involved in a matter in which it seeks to enforce payment of compound interest on an outstanding debt. As the matter is currently before the courts of law, the likely financial effect cannot be determined with reasonable certainity.

Consequently, the matter is disclosed under note 30, contingent liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

19. Inventory

Inventories comprise mainly of stationery. An allowance has been made for defective, slow moving and obsolete inventories of **ZK128,000** (2008: ZK128,000)

20. Investment properties

Property investments were professionally revalued on the basis of open market value for existing use by independent valuation surveyors as at 31 December 2007.

The property rental income earned by the Authority from its investment property, all of which is leased out under operating leases, amounted to K14,982,000 (K1,248,000 from NAPSA); (2008:K11,082,420). Direct operating expenses arising on investment property in the year amounted to K2,528,000 (2008:K2,777,000)

	2009	2008
Provident Fund		
At beginning of year	**108,978,411**	118,312,431
Disposals	**(8,185,420)**	(9,334,020)
At end of year	**100,792,991**	108,978,411

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

21. Property, plant and equipment

Pension Scheme

Cost	Capital Work in Progress	Motor vehicles	Office furniture, equipment and fittings	Total
At 1 January 2008	-	7,944,467	14,803,107	22,747,574
Additions	52,688,157	5,922,722	3,496,531	62,107,410
Disposals	-	(2,092,626)	(224,975)	(2,317,601)
At 31 December 2008	**52,688,157**	**11,774,563**	**18,074,663**	**82,537,383**
At 1 January 2009	52,688,157	11,774,563	18,074,663	82,537,383
Additions	262,583,611	5,702,006	1,123,351	269,408,968
Disposals	-	(501,736)	-	(501,736)
At 31 December 2009	**315,271,768**	**16,974,833**	**19,198,014**	**351,444,615**
Depreciation				
At 1 January 2008	-	4,849,940	11,527,798	16,377,738
Charge for year	-	1,614,705	1,735,289	3,349,994
Eliminated on disposal		(1,403,685)	(90,429)	(1,494,114)
At 31 December 2008	**-**	**5,060,960**	**13,172,658**	**18,233,618**
At 1 January 2009	-	5,060,960	13,172,658	18,233,618
Charge for year	-	2,562,863	1,564,056	4,126,925
Eliminated on disposal	-	(406,877)	-	(406,877)
At 31 December 2009	**-**	**7,216,946**	**14,736,720**	**21,953,666**
Carrying amount				
At 31 December 2009		**9,757,887**	**4,461,294**	**329,490,949**
At 31 December 2008	52,688,157	6,713,603	4,902,005	64,303,764

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

21. Property, plant and equipment (continued)

Provident Fund

	Leasehold land and buildings	Motor vehicles	Office furniture, equipment and fittings	Total
Cost				
At 1 January 2008	35,718,474	1,141,522	4,121,153	40,981,149
Revaluations	-	(589,966)	(3,466,191)	(4,056,157)
At 31 December 2008	**35,718,474**	**551,556**	**654,962**	**36,924,992**
At 1 January 2009	35,718,474	551,556	654,962	36,924,992
At 31 December 2009	**35,718,474**	**551,556**	**654,962**	**36,924,992**
Depreciation				
At 1 January 2008	-	1,141,521	3,990,045	5,131,566
Charge for year	-	-		-
Eliminated on disposal	-	(589,966)	(3,464,952)	(4,054,918)
At 31 December 2008	**-**	**551,555**	**525,093**	**1,076,648**
Depreciation				
At 1 January 2009	-	551,555	525,093	1,076,648
Charge for year	-	-	-	-
At 31 December 2009	**-**	**551,555**	**525,093**	**1,076,648**
Carrying amount				
At 31 December 2009	**35,718,474**	**1**	**129,869**	**35,848,344**
At 31 December 2008	35,718,474	1	131,108	35,848,344

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

22. Capital commitments

As at 31 December 2009 the Authority had capital commitments of approximately K8,000,000 (2008: K2,100,000).

