



COMPETITION AND CONSUMER
PROTECTION COMMISSION

(ESTABLISHED UNDER THE COMPETITION AND CONSUMER PROTECTION ACT NO. 10 OF 2010)

Annual Report

2015

Theme: Restrictive Business Practices in Zambia

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Acronyms

Act	Competition and Consumer Protection Act No. 24 of 2010
ACC	Anti-Corruption Commission
ACSZ	Agricultural and Commercial Society of Zambia
Board	Board of Commissioners for CCPC
BOZ	Bank of Zambia
Commission	Competition and Consumer Protection Commission
CCPC	Competition and Consumer Protection Commission
CCPA	Competition and Consumer Protection Act
COMESA	Common Market for Eastern and Southern Africa
ERB	Energy Regulation Board
ICN	International Competition Network
IDC	The Industrial Development Corporation
LCC	Lusaka City Council
MCTI	Ministry of Commerce, Trade and Industry
MOU	Memorandum of Understanding
NPA	National Prosecution Authority
OECD	Organization for Economic Co-operation and Development
PIA	Pensions and Insurance Authority
SADC	Southern African Development Community
UNCTAD	United Nations Conference on Trade and Development
ZABS	Zambia Bureau of Standards
ZICTA	Zambia Information and Communication Technology Authority
ZITF	Zambia International Trade Fair
ZPPA	Zambia Public Procurement Authority

2015 Board Members



Mr. Kelvin F. Bwalya
Chairperson of the Board



Mr. Andrew M. Musukwa
Chairperson of the Technical Committee



Mr. Simomo S. Akapelwa
Vice Chairperson of the Board



Mrs. Irene Z. Mbewe
Commissioner



Mr. Goodwell Kapema
Commissioner



Mr. John Mulongoti
Commissioner



Mrs. Susan Wangelani
Commissioner

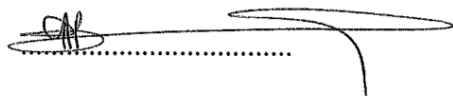
***The Honourable Minister,
Ministry of Commerce, Trade and Industry
Lusaka***

Hon. Minister

Paragraph 13 of the First Schedule of the Competition and Consumer Protection Act No. 24 of 2010, the Commission is required to present to the Minister of Commerce, Trade and Industry an Annual Report of the activities of the Competition and Consumer Protection Commission.

I hereby submit to you Madam, the Annual Report together with the audited Statement of Financial Position and the Statement of Income and Expenditure. The Report covers the year 2015.

Yours sincerely

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, followed by a vertical line extending downwards.

***Kelvin F. Bwalya
Chairman***

The Chairman's Statement

It is always a pleasure to table the Annual Report of the Competition and Consumer Protection Commission this time for the Financial Year 2015. The Report marks five years of steady progress and implementation of the Competition and Consumer Protection Act No. 24 of 2010 (the Act). This year is also marked as one which recorded fluctuations in the world's economic environment and in Zambia. The fall of the Kwacha, the water and energy crisis had ripple effects across various industries and sectors in the country. As a result, Government regulators especially the Commission were implored to adopt strategic, effective and rigorous approaches to competition regulation.



In 2015, the Commission prioritized cartel enforcement. The harsh economic environment meant that poor people in Zambia were hard hit by any cartelistic behaviour. Thus to bust cartels meant to fight poverty and provide more money in people's pockets.

The investigations into the bread cartel on the Copperbelt and the cartel in the maize meal sector, shows the commitment the Commission attaches to common foods used by the majority poor people in Zambia. Further, investigations of cartels in the frozen fish in Chililabombwe and stock broking industry provide evidence that cartels spare no sector in the economy. I am glad that the Commission is equal to this task and shall continue to invest in the enforcement of anti-cartel conduct.

The Commission as a young agency continues to grow from strength to strength. In the last 5 years the Commission has been putting necessary regulatory processes in place and now the time for effective implementation has come.

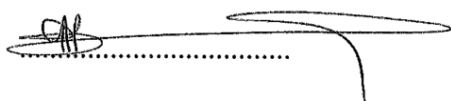
Further, the Commission embarked on sensitization campaigns to raise awareness to both the consumers and business communities on cartels. The Commission conducted a workshop with Public Procurement Officers from different Government ministries. This workshop was held in conjunction with the Zambia Public Procurement Authority (ZPPA). In Zambia it is estimated that 10% of the Gross Domestic Product ("GDP") is spent on public procurement. Since public procurement involves huge government spending, mechanisms are necessary to ensure smooth, transparent, and efficient systems based on integrity. However, some businesses which bid for government projects have come up with mechanisms to disturb the integrity of public procurement systems by engaging in anti-competitive conduct.

The Commission also conducted sensitization campaigns on cartel conduct and activities perpetuated by Trade Associations. The Commission also extended the same sensitization to business communities in Chipata, Mongu, Livingstone, Solwezi and Kasama. The Commission thought it was important to do so especially that Micro, Small and Medium Enterprises (MSMEs) in these areas are the ones most likely to be affected by cartel conduct by larger firms.

In the year under review, the Commission put its Leniency Program into operationalization. The Leniency Program is a mechanism or tool that is used by the Commission to regulate cartel conduct. Although, the Commission did not receive any leniency applications through

the program in 2015, the Commission continued to raise awareness on the program and will intensify its awareness of the program in 2016.

Lastly, I wish to thank my fellow Commissioners of the Board and the Secretariat for their hard work during the year in achieving our strategic goals. I am confident that as we embark on the last year of our 2011-2016 Strategic Plan, we will enhance the effectiveness of the Commission by curbing anti-competitive conduct; consumer protection violations and contribute to inclusive growth and development. I am also grateful to the Minister of Commerce, Trade and Industry and the staff at the Department of Trade for their continued support in helping the organisation achieve its goals.

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Kelvin F. Bwalya
Chairman



Mr Chilufya Sampa
Executive Director



Ms Luyamba Mpamba
***Director Mergers &
Monopolies***



Mr Brian Lingela
Director Consumer Protection



Mrs Maureen Mwanza
***Director Legal & Corporate
Affairs***



Mr Vestus Chungu
***Director Finance &
Administration***

The Executive Director's Report



In the year 2015, competition and consumer related issues continued to dominate most public discussions. This shows an increasing awareness by the members of the general public of the existence of this discourse and the need to be part of it. Consumers have become more aware of the impact of anti-competitive practices as well as unfair trading practices on their well-being. The results of the awareness programmes conducted by the Commission over the years are more noticeable as more businesses are now willing to comply with the law.

Competition

The economic situation of the country in 2015 also sparked a lot of public discussions into Government regulation especially with regard to competition regulation. The volatile performance of the kwacha, for example, dramatically increased the cost of living. The basic food products saw a sudden increase in prices. This was true even for products that are locally produced.

Questions on competition policy arose with His Excellency the President of the Republic of Zambia Mr Edgar Chagwa Lungu, clearly acknowledging the existence of cartels. He further challenged the Commission and other Government bodies to bring to book all those involved in anti-competitive conduct. The Commission is up to the challenge and its efforts are bearing fruits. For instance, the number of restrictive business practices increased by over 100% in 2015, with the Commission carrying out two dawn raids in the bread and maize meal sectors. Cartels in fish and stock brokering markets are under investigations.

The Commission continued to cooperate with other institutions to curb bid rigging in public procurement. With the aggressive infrastructural development taking place in the Country, the Commission was cognisant of the fact that the construction sector, just like any other sectors of the Zambian economy, was prone to elements of anti-competitive conducts including bid rigging cartels. In order to reduce such instances, the Commission worked with the Zambia Public Procurement Authority (ZPPA) in curbing cartel tendencies in public procurement. The Commission devoted much of its efforts and activities on issues of public procurement in 2015, and this was reinforced by its commemoration of the World Competition Day held under the theme "Competition issues in Public Procurement" where similar issues were discussed and brought to the attention of the public as well as business entities.

To help address the concerns raised by the public and based on the market trends that the Commission had been reviewing over the years, cartel investigations were conducted in the bread, flour and mealie meal sectors. This was done with the view of addressing anti-competitive behaviour and at the same time, deal with saving existing jobs, and promote a competition culture for both large firms and small and medium enterprises to thrive.

As regards excessive pricing of the basic food products which is an abuse of dominant position of market power provided for under section 16 of the Act, proof of market power and abuse of their

dominant position is key. The depreciation of the Kwacha saw most retail shops and traders increase prices of commodities in response to high input costs. However, for as long as the traders were not dominant, the Commission was unable to institute investigations. Nevertheless, the Commission continued to monitor the state in the trading sectors through reviewing possible excessive pricing cases.

It must be said that in all across the world, Governments impose regulations that might restrict competition in markets, for example, price controls and Government-backed price agreements in markets. Governments can affect market outcomes not only through traditional regulatory instruments but also through direct participation as buyer and as a provider of goods and services. The Commission intervened in a number of sectors such as aviation, maize, tobacco and cotton highlighting possible anti-competitive practices in these sectors. As the role of the Commission is to advise Government, the Commission continued to provide counsel to different departments and organs of Government on competition.

Consumer Protection

In the year 2015, the Commission worked with various consumer protection agencies world over in trying to find ways of collaborating and synergising its efforts. A number of activities were held such as internet sweep for potentially fraudulent advertisements as well as the fraud prevention month in which consumers were sensitised about the dangers that come with the vice. This was as a result of the Commission being a member of the International Consumer Protection Enforcement Network (ICPEN) group.

During the year under review, the Commission recorded an increase in the number of consumer cases resolved from 827 in 2014 to 1,791 in 2015 representing an increase of 100 percent. The increase is as a result of massive awareness programs undertaken by the Commission on consumer rights and obligations in line with Act. The Commission successfully recovered K1.492 million in product refunds and replacements in 2015 as compared to K704 thousand in 2014.

The recorded increase in the number of consumer cases resolved can be attributed to the heightened levels of sensitization programs conducted by the Commission. The sensitization programs targeted various stakeholders such as suppliers, traditional and civil leaders, some institutions of learning and members of the general public in all the ten (10) provinces during the period. Further, the increase in the number of cases is due to the fact that consumers were now appreciating their rights and obligations through enhanced sensitization on consumer related issues.

The Commission continued to expand its presence in the Country by opening four offices in four provinces, namely Central, Luapula, Muchinga and Southern Provinces. The new officers are in Chinsali, Kabwe, Mansa and Livingstone towns. These offices undertook inspections and awareness tours in their respective provinces thus taking the Commissions presence and enforcement closer to the people. Country wide, the communities were able to lodge complaints without necessarily travelling to Lusaka.

Awareness Campaigns

In 2015, the Commission continued to carry out awareness programs aimed at enhancing its visibility to members of the public as well as the business community. This was in line with the Commission's 2011 to 2016 Strategic Plan. The awareness programs were conducted using various channels available to the Commission such as the use of community, religious, private, commercial and public radio and television stations across the country. The Commission also participated in various national and provincial trade fairs, and further conducted drama events in various markets in over ninety (90) districts. Documentaries on provincial awareness tours were aired on national television. A number of School clubs were set up by the Commission in various schools across the country. These clubs participated in various keys activities on the national calendar such as Independence Day Celebration, World Consumer Rights Day commemoration and conducted some open-day exhibitions to members of the public. This generated an overwhelming response from members of the public, and in turn brought about the resultant increase in consumer cases brought to the Commission.

International Relations

In order to keep abreast with international best practices in competition and consumer protection, the Commission continued to work with a number of international and regional bodies such as the International Competition Network (ICN), the Southern Africa Development Community (SADC) Committee on Competition and Consumer Protection, the COMESA Competition Commission, the Africa Competition Forum (ACF), the United Nations Conference on Trade and Development (UNCTAD), Intergovernmental Group of Experts (IGE) and the International Consumer Protection and Enforcement Network (ICPEN). Interaction with these organizations and networks benefited the Commission in numerous ways including skills transfer, information sharing (within the confines of the law) and adherence to international best practice in enforcement of competition and consumer protection provisions of the law. The Commission participated in teleconferences, workshops and meetings organised by these bodies.

Additionally, the Commission continued to forge ties with other key institutions such as the World Bank on a number of projects aimed at enhancing competition in various economic sectors. The Commission also worked with notable NGO's such as Consumer Unity and Trust Society in undertaking a number of inquiries in the health and other equally important sectors.

Acknowledgements

I would like to thank the Ministry of Commerce Trade and Industry, the Board of Commissioners, Management and Staff of the Commission and all stakeholders for the support and encouragement provided to the Commission in 2015, without which all achievements of the Commission would not have been possible



Chilufya Sampa
Executive Director

1.0 COMPETITION STRATEGIC FOCUS

1.1 Restrictive Business Practices



Directorate of Cartels and Restrictive Business Practices: - From Left; Mr C. Njovu (Senior Investigator), Mrs N. Fulaza (Manager), Mr S. Luhanga (Investigator) and Mr S. Milezhi (Investigator)

In exercise of its mandate of regulating Restrictive Business Practices, the Commission received and investigated complaints on conducts which were considered to have an effect or likely effect of restricting, lessening or distorting competition. The year 2015 saw an increase in the number cases handled of Restrictive Business Practice (RBP). The table below shows the case summaries:

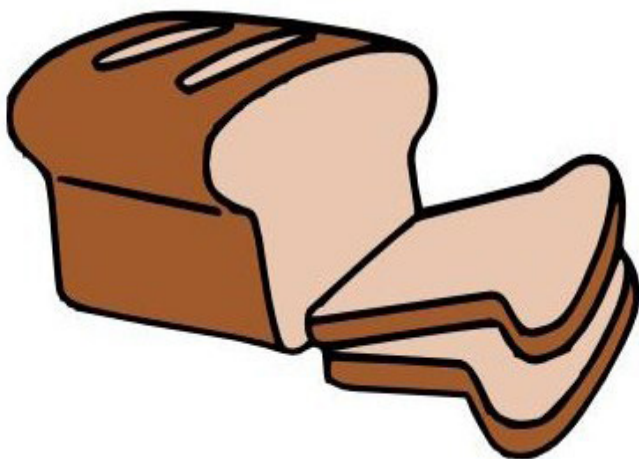
Intended target	2015 RBP cases received	Investigations launched after compelling evidence of a violation	Cases investigated closed
16 cases	30 cases	22 cases	15 cases

Out of the numbers as reported above, the Commission managed to close fifteen (15) cases. This was largely due to the fact that RBP cases take time to conclude because there was a lot of consultation with the key industry players and other relevant stakeholders who needed to be given adequate time to respond to inquiries from the Commission. The cases were received from various sectors, among them construction, energy, manufacturing and services. The services sector recorded a higher number of cases followed by the construction sector.

1.2 Cartel Behaviour in 2015

Cartel conduct includes price fixing, market division and collusive tendering, which are prohibited in relation to Section 9 of the Act. Under Cartels and Restrictive Business Practices Unit, the Commission is also responsible for administering the Commission's Leniency Program (LP), through which a self-confessing cartel member can approach the Commission and report a cartel in exchange for immunity from prosecution as a tool for cartel enforcement.

During the year 2015, the Commission handled a total of six (6) cartel cases as compared to only one the previous year. In 2015, the Commission intensified its cartel enforcement by undertaking two dawn raids:



- one of which uncovered a large cartel in the bread sector
- another one in the milling sector.

It is anticipated that with more experience gained, the Commission will investigate more cases and successfully prosecute these cases so that the market could be made more open and accessible to many players. Coupled with the Leniency Program in full operation, the Commission's operations are expected to create a business environment that is unfettered by any conduct, arrangement or understanding that prevents, restricts and distorts competition. In addition the Commission increased the number of personnel in the Cartels and Restrictive Business Practices Unit in order to expeditiously deal with such cases.