23. Other payables and accruals

	2009	2008
Pension Scheme		
Sundry payables	**164,250**	437,667
Accrued expenses	**11,600,444**	5,882,115
	11,764,694	6,319,782
Provident Fund		
Sundry payables	**23,561**	-
Accrued expenses	**10,471,653**	9,127,699
	10,495,214	9,127,699

24. Deferred liabilities

Pension Scheme

Deferred liabilities comprise provisions for retirement benefits and other employee provisions estimated to become payable after more than one year. The movements on the account during the year were as follows:

At beginning of year	**1,215,693**	827,864
Charge for the year	**1,413,524**	1,120,986
Paid during the year	**(479,478)**	(733,157)
At end of year	**2,149,739**	1,215,693

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

25. Long term loan	2009	2008
Provident Fund		
At beginning of year	**21,721,875**	16,843,750
Net exchange loss/(gain)	**(1,312,500)**	4,878,125
At end of year	**20,409,375**	21,721,875

The loan, of US$5 million, was obtained from the World Bank through the Ministry of Finance and National Planning. The loan bears interest at 2.5% per annum and is payable in 24 instalments over a period of 12 years. The loan is denominated in US$ and is unsecured.

The Authority had entered into negotiations with the Ministry of Finance and National Planning for a possible debt swap of the long term loan for the debt owed by the Government. The Authority is also pursuing a write off of the full amount following the write off of Government debt by the World Bank. The Authority has however accrued interest payable on the loan as at 31 December 2009.

26. Provisions for legal claims

Legal claims payable relate to various ongoing litigation cases whose ultimate resolution will in the Trustee's view result in loss to the Authority. The amounts accrued for are at Trustees' best estimate of the likely outcome of those claims.

27. Contributions receivable from members

Contributions receivable from members represent the statutory contributions as required by the National Pension Scheme Authority Act, No. 40 of 1996 which requires the employer and employee to contribute 5% of the gross earnings into the Scheme.

The Authority's policy requires that contributions receivable is accounted for on the basis of receipts from 1 January of each year to 10 January of the following year. Contribution income from 1 January to 11 January 2010 amounted to K32,589,539 (2008 : K33,145,914).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

28. Retirement benefits

The Authority maintains a pension scheme comprising both defined benefit and defined contribution schemes, established to provide retirement benefits for employees. The Authority's contributions to the scheme for the year ended 31 December 2009 was K3,611,000 (2008: K2,677,000).

29. Related party transactions

In the context of the Authority, related party transactions include any transactions made by any of the following persons:

- The Government of the Republic of Zambia;
- Members of the Board of Trustees including the Director General;
- Staff Pension Scheme

The transactions to be reported are those that affect the Authority in making financial and operating decisions. Examples of such transactions include:

- Finance (loans);
- Procurement and investment contracts:
- Disposal of assets; and
- Rental income.

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

All transactions with related parties were carried out under open market conditions as would apply to any other entity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
for the year ended 31 December 2009

All figures are stated in Kwacha'000

29. Related party transactions (continued)

The net effect of related party transactions on the results for the year ended 31 December 2009 is as follows:

	2009	2008
Pension Scheme		
Amount due from Staff Pension Scheme	**5,477**	-
Fees paid to Trustees	**1,598,427**	814,863
Provident Fund		
Rental income due from Government	**999,746**	974,855
Government loans	**187,463**	187,463
Parastatal and private sector	**88,227**	88,227
Interest on Government loans	**23,690**	23,755
Local authority loans	**2,918**	2,918
	1,302,044	1,277,218

Compensation of key management personnel
The remuneration of Trustees and other members of key management during the year were as follows:

Short term employee benefits	**1,413,525**	**733,157**

30. Contingent liabilities
As at 31st December 2009, the Authority had the following contingent liabilities:

a) Guarantees
Coppernet Solutions/Phantom Exchange - US$750,000

b) Long term receivable
The Authority is involved in a matter in which it seeks to enforce payment of compound interest on an outstanding debt. As the matter is currently before the courts of law, the likely financial effect cannot be determined with reasonable certainity.

c) Other
Other than the liability to pay pensions and other benefits there were no other contingent liabilities of the Scheme as at 31 December 2009, as all other deemed likely to crystallise have been provided for.