1.3 Mergers and Monopolies

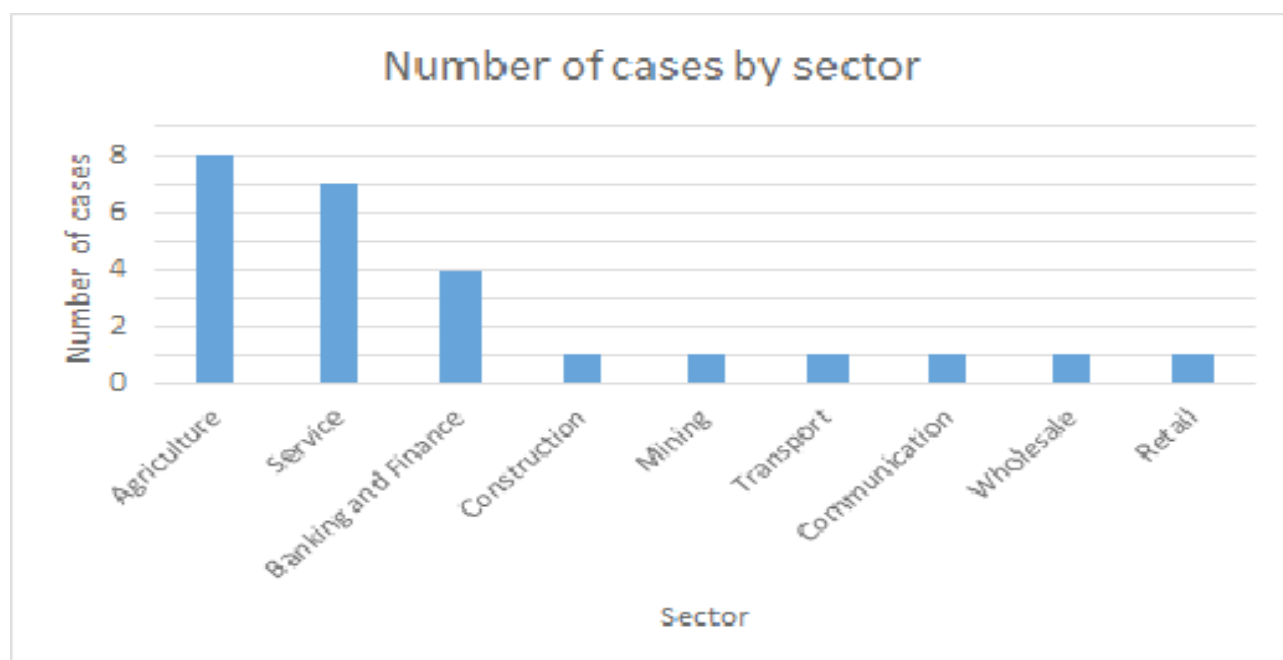


Directorate of Mergers and Monopolies: - From left; Mr P. Muteto (Manager), Ms K. Kaonga (Investigator), Mr N. Kamelu (Investigator), Ms L. Mpamba (Director)

In the year under review, the Directorate of Mergers and Monopolies handled the following merger transactions:

Intended target	Cases received	Closed cases	Cases sent for Board approval
30 merger cases	39 merger cases	35 merger cases	4 merger cases

The numbers above represents a 5% increase compared to the previous year 2014 where thirty seven (37) merger notifications were received and thirty four (34) closed. Of the cases that were concluded in 2015, a large number were in the following sectors shown in the table:

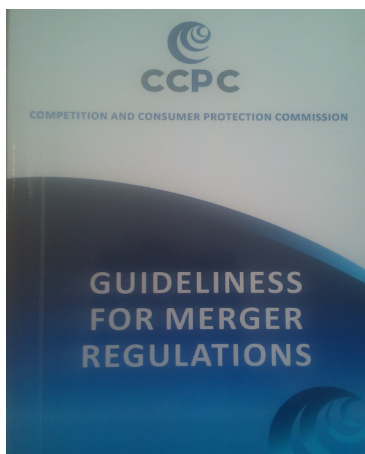


The approximate value in merger transactions handled in 2015 was USD 203 million with about 332 indirect jobs created and some maintained through the transactions. The Commission would, in 2016, continue contributing to Zambia's foreign direct investment through facilitation of merger transactions.

Amatheon enters Zambia through Merger

Amatheon Food GMBH a Germany registered company entered the Zambian market through a merger transaction when they took over 100% shares in Real Meat Company LTD. The transaction is likely to bring investment in the meat processing, distribution and retail of meat by enhancing competition in the relevant market.

Further, it has been particularly noted that the 10 mergers reviewed have resulted in 594 more jobs being created and about \$19,650,000 invested in the economy. Further, local suppliers are benefiting from such developments through their provision of goods and services to the affected companies and other projects conducted by the companies.



1.4 Merger Guidelines formulation

The Commission also embarked on formulating merger guidelines. The purpose of these guidelines for merger regulation was to give practical advice and guidance on the application of the relevant procedures and assessment methods set out in the Act and in the Regulations.

The Commission in these guidelines sets out practical applications of the provisions of the Act to best explain to stakeholders how merger analysis is carried out by the Commission. For instance, the aspect of the relevant market is critically looked at and explained as to how the Commission arrives at the relevant market of a particular product or service. The Commission had engaged stakeholders and competition experts from other jurisdictions to come up with the comprehensive guide.

1.5 Dominance and Abuse of Dominance

The economy in Zambia continues to be highly concentrated with few players in each sector. The incumbent firms in many sectors continue to possess market power with little or no entry even after twenty (20) years of liberal market. The Commission noted in the year under review that there appeared to be barriers to entry in many sectors. Thus, the Commission's main mission was to identify the barriers to entry and bring them to light to the relevant authorities in Government. The Commission noted that some policies and regulations in some regulated sectors continue to inhibit market entry and tend to strengthen incumbent positions.

New Entry in Domestic Airlines

CCPC encourages competition in all sectors of the economy, it was therefore pleasing that the domestic airlines would have a new entry, Fast Jet Airlines, in the sector. With the entry of this new airline, the sector would have more competition and the benefits of it would trickle down to the consumers.

Allegations of Abuse of Dominance in the Livestock Sector

A named hatchery complained of having been denied permit to import hatching eggs from Malawi. The hatchery alleged that it was cheaper and more efficient to import eggs from Malawi which was only 130 kilometers away as compared to purchasing them from Lusaka which was about 600 kilometers away. The hatchery further alleged that the shorter the distance meant cheaper transportation costs, time and less fatigue for the chicks resulting in lower mortality. However, even though there was no ban on the importation of hatching eggs except for table eggs, the hatchery could not get a permit due to phytosanitary measures that acted as a barrier to access the import market, thereby strengthening the market power of the incumbent firms. The Commission wrote to the relevant authorities to streamline the process of importation of hatching eggs.

2.0 Research Conducted

The Commission undertook a number of surveys, research and studies during the year under review. The table below shows the activities of the Research Unit.

Research Topic	Status
1. Does Competition kill jobs?	It was presented at the 2015 OECD Forum on Competition in October, 2015, in Paris, France.
2. Non-Tariff Barriers (NTBs)	The Commission wrote a position paper on Non-Tariff Barriers (NTBs) in the Agricultural sector at the request of the Vice President's Office and the Minister of Commerce, Trade and Industry.
3. Official Language	Report was done and sent to the Ministry of Justice.
4. 2015 Regional Price Survey	Reviewed prices of various commodities for 2015 and report to be published in 2016.
5. Health Sector	Still on-going
6. Dairy Sector	Still on-going
7. Towing	Still on-going

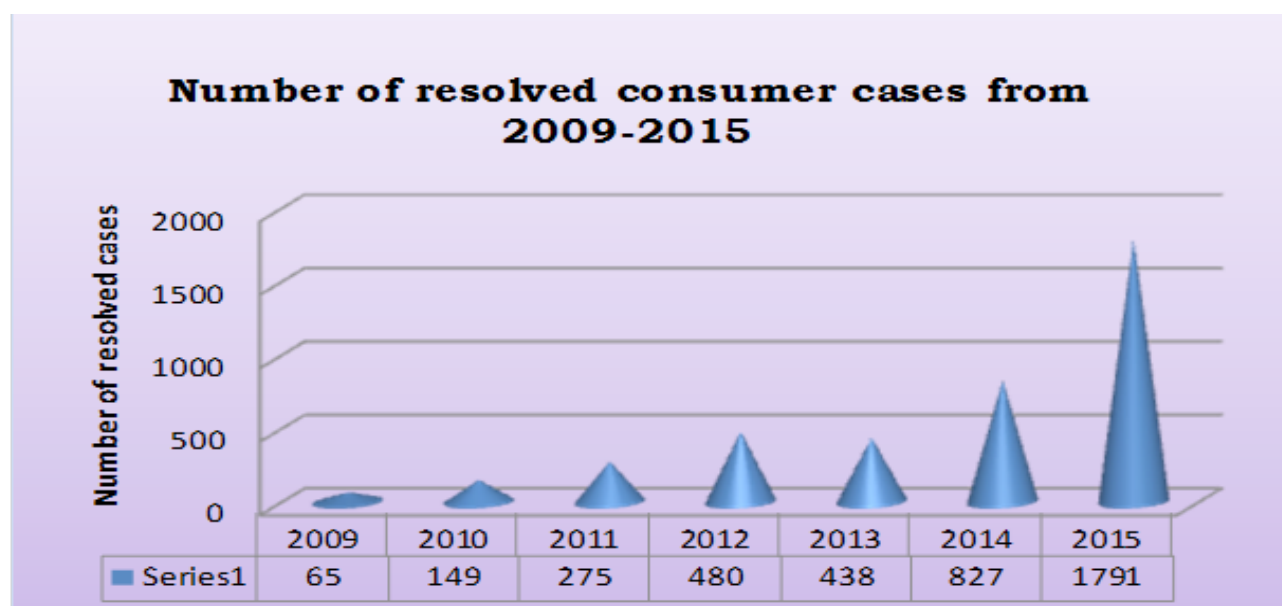
3.0 CONSUMER STRATEGIC FOCUS

3.1 Promotion and Protection of Consumer Welfare

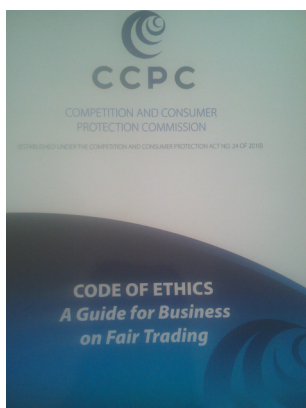


Directorate of Consumer Protection: - From left; Mr B. Muchuu (Investigator), Mr P. Chengo (Manager-North), Mr B. Lingela (Director), Ms I. Mulozi (Investigator), Mr J. Mutale (Investigator), Mr M. Musantu (Manager-South), Mr N. Himabala (Duty Officer).

During the year, the Commission continued with its programs of sensitizing the public and business communities on its mandate and functions. This was done in relation to the promotion and protection of consumer welfare and interests, as provided for under Part VII of the Act.



In 2015, the Commission saw an increase by 116% in the number of consumer complaints reported and resolved from 2014. This increase in cases reported and resolved could be attributed to the continued sensitization programs that the Commission conducted in the period under review as well as the increase in the members of staff through opening four (4) additional Provincial offices thus having coverage in all the ten (10) Provinces in the Country. The Commission projects that the growth trajectory of cases will continue to increase and that the growth will triple this year's figure in the next 3 years.



The Commission also employed targeted interventional measures such as the engagement of traditional leadership and subjects in their Chiefdoms. The Commission also conducted sensitization campaigns in all the districts including newly established ones. It also conducted several activities for competition and consumer protection School Clubs coupled with the development of a school manual. In the year under review, the Commission further produced a Manual on Business Ethics for Traders highlighting DOs and DON'Ts for businesses.

3.2 Cases Investigated on Unfair Trading Practices

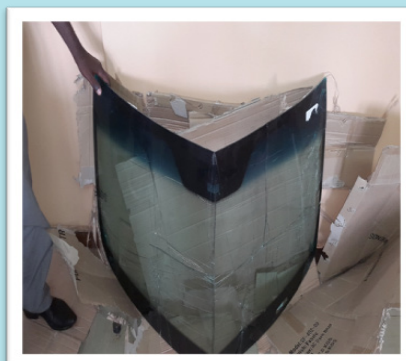
During the period under review, the Commission recorded an increase in the number of consumer cases resolved from 827 in 2014 to 1,791 in 2015. The increase is as a result of massive awareness programs by the Commission on consumer rights and obligations, in accordance with the Act. Additionally, in 2015 the Commission successfully recovered K1, 492,889.09 in product refunds and replacements national wide as compared to K704, 336.31 in 2014.

This is the amount of money consumers would have lost had it not been for the Commission's interventions. The increase in the amount could also be attributed to the effective sensitization mechanisms the Commission has employed which have seen consumers become more aware of their rights and obligations, and thus, report any unfair trading practices to the Commission.

Example of case considered under Section 46(1) as read together with 45(b) and Section 49(5) of the CCPA – Unfair Trading Practices

BOX 3: Allegations of Unfair Trading Practices against a local Courier Services Company

The Commission intervened in a case where a consumer wishing to courier a windscreen from Lusaka to Solwezi had his windscreen damaged by the courier company. The courier company had refused to redress the consumer and after investigation, the Commission determined the case in favour of the consumer.



Shattered Windscreen

3.3 Inspections carried out at trading premises



Senior Investigator Mrs Hamavhwa inspecting products (cooking oil) in a shop

The Commission undertook four (4) provincial sensitization tours in Muchinga, Western, Eastern and North-Western Provinces where a number of activities were conducted such as drama sensitization performances, sensitization talks in schools/colleges, chiefdoms and villages, market sensitization and inspection of trading premises, television and radio programs aimed at sensitizing both traders and consumers. The Commission reached out to various stakeholders in the provinces in various local languages so as to bridge the language gap in the villages. In the year under review, 63 inspections were conducted in 43 districts in 10 provinces during which 734 retail outlets were inspected. These inspections were done mainly during the sensitization campaigns conducted by the Commission in the provinces as well as quarterly inspections done by the CCPC Local Council Inspectors in their respective districts. In the year under review, the Commission's catchment area in terms of inspections and general sensitization campaigns grew in 2015 compared to 2014 because of having physical presence at provincial level.



A number of confiscated goods after an inspection in Mansa

The Provincial inspections revealed that traders in rural areas continue to stock expired goods. The Commission worked with Local Authorities and ensured that unsafe products were confiscated and destroyed. Further, disclaimers of No Refund, No Exchange have been removed from most trading places in rural areas.

3.4 Penalize Defaulting Persons

The Commission continued to penalize all parties that violated the Act. Seven (7) enterprises were fined during the period under review, mostly in relation to unfair trading practices by displaying disclaimers. In addition, the Commission recovered a total amount of K140, 000 in form of fines in the year under review.

4.0 REGULATORY COORDINATION

In the year under review, the Commission collaborated with the Energy Regulation Board (ERB) and the Zambia Weights and Measures Agency (ZWMA) in inspecting fuel pumps and dispensers so as to ensure that consumers get value for their money and further ensure that the fuel dispensed by the pump was proportional to the amount of money consumers were charged per litre. The exercise exposed some of the Filling Stations that were found wanting and appropriate action was taken by ERB as well as ZWMA.

5 VISIBILITY STRATEGIC FOCUS

5.1 Establish Presence Countrywide

5.1.1 Appointment of Inspectors in Local Authorities

As outlined in the Commission's 2011 – 2016 Strategic Plan, increasing visibility was a key strategic objective. Apart from using traditional and conventional media channels to achieve visibility, the Commission also in the year under review, continued collaborating with like-minded institutions such as Local Authorities, and Zambia Bureau of Standards (ZABS), enhancing consumer protection, especially in rural areas. The Commission appointed a new group of Inspectors, mainly from newly created districts, which were not catered for in the previous appointments. This brought the number of CCPC appointed Inspectors to 117 across the country since inception. The Inspectors act as focal point persons for the Commission in their respective jurisdictions and have helped in enhancing the Commission's visibility.



CCPC Executive Director Mr. Chilufya Sampa giving a presentation to the delegates at the CCPC workshop for Inspectors at Chrisma Hotel in Lusaka on 20 February, 2015.

In February, 2015, the Commission held an Inspector's Inception Workshop which was aimed at orienting the 56 new CCPC Inspectors and provided a platform for the Inspectors to understand their role in so far as implementation of the Act is concerned. The workshop presentations highlighted the roles of Inspectors, the procedures for conducting inspections and awareness programs as well as the report format once inspections are conducted.

5.2 Opening of Provincial Offices

The opening of, Chinsali, Kabwe, Livingstone and Mansa offices contributed greatly to the increased number of cases the Commission received and resolved across the country as members of the public in or nearby places where these offices are located were able to easily access the services of the Commission. The offices further increased the catchment area of the Commission as it now has physical presence in all ten (10) provinces. Before opening the new offices, the Commission had offices in Lusaka in the Lusaka Province, Kitwe in the Copperbelt Province, Solwezi in North-Western Province, Kasama in Northern Province, Mongu in Western Province and Chipata in the Eastern province.

5.3 Exhibiting in Agriculture, Commercial Shows and Trade Fair

As a way of enhancing visibility, the Commission used its offices in the provinces to exhibit to members of the public during various National and Provincial Fairs, Agriculture and Commercial Shows. During these exhibitions, the Commission interacted with members of the public, and shared various published and non-published information about consumer rights as well as the mandate of the Commission.

Further, in efforts to increase visibility, the Commission took part in and exhibited at the Copperbelt Mining, Agriculture and Commercial Show in Kitwe, the Zambia International Trade Fair in Ndola and the Zambia Agriculture and Commercial Show in Lusaka. During the shows, the Commission interacted with hundreds of people who visited the Stands for various reasons, including reporting of cases, getting more information regarding the mandate of the Commission. Some show-goers gave suggestions on how best the Commission could enhance consumer protection. Others visited the stands to check on how far the Commission had gone with the studies and cases it was working on.



CCPC officers elaborating the mandate to Malawian President Prof. Peter Mutharika during the 2015 Agriculture and Commercial show in Lusaka.

5.4 Participating in 2015 World Consumer Rights Day

The Commission was part of the over twenty (20) member institutions that spearheaded the 2015 World Consumer Rights Day (WCRD) Celebrations which falls every 15th March of the year. The commemoration, whose theme was “Helping Consumers Choose Health Diets”, was headed by Zambia Medicines and Regulatory Authority (ZAMRA), aimed at highlighting the need for service providers to help consumers in accessing healthy and nutritious foods. The commemoration was well received by members of the public and other stakeholders who described it as well-timed taking into account the various health concerns that had taken centre stage our economy today.