APPENDIX I

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2009

All figures are stated in Kwacha'000

	Pension Scheme		Provident Fund	
Member service operations:	**2009**	2008	**2009**	2008
Contributions receivable from Members	**595,909,921**	562,036,306	-	
Statutory contributions received	-	-	-	213
Benefit claims and refunds	**(39,679,450)**	(27,226,385)	**(55,806,982)**	(40,082,820)
Normal retirement pensions	**(16,250,925)**	(8,624,673)	-	-
	539,979,545	526,185,248	**(55,806,982)**	(40,082,607)
Investment operations:				
Investment revenue				
- Interest on Government bonds	**144,380,001**	134,692,449	**2,471,790**	5,907,062
- Interest on treasury bills	**115,440,507**	64,528,218	**7,654,097**	2,808,542
- Interest on term deposits	**52,437,855**	33,051,567	**3,043,616**	2,159,866
- Other investments	**5,515,567**	4,033,406	-	-
- Rental income	-	-	**14,982,294**	10,299,608
- Dividend income	**5,906,732**	1,571,684	**1,659,295**	3,390,595
Management fees	**2,233,029**	2,991,196	-	-
Handling fees	**(3,794,725)**	(3,386,592)	**(206,423)**	(31,118)
Medical Levy	**(3,149,180)**	(2,387,555)	**(130,766)**	(99,351)
Surplus on revaluation of investments	**71,396,372**	(93,030,767)	**3,619,729**	(22,809,478)
Surplus on revaluation of Investment properties	-	-	**90,000**	-
Surplus on revaluation of financial assets	**47,033,596**	31,167,999	**7,830,622**	609,856
Write back of provision on diminution	-	-	-	881,696
Interest on loans and advances	**1,000,253**	888,384	**23,690**	23,755
	438,400,005	174,119,989	**41,037,945**	3,141,033
Other operating income:				
- Exchange gains (losses)	**(1,252,435)**	1,661,660	**1,849,941**	(5,290,553)
Gain/(loss) on disposal of investment property	**22,216**	176,189	**(299,500)**	(241,825)
- Sundry income	**2,311,856**	2,071,457	-	-
	1,081,637	3,909,306	**1,550,441**	(5,532,378)

APPENDIX I

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

for the year ended 31 December 2009

All figures are stated in Kwacha'000

	Pension Scheme		Provident Fund	
	2009	2008	**2009**	2008
Management and administration expenses				
- Employee benefit expenses	**(57,472,012)**	(43,416,666)	**-**	-
- Administration expenses	**(44,799,310)**	(32,439,128)	**(13,759,946)**	(7,918,604)
- Pension cost	**(3,611,342)**	(2,677,724)	**-**	-
- Bad and doubtful debts provision	**(2714,497)**	217,136	**(890,771)**	(5,745,948)
- Depreciation	**(4,126,925)**	(3,349,994)	**-**	-
	(112,724,087)	(81,666,376)	**(14,650,717)**	(13,664,552)
Surplus/(deficit) of income over expenditure before finance costs and tax	**866,737,101**	622,548,167	**(27,869,313)**	(56,138,503)
Interest expense	**-**	-	**(554,121)**	(467,441)
	866,737,101	622,548,167	**(28,423,434)**	(56,605,944)
Surplus/(deficit) of income over expenditure for year before tax	**866,737,101**	622,548,167	**(28,423,434)**	(56,605,944)
Tax expense	**(42,529,143)**	(30,089,677)	**(1,731,978)**	(1,166,284)
Surplus/(deficit) for the year	**824,207,958**	592,458,489	**(30,155,412)**	(57,772,228)