2015 World Consumer Rights Day March Past.

During the WCRD Commemoration, the Commission participated in interviews in the electronic media of television and radio. The Commission also published six (6) articles on World Consumer Rights Day Commemoration in daily newspapers.

4.5 Media Training

The Commission realised that despite various interactions with the Media in the previous years, there was still a gap existing between the two parties in the way information was relayed to the media and the way it was put across to the public by the media. The Commission also observed that the Media was one of its key stakeholders in promoting fair markets, and because of this, a number of workshops aimed at

enhancing understanding of the Commission's mandate by the Media were organised in the period under review. The Commission held Provincial Media Training Workshops in Chipata, Solwezi, Kasama, Mongu and Livingstone. These workshops were attended by media personnel in the respective provinces, and saw an increase in the number of press queries from Community Media Institutions in the above mentioned provinces.

The Provincial Media Training Workshops were followed by the National Media Training Workshop which was held in Siavonga at the end of September, 2015. The workshop was attended by fifty five (55) journalists, mainly reporters and front line Editors, from fifty five (55) private, commercial, public, religious and community media institutions strategically located across the country. The workshop was opened by the then Deputy Minister of Commerce, Trade and Industry, Honorable Miles Sampa, MP, and was aimed at enhancing the Media's understanding of the Commission's mandate and operations. The Commission envisaged that after the training, the media would have a wider understanding and appreciation of the Commission's mandate, and be able to interact with the Commission in a bid to share and disseminate information to members of the public.

Further, the Commission received a Recognition Award from the Zambia Public Relations Association (ZAPRA) for its vigorous Public Relations Campaign aimed at enhancing its visibility in the year under review. The award was presented in October 2015 to the Commission during the 4th Annual ZAPRA Conference held in Livingstone by Ministry of Information and Broadcasting Services Permanent Secretary, Mr. Godfrey Malama.

4.6 Provincial Sensitization Campaigns

As outlined in the Commission's 2011 – 2016 Strategic Plan, increasing visibility was a key strategic objective. Apart from using traditional and conventional media channels to achieve visibility, the Commission also carried out Awareness Campaigns in all the nine (9) districts in Eastern Province and ten (10) districts in Central Province. These intensive awareness campaigns were targeted at members of the general public, with special interest in institutions of learning, the traditional and civic leaders, business associations and traders. The Commission engaged locally based drama groups to disseminate information about competition and consumer protection in local languages for members of the public to easily follow and understand. The sketches and plays portrayed elements of unfair and anti-competitive conducts that take place in trading areas.

Further, during the exercise, the Commission conducted inspections in trading areas and educated traders on the provisions of the Act, alongside other laws that aimed at protecting consumers in Zambia such as the Food and Drugs Act, the Public Health Act as well as the Standards Act.



CCPC Sensitization campaigns in Central Province and Lusaka Province Respectively

5.0 INTERNATIONAL RELATIONS

In the quest to continuous improvement, the Commission participated in a number of international workshops during the year 2015.

Anti-Cartel Workshop	The World Bank in collaboration with Israel Antitrust Authority (IAA) organised and held a workshop which was aimed at equipping the participants (officers) with the necessary skills of obtaining information on cartel activities when conducting raids and interrogations of suspects and complainants.
The International Competition Network (ICN) Workshop	The Commission attended several teleconferences with the International Competition Network (ICN) Unilateral Conduct Working Group. The Commission participated in the Annual ICN Unilateral Conduct Conference held in Istanbul, Turkey November, 2015. The Commission also participated in Merger teleconferences in the ICN Merger Working Group and the Annual ICN Merger Workshop held in Brussels, Belgium from 26 th September to 28 th September 2015.
Indian Technical and Economic Cooperation (ITEC) 1st Special Course on Competition Policy and Law for African Countries	<p>The Commission attended the 14th International Competition Network (ICN) Annual General Conference which took place in Sydney, Australia from 28th April to 1st May, 2015.</p> <p>The Commission participated in the ITEC special course on "Competition Policy and Law for African countries," which took place at the National Law University, New Delhi from 16th February to 1st March, 2015.</p>
International Consumer Protection and Enforcement Network (ICPEN) Conference	<p>The aim was to strengthen capacity and encourage interaction among developing countries' Competition Authorities, thus share experiences in addressing various challenges arising from drafted legal documents and operational limitations: thereby develop solutions that fit respective economic, political and social dynamics of each country.</p> <p>The Conference was premised on the need to share a platform on how to deal with consumer protection complaints that border on E-commerce.</p> <p>Specifically, it aimed at generating and sharing information and intelligence on consumer protection issues; sharing best practices in legislative and enforcement approaches to consumer protection; identifying and promoting measures for effective consumer enforcement, promoting and encouraging wider participation and cooperation with other consumer protection enforcement organizations.</p>

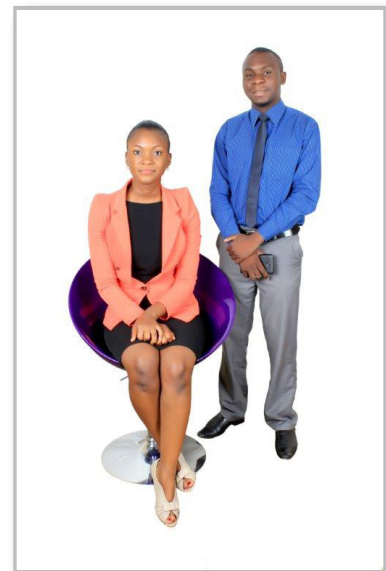
Organisation for Economic Cooperation and Development (OECD) 14th Global Forum on Completion	The Commission presented a paper on competition and jobs at this forum.
Swedish International Development Agency (SIDA), Private Sector Development Programme (PSDP).	The Commission was part of the workshop sponsored by SIDA on the role of the public institutions in creating an enabling environment to drive economic growth through a thriving private sector.
Practical Skills for competition Investigation Regional Workshop	The workshop focused on practical skills for Competition Investigations. What was learnt about Mergers review and analysis, legal writing skills, how to conduct interviews, how to collect evidence and how to prove agreements in the absence of direct evidence.
African Dialogue Conference (ADC)	<p>African Dialogue Conference on consumer protection held on 17th – 20th August, 2015 in Cairo, Egypt was the seventh annual conference from the inception of African Dialogue.</p> <p>The theme of the conference was “Achieving Effective Consumer Protection through Law Enforcement Collaboration & Adjudication.”</p>

6.0 CONCLUSION

The year 2015 saw the Commission rise to higher levels as it was able to achieve its Competition and Consumer Strategic Focus. It further, enhanced its visibility through its country wide presence, mass Provincial sensitization campaigns, media trainings, exhibitions at the agriculture, commercial shows and trade fairs and participation in the annual World Consumer Rights Day. The Commission did not only liaise locally but had well attended international workshops to broaden its knowledge.



Lusaka Administration Staff



Chipata office staff



Kitwe Office Staff



Chinsali Office Staff



COMPETITION AND CONSUMER
PROTECTION COMMISSION

(ESTABLISHED UNDER THE COMPETITION AND CONSUMER PROTECTION ACT NO. 10 OF 2010)

**Annual Report and Financial
Statements**

FOR THE YEAR ENDED 31ST DECEMBER 2015



COMPETITION AND CONSUMER PROTECTION COMMISSION
(ESTABLISHED UNDER THE COMPETITION AND CONSUMER PROTECTION ACT NO. 10 OF 2010)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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REPORT OF THE COMMISSIONERS

The Commissioners of the Competition and Consumer Protection Commission ("the Commission") submits its report together with the financial statements of the Commission for the year ended 31st December 2015.

1. Establishment and Functions

The Competition and Consumer Protection Commission ("the Commission") was established in 1997 under the name Zambia Competition Commission ("ZCC"). The name was then changed in 2010 to *Competition and Consumer Protection Commission* ("CCPC") following the enactment of the new Act called the *Competition and Consumer Protection Act (CCPA)* No. 24 of 2010 and repeal of the old Act.

2. Principal Activity and Place of Business

The Commission has a dual role of consumer protection and handling complaints against fair trading. All consumer complaints are covered country wide and in all sectors of the Republic. The Commission conducts its principal activities on the 4th Floor of the Main Post Office, Lusaka, where it is headquartered, and in nine regional offices in the districts of Kitwe, Mongu, Solwezi, Kasama, Livingstone, Kabwe, Chinsali, Mansa and Chipata.