APPENDIX II

STATEMENT OF FINANCIAL POSITION
as at 31 December 2009

All figures are stated in Kwacha'000

		Pension Scheme		Provident Fund	
		2009	2008	**2009**	2008
ASSETS					
Bank and cash balances		**148,568,641**	58,277,119	**-**	-
Financial assets	9	**2,618,826,967**	2,135,076,101	**182,513,033**	179,579,908
Loans and advances	16	**-**	-	**-**	-
Employee receivables	17	**6,711,371**	7,826,753	**-**	-
Members' contributions receivables		**32,589,539**	33,145,914	**-**	-
Other receivables	18	**20,156,521**	16,541,674	**4,652,953**	3,217,902
Current account with NAPSA		**42,673,797**	-	**-**	(22,784,158)
Inventory	19	**298,607**	497,127	**-**	-
Investment properties	20	**-**	-	**100,792,991**	108,978,411
Property, plant and equipment	21	**329,490,948**	64,303,764	**35,848,344**	35,848,345
TOTAL ASSETS		**3,199,316,391**	2,338,452,610	**323,807,323**	327,624,566
LIABILITIES					
Current account with ZNPF		**-**	-	**42,673,797**	22,784,158
Other payables and accruals	23	**11,764,695**	6,319,782	**10,495,214**	9,127,699
Claims payable	26	**26,036,960**	5,250,360	**-**	-
Deferred liabilities	24	**2,149,739**	1,215,693	**49,159,829**	42,914,965
Current tax liabilities		**22,386,143**	12,895,879	**710,334**	561,681
Long term loan	25	**-**	-	**20,409,375**	21,721,875
		62,337,538	2,897,556	**123,448,549**	97,110,378
ACCUMULATED FUNDS					
Accumulated funds		**3,116,484,548**	2,363,672,960	**-**	-
Members' funds		**-**	-	**(68,976,161)**	(13,169,179)
Investment revaluation reserve		**20,494,306**	(50,902,065)	**91,728,877**	**80,278,526**
Property revaluation reserve		**-**	-	**71,313,796**	71,223,796
Other reserves		**-**	-	**106,265,660**	92,154,443
Annuity account		**-**	-	**26,601**	26,601
		3,136,978,854	2,312,770,895	**200,358,773**	230,514,188
Total liabilities and accumulated funds		**3,199,316,391**	2,338,452,610	**323,807,322**	327,624,566

APPENDIX III

STATEMENT OF MOVEMENTS IN ACCUMULATED FUNDS
for the year ended 31 December 2009

All figures are stated in Kwacha'000

Pension Scheme	Investment Revaluation Reserves	Accumulated Funds	Total
Balance at 1 January 2008	43,719,210	1,676,593,196	1,720,312,406
Surplus of income over expenditure for year	-	687,079,764	687,079,764
Loss on revaluation of equity	(94,621,275)	-	(94,621,275)
Balance at 31 December 2008	**(50,902,065)**	**2,363,672,960**	**2,312,770,895**

Pension Scheme	Investment revaluation reserves	Accumulated Funds	Total
Balance at 1 January 2009	(50,902,065)	2,363,672,960	2,312,770,895
Surplus of income over expenditure for year	-	752,811,588	752,811,588
Surplus on revaluation of equity	71,396,371	-	71,396,371
Balance at 31 December 2009	**20,494,306**	**3,116,484,548**	**3,136,978,854**

APPENDIX III

STATEMENT OF MOVEMENTS IN ACCUMULATED FUNDS
for the year ended 31 December 2009

All figures are stated in Kwacha'000

Provident Fund	Annuity account K'000	Members' funds K'000	Property revaluation reserves K'000	Investment revaluation reserves K'000	Other reserves K'000	Total K'000
Balance at 1 January 2008	26,601	26,913,429	71,223,796	102,478,148	87,644,441	288,286,415
Statutory contributions received	-	213	-	-	-	213
Benefit claims and refunds (note 6)	-	(40,081,359)	-	-	-	(40,081,359)
Maternity and funeral grants	-	(1,461)	-	-	-	(1,461)
Surplus on revaluation of investments	-	-	-	(22,809,478)	-	(22,809,478)
Surplus of income over expenditure for year	-	-	-	-	4,510,002	4,510,002
Amortisation of revaluation surplus	-	-	-	609,856	-	609,856
Balance at 31 December 2008	**26,601**	**(13,169,178)**	**71,223,796**	**80,278,526**	**92,154,443**	**230,514,188**
Balance at 1 January 2009	26,601	(13,169,178)	71,223,796	80,278,526	92,154,443	230,514,188
Benefit claims and refunds (note 6)	-	(55,798,858)	-	-	-	(55,798,858)
Maternity and funeral grants	-	(8,124)	-	-		(8,124)
Investment property	-	-	90,000	-	-	90,000
Surplus on revaluation of investments	-	-	-	3,619,729	-	3,619,729
Surplus of income over expenditure for year	-	-	-	-	14,111,217	14,111,217
Amortisation of revaluation surplus	-	-	-	7,830,622	-	7,830,622
Balance at 31 December 2009	**26,601**	**(68,976,160)**	**71,313,796**	**91,728,877**	**106,265,660**	**200,358,774**