3. Activities and Services

The functions of the *Commission*, as set out in CCPA No. 24 of 2010 are to:

- (a) Review the operation of markets in Zambia and the conditions of competition in those markets;
- (b) Review the trading practices pursued by enterprises doing business in Zambia;
- (c) Investigate and assess restrictive agreements, abuse of dominant positions and mergers;
- (d) Investigate unfair trading practices and unfair contract terms and impose such sanctions as may be necessary;
- (e) Undertake and publish general studies on the effectiveness of competition in individual sectors of the economy in Zambia and on matters of concern to consumers;
- (f) Act as a primary advocate for competition and effective consumer protection in Zambia;
- (g) Advise Government on laws affecting competition and consumer protection;
- (h) Provide information for the guidance of consumers regarding their rights under the Act;
- (i) Liaise and exchange information, knowledge and expertise with competition and consumer protection authorities in other countries;

- (j) Advise the Minister on agreements relevant to competition and consumer protection and on any other matter relating to competition and consumer protection;
- (k) Co-operate with and assist any association or body of persons to develop and promote the observance of standards of conduct for the purpose of ensuring compliance with the provisions of this Act; and
- (l) Do all such acts and things as are necessary, incidental or conducive to the better carrying out of its functions under this Act.

4. Capital and Resources

(a). Capital

The Commission has no subscription capital; its capital resources comprise mainly of accumulated funds.

(b). Resources

The Commission is a grant aided body, fully funded by the Government of the Republic Of Zambia.

5. Financial and Operational Highlights

(a) Operating Results

The operating surplus for the year amounted to **K1.356million** (2014: Surplus: K3.308million).

(b) Income

- Total grants received from the Government of the Republic of Zambia amounted to **K30.884million** (2014: K18.905million).
- Sundry income attributable to non-GRZ revenues amounted to **K1.426million** (2014: K1.112million).

(c) Expenditure

Administration and operating expenditure totalled **K30.955million** (2014: K17.028million). The main operating costs were costs of personnel **K16.811million** (2014: K9.133million) and recurrent expenditures **K12.175million** (2014: K6.718million).

(d) Capital Expenditure

Fixed assets amounting to **K4.058million** (2014: K2.899million) were acquired during the year under review. No major changes were made to the accounting policies and use of fixed assets.

6. Risk Factors

The Commission faces a number of operational, legal and financial risks in its operations:

(a) Operational Risk

Operational risk is the risk of losses from inadequate or failed internal processes and systems, caused by human error or external events. It has a broad scope and includes *transaction authorisation and processing; completeness of income recording; payments processing and the management of information, data quality and records*. The following are the main risks noted under this classification:

- (i). **Financial Crime Risk** - Financial crime risk is the risk that the Commission suffers losses as a result of internal and external fraud or intentional damage, loss or harm to people, premises or its moveable assets. The risk in the Competition and Consumer Protection Commission is directly attributable to its *people risk*.
- (ii). **People Risk** - People risk arises from failures of the Commission to manage its key risks as an employer, including lack of appropriate people resource, failure to manage performance and reward, unauthorised or inappropriate employee activity and failure to comply with employment related requirements.

(b) Legal Risk

The Commission is subject to a comprehensive range of legal obligations, mostly covered by the *Competition and Consumer Protection Act No. 10 of 2010*. As a result, it is exposed to many forms of legal risk, which may arise in a number of ways: its business may not be conducted in accordance with requirements of the *Act*; contractual obligations may either not be enforceable as intended or may be enforced against the Commission in an adverse way; the Commission may face risk where legal proceedings are brought against it, in the course of carrying out its mandate, etc. Regardless of whether such claims have merit, the outcome of legal proceedings is inherently uncertain and could result in financial loss. Defending legal proceedings can be expensive and time-consuming and there is no guarantee that all costs incurred will be recovered, even if the Commission is successful.

(c) Reporting Risk

- (i). **Financial Reporting Risk** - Financial reporting risk arises from a failure or inability to comply fully with regulations or codes in relation to the preparation, presentation or disclosure of financial information. Non-compliance could lead to damage to reputation or, in extreme cases, withdrawal of external funding.
- (ii). **Accounting Risks** - The Commission's future performance and results could be materially different from expected results depending on the outcome of certain potential risks and uncertainties, details of which are discussed above. The reported results of the Commission are also sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. Details of its critical accounting policies and key sources of accounting judgments are included on pages 14 to 23.

- (iii). **Financial Risks** - The Commission through its normal operations is exposed to a number of risks on its financial instruments, the most significant of which are *credit and liquidity*. *Market (currency and interest) risks* are generally low. The two main risks on its financial instruments are generally deemed to be within manageable limits. The Commission's financial risk exposures are discussed on pages 28 to 30 in Note 9 to the financial statements.

7. Risk Management and Control

As explained on Statement 6 above, the Commission through its normal operations is exposed to a number of risks, the most significant of which are *operational, legal and financial risks*. The Commissioners are responsible for establishing and ensuring maintenance of adequate internal controls over financial reporting. However, all internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

8. Commissioners

(a) Composition

The operations of the Commission are governed by Commissioners. The membership of this Board of Commission is as provided for in *the Act*.

(b) Members

- Mr. Kelvin Fube Bwalya	Chairperson
- Mr. Simomo S Akapelwa	Vice Chairperson
- Mr. Musenga A Musukwa	Commissioner
- Mrs. Irene Z. Mbewe	Commissioner
- Mr. John Mulongoti	Commissioner-Commerce
- Mr. Goodwell L Kapema	Commissioner
- Mrs Susan Wanjelani	Commissioner --Justice
- Mr. Chilufya Sampa	Executive Director/Ex Officio

The appointments of the Chairman and Vice-Chairperson are done by the Minister.

9. Executive Management

- Mr. Chilufya Sampa	Executive Director
- Ms Luyamba Mpamaba	Director Mergers and Monopolies
- Mr. Brian Lingela	Director Consumer Protection
- Mrs. Maureen Banda Mwanza	Director Corporate and Regulatory Affairs
- Mr. Vestus Chungu	Director Finance and Administration
- Mrs. Marian Mwalimu-Mulenga	Manager Legal and Enforcement

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

- Mrs. Beene Shadunka Siyumbwa	Human Resource and Administration manager
- Mr. Shakayobo Shandavu	Finance Manager
- Mr. Wesley Kalapula	Chief Analyst
- Mr. Patrick C. Chengo	Chief Investigator -North
- Mr. Moses Musantu	Chief Investigator -South
- Mr. Parret Muteto	Chief Investigator -Mergers
- Mr. Naomi Mbanagwa Fulaza	Chief Investigator -Restrictive Business Practice

10. Related Party Transactions

The Commission has a common enterprise relationship with Government of the Republic of Zambia ("GRZ") and its departments. Other related party relationships and material balances that the Commission has with its related parties are listed in Note 10 to the financial statements.

11. Pension Trust Scheme

The Commission also has a pension scheme for all permanent and pensionable staff with Zambia State Insurance Corporation ("ZSIC") Pension Trust Fund. It is a defined contribution retirement benefit plan for all qualifying employees, with minimum contributions being 5% of employee compensation, in a 1:2 split between the member and the employer.

12. Post Balance Sheet Events

There have been no significant events between the year-end and the date of approval of these financial statements.

13. Auditors

EMM Corporate Partners

On behalf of the Commissioners:



Executive Director

7th June 2016

Date

STATEMENT OF RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The following statement, which should be read in conjunction with the Auditors' report on page 7, is made with a view to distinguishing the respective responsibilities of the Commissioners of the Competition and Consumer Protection Commission ("the Commission") and of the auditors in relation to the financial statements for the year to 31st December 2015.

Statement of Responsibility for Financial Statements

In conformity with *International Financial Reporting Standards ("IFRSs")*, the Commissioners are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Commission and of the operating result for that year. *IFRSs* provide, in relation to such accounts, that references to accounts giving a true and fair view are references to fair presentation. The Commissioners consider that, in preparing the financial statements on pages 9 to 13, and the additional information contained on pages 14 to 31, the Commission has used appropriate accounting policies, supported by reasonable judgements and estimates, and all accounting standards which it considers to be applicable.

The Commissioners have responsibility for ensuring that the Commission keeps accounting records which disclose with reasonable accuracy the financial position of the Commission and which enable it to ensure that the financial statements comply with generally accepted reporting standards. The Commissioners have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Commission and to prevent and detect fraud and other irregularities. The Commissioners accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with *IFRSs*. In preparing such financial statements, the Commissioners are required to: select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent; state whether the applicable accounting standards have been followed; and comply with *IFRSs*.

In the opinion of the Commissioners:

1. The statement of comprehensive income is drawn up so as to give a true and fair view of the result of the Commission for the year ended 31st December 2015;
2. Based on current records that it holds:
 - (a) The statement of financial position is drawn up so as to give a true and fair view of the state of affairs of the Commission as at 31st December 2015 and
 - (b) There are reasonable grounds to believe that the Commission will be able to pay its debts as and when they fall due.

Accordingly, the financial statements set out on pages 9 to 14 were approved by the Commissioners on 6th June 2016 and signed on its behalf by:


Chairman


Commissioner

EMM Corporate Partners

Chartered Accountants and Management Consultants



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CPA Associates International (CPAAI) is a worldwide association of accounting and consulting firms with its head office in New York, USA. EMM is a proud CPA Associate of the Europe, Middle East and Africa (EMEA) region of CPAAI.



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REPORT OF THE INDEPENDENT AUDITORS

Report on the Financial Statements to the Minister of Finance

We have audited the accompanying financial statements of the Competition and Consumer Protection Commission ('the Commission') set out on pages 9 to 14. These financial statements comprise the statement of financial position, at 31st December 2015, the statement of comprehensive income, statement of changes in funds and statement of Cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial reporting framework that has been applied in their preparation is *International Financial Reporting Standards ('IFRS')* as issued by the International Accounting Standards Board ('IASB').

Respective Responsibility of the Commissioners and Auditors for the Financial Statements

As explained more fully in the Responsibilities Statement on Page 6, the Commissioners are responsible for the preparation and fair presentation of these financial statements in accordance with *International Financial Reporting Standards* and for being satisfied that they give a true and fair view. 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. Our responsibility is to express an independent opinion on the financial statements based on our audit.

Scope of the Audit of the Financial Statements

We conducted our audit in accordance with *International Standards on Auditing*. Those standards require that we comply with ethical requirements and plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including assessments of risks of material misstatement in the financial statements, whether due to fraud or error. In making the risk assessment, the auditor considers internal control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by those charged with governance, 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 opinion.

Opinion on Financial Statements

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as of 31st December 2015, and results of its operations and cash flows for the year then ended.

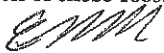
EMM Corporate Partners

Separate Opinion in relation to IFRS as issued by the IASB

The Commission has prepared Financial Statements that comply with IFRS as issued by the IASB. In our opinion, the Financial Statements comply with IFRS as issued by the IASB.

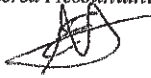
Report on Other Legal Requirements

In carrying out our audit we are required to consider whether the Commission has kept the accounting and other records, and has issued all reports in such form and manner as required by the *Competition and Consumer Protection Act No. 10 of 2010* ("the Act"). We confirm that, in our opinion, the Commission has complied with the record-keeping and reporting requirements, so far as appears from our examination of those records and reports.



EMM CORPORATE PARTNERS

Chartered Accountants and Management Consultants



Elasto Mambo
Partner
PC: MPC: 000132

8/06/2016

Date

COMPETITION AND CONSUMER PROTECTION COMMISSION
(ESTABLISHED UNDER THE COMPETITION AND CONSUMER PROTECTION ACT NO. 10 OF 2010)

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

STATEMENT OF SURPLUS OF DEFICIT
Amounts in Kwacha

	Note	2015	2014
INCOMING RESOURCES			
Income from Operating Activities			
Grant Income	1.	30,884,400	19,224,339
Non-Operating Income			
Other Income	2.	1,426,956	1,112,749
Total Incoming Resources		32,311,356	20,337,088
RESOURCES EXPENDED			
Depreciation	3.	1,968,087	1,141,886
Employee Costs		16,811,216	9,133,176
Loss on Disposal		-	35,697
Recurrent Expenditure		12,175,761	6,717,833
		30,955,063	17,028,592
Net Income		1,356,293	3,308,496
<u>Other Comprehensive Income:</u>		-	-
Total Comprehensive Income		1,356,293	3,308,496
<i>Total net income attributable to:</i>			
Controlling interests		1,356,293	3,308,496
Non-controlling interests		-	-
		1,356,293	3,308,496

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STATEMENT OF COMPREHENSIVE INCOME
Amounts in Kwacha

	2015	2014
Net Income	1,356,293	3,308,496
Other Comprehensive Income:		
<u>Items that will not be subsequently reclassified to profit and loss:</u>	-	-
<u>Items that may be subsequently reclassified to profit and loss:</u>	-	-
	-	-
Total Comprehensive Income	1,356,293	3,308,496
<i>Total comprehensive income attributable to:</i>		
Controlling interests	1,356,293	3,308,496
Non-controlling interests	-	-
	1,356,293	3,308,496

COMPETITION AND CONSUMER PROTECTION COMMISSION
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STATEMENT OF CHANGES IN FUNDS
Amounts in Kwacha

Amounts are Stated in Zambian Kwacha	Total equity
Balance at 1 January 2014	13,048,481
Surplus (Deficit) for the Year	3,308,496
Total changes	3,308,496
Balance at 1 January 2015	16,356,977
Surplus (Deficit) for the Year	1,356,293
Total changes	1,356,293
Balance at 31 December 2015	17,713,270

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STATEMENT OF CASH FLOWS
Amounts in Kwacha

	Notes	2015	2014
Cash Inflow From Operating Activities			
Operating Result		1,356,293	3,308,496
Depreciation	3.	1,968,087	1,141,886
(Gain) Loss on Disposals	3.	(20,250)	35,697
Grant Amortisation	1.	-	(319,335)
Increase in Accounts Receivable		(778,004)	(557,027)
Interest Received		(1,402,437)	(1,112,536)
(Decrease)/Increase in Accounts Payables		(92,566)	622,762
Increase/(Decrease) in Employee Benefit		1,551,026	499,189
Cash Generated From Operations		2,582,150	3,619,133
Interest Received		1,402,437	1,112,536
Net Cash Inflow From Operating Activities		3,984,586	4,731,669
Investing Activities			
Payments to Acquire Tangible Fixed Assets	3.	(4,058,646)	(2,899,340)
Proceeds From the Disposal of Assets		20,251	20,250
Net Cash Outflow on Investing Activities		(4,038,395)	(2,879,090)
Financing Activities			
Net Cash flow on Financing		-	-
Changes in Cash and Cash Equivalents		(53,808)	1,852,578
Cash and Cash Equivalents at start of year		16,268,358	14,415,781
Cash and Cash Equivalents at end of year		16,214,550	16,268,358
Represented By:			
Bank Balances	5.	16,214,549	16,268,358
		16,214,549	16,268,358

COMPETITION AND CONSUMER PROTECTION COMMISSION
(ESTABLISHED UNDER THE COMPETITION AND CONSUMER PROTECTION ACT NO. 10 OF 2010)

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STATEMENT OF FINANCIAL POSITION
Amounts in Kwacha

	Notes	2015	2014
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	3.	4,573,740	2,483,182
Investments			
		4,573,740	2,483,182
Current Assets			
Trade and other Receivables	4.	2,611,648	1,833,644
Cash and Cash Equivalents	5.	16,214,549	16,268,358
		18,826,197	18,102,002
Total Assets		23,399,938	20,585,184
FUNDS AND LIABILITIES			
Funds			
Income Funds		17,713,269	16,356,975
Current Liabilities			
Payables, Accruals & Provisions	7.	2,427,952	2,520,518
Employee Benefits	6.	3,258,717	1,707,691
		5,686,669	4,228,209
Total Funds and Liabilities		23,399,938	20,585,184

The financial statements on pages 9 to 13 were approved by the Commissioners on 6th June 2016 and signed on its behalf by:

Chairperson: 

Commissioner: 

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basis of preparation and accounting policies used in preparing the financial statements for the year ended 31st December 2015 are set out below:

1. Basis of Preparation

The financial statements for the year ended 31st December 2015 are prepared on a going concern basis and in accordance with *International Financial Reporting Standards* issued by the International Accounting Standards Board ("IASB") and interpretations issued by the *International Financial Reporting Interpretations Committee ("IFRIC")* of the IASB. The financial statements have also been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

2. Statement of Compliance

As explained above, the financial statements have been prepared in accordance with *International Financial Reporting Standards* applicable for the reporting period to 31st December.

3. Adoption of New and Revised International Financial Reporting Standards ("IFRSs")

(a) New and amended standards and interpretations

The Commission applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2015. The Commission has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2015, they did not have a material impact on the annual financial statements of the Commission. The nature and the impact of each new standard or amendment is described below:

- (i). *Amendments to IAS 19 Defined Benefit Plans: Employee Contributions*. This amendment is not relevant to the entity.

(ii). *Annual Improvements 2010-2012 Cycle*

With the exception of the improvement relating to IFRS 2 Share-based Payment applied to share-based payment transactions with a grant date on or after 1 July 2014, all other improvements are effective for accounting periods beginning on or after 1 July 2014. The Commission has applied these improvements for the first time in these financial statements. They include:

- *IFRS 2 Share-based Payment*. This amendment is not relevant for the entity
- *IFRS 3 Business Combinations*. This amendment is not relevant for the entity

- *IFRS 8 Operating Segments:* The amendments are applied retrospectively and clarify that: An entity must disclose the judgements made by management in applying the aggregation criteria in paragraph 12 of IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'; The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities; The Commission has not applied the aggregation criteria in IFRS 8.12. The Commission has presented the reconciliation of segment assets to total assets in previous periods and continues to disclose the same in this period's financial statements as the reconciliation is reported to the chief operating decision maker for the purpose of her decision making.
- *IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets:* The amendment is applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. This amendment did not have any impact to the revaluation adjustments recorded by the Commission during the current period.
- *IAS 24 Related Party Disclosures:* The amendment is applied retrospectively and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the Commission as it does not receive any management services from other entities.

(iii). *Annual Improvements 2011-2013 Cycle*

These improvements are effective from 1 July 2014 and the Commission has applied these amendments for the first time in these financial statements. They include:

- *IFRS 3 Business Combinations:* this amendment is not relevant for the entity.
- *IFRS 13 Fair Value Measurement:* The amendment is applied prospectively and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The Commission does not apply the portfolio exception in IFRS 13.

- *IAS 40 Investment Property*: The description of ancillary services in IAS 40 differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). This amendment is not relevant for the entity.

(b) Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Commission's financial statements are disclosed below. The Commission intends to adopt these standards, if applicable, when they become effective:

- (i). *IFRS 9 Financial Instruments*: IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.
- (ii). *IFRS 14 Regulatory Deferral Accounts*: IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Commission is an existing IFRS preparer, this standard would not apply.
- (iii). *IFRS 15 Revenue from Contracts with Customers*.
- (iv). *Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests*.
- (v). *Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation*: The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Commission given that it has not used a revenue-based method to depreciate its non-current assets.
- (vi). *Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants*.
- (vii). *Amendments to IAS 27: Equity Method in Separate Financial Statements*.
- (viii). *Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*: These amendments are not expected to have any impact on the Commission.
- (ix). *Annual Improvements 2012-2014 Cycle*: These improvements are effective for annual periods beginning on or after 1 January 2016. They include:
 - *IFRS 5 Non-current Assets Held for Sale and Discontinued Operations*
 - *IFRS 7 Financial Instruments: Disclosures*

- *IAS 19 Employee Benefits*
- *IAS 34 Interim Financial Reporting*
- *Amendments to IAS 1 Disclosure Initiative* The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify: The materiality requirements in IAS 1; That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated; That entities have flexibility as to the order in which they present the notes to financial statements; That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss; and Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Commission.
- *Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception* The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Commission.

There are no other *IFRSs* or *IFRIC interpretations* that are not yet effective that would be expected to have a material impact on the Commission.

4. Foreign Currencies

In preparing the financial statements, transactions in foreign currencies are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the period in which they arise.

5. Property, Plant and Equipment

(a) Cost and Valuation

Items of plant and equipment are stated at cost, as deemed cost, less accumulated depreciation (see 5(c) below) and impairment losses (see accounting policy 5(d)). The cost of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use. Property is stated in the statement of financial position at its net book value.

(b) Subsequent Expenditure

The Commission recognises, in the carrying amount of a tangible fixed asset, the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Commission and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

(c) Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method, with full year depreciation being charged in the year of acquisition at the following rates:

(i). Intangibles, Fixtures, Fittings and Equipment	-	20% - 25%
(ii). Motor vehicles	-	20%

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.

(d) De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is de-recognised.

(e) Impairment

At each reporting date, the Commission assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Commission makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

6. Financial Instruments

(a) Composition

The Commission's financial instruments consists of cash and equivalents, accounts and sundry receivables, accounts payables, employee benefits provision, accrued liabilities and provisions due to sundry suppliers and government departments and/or authorities to whom statutory deductions are due.

Cash and cash equivalents, accounts receivable, payables, and accrued liabilities are reflected in the statement of financial position at cost, which approximates to fair value due to the short-term nature of these instruments.

(b) Financial Assets

(i). Classification

The Commission's principal financial assets are cash and cash equivalents and accounts receivable from revenue arising from rendering of services and sundry receivables from administrative advances, prepayments and deposits:

- Cash and cash equivalents include cash in hand and deposits held at call with banks, including bank overdrafts. Bank overdrafts are shown as net of cash balances within current assets on the statement of financial position.
- Accounts receivables and sundry receivables are stated in the balance sheet at original amount less an allowance for any uncollectible amounts. An estimate for impairment is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

(ii). Impairment

Financial assets are considered to be impaired when 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 affected.

(iii). De-recognition

The Commission derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset.

(c) *Financial Liabilities*

(i). *Classification and Measurement*

Financial liabilities are classified according to the substance of the contractual arrangements entered into:

- **Payables and accruals** are stated at their nominal value.
- **Provisions** are recognised when the Commission has a present legal or constructive obligation as a result of a past event, and it is probable that the Commission will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a 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.
- **Retirement Benefit Obligations:** The Commission's staff, predominantly part time in the year, were not registered for contributions to the National Pension Scheme Authority, which is a defined contribution (social security) scheme, under which an employer pays fixed contributions into a separate entity. The employer has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.
- **Pension Scheme:** The employee pension scheme, which is held with ZSIC Pension Trust Fund, is a defined contribution scheme for all qualifying employees. Contributions to the scheme are split between employee and employer, in a 1:2 split of at least 5% of employee compensation. The assets of the scheme are held in separate trustee-administered funds. The Commission has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The total expense recognised in the income statement represents contributions payable to these plans by the Commission at rates specified in the rules of the plans.
- **Other Employee Benefits** - The estimated monetary liability for employees' accrued gratuity pay entitlement at the balance sheet date is recognised as an expense accrual.
- **Contingent Liabilities**

Contingent liabilities are initially measured at fair value. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with IAS 37 *Provisions, Contingent*

Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation recognised in accordance with *IAS 18 Revenue*.

(ii). *De-recognition*

The Commission derecognises financial liabilities when, and only when, the Commission's obligations are discharged, cancelled or they expire.

(d) *Offsetting of Financial Assets and Liabilities*

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

(e) *Fair Values of Financial Assets and Liabilities*

The carrying amounts of financial assets and liabilities are, in the opinion of the Commissioners, not significantly different from their respective fair values due to generally short periods to maturity dates. Liabilities in respect of retirement benefit contributions, which are of a long-term nature are reflected at cost as the benefit plan operated by the Commission is a defined contribution scheme, under which the Commission's liability is limited to shortfalls between total contributions paid and amounts payable as at the reporting date.

7. Grants

Grants are not recognised until there is reasonable assurance that the Commission will comply with the conditions attaching to them and that the grants will be received. Grants whose primary condition is that the Commission should purchase, or otherwise acquire non-current assets are recognised as capital grants in the statement of financial position and transferred to income on a systematic and rational basis over the useful lives of the related assets. Other grants are recognised as deferred revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Commission with no future related costs are recognised in income in the period in which they become receivable.

8. Taxation

No allowance is made for income or deferred taxes as the Commission is exempt from taxation.

9. Capital Management

Capital resources comprise accumulated funds and unamortised portions of grant balances. The Commission's objectives for the management of capital are to safeguard its ability to continue as a going concern. The Commission considers its cash and cash equivalents to be the manageable capital

from its financial resources. The Commission's policy is to maintain sufficient cash balances to cover operating and administration costs over a reasonable future period. The Commission currently has no externally-imposed capital requirements except to maintain sufficient cash balances.

10. Revenue

- (a). **Principal revenue** comprises revenue grants and amortised portions of deferred revenue. The Commission is a grant aided body, fully funded by the Government of the Republic Of Zambia. In addition to Government funding, the Act permits the Commission to seek funding from donors and other multilateral institutions.
- (b). **GRZ Fees** paid to the Commission are recognised in restricted funds (for GRZ) when they are received and remitted to control accounts at the Central or commercial banks.
- (c). **Other income** comprises mostly non-operating income.

11. Administrative Costs

Operating and administrative costs are accrued as incurred.

12. Financial Risks

The Commission's activities expose it to a variety of financial risks. The most important types of risk are *credit risk*, and *liquidity risk*. Policies and exposures on risks and financial instruments are discussed in Note 9 to the financial statements.

13. Critical Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

- (a). **Areas of judgement that have the most significant effect on the financial statements:**
 - (i) Grant accounting and amortisation
 - (ii) Estimation of asset lives and carrying values
 - (iii) Determination of fair values of non-current assets
 - (iv) Provisions and contingencies
- (b). **Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are:**
 - (i) Review of asset carrying values and impairment charges and reversals
 - (ii) Estimation of employee related provisions and post-retirement benefits

14. Comparatives

Where necessary, corresponding figures have been reclassified to conform to changes in the presentation of the current period.

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	2015	2014
1. Grant Income		
(a) Summary of Revenue Grants		
Revenue Grants from GRZ	30,884,400	18,905,005
Amortisation of Deferred Income (Note 1 (c)(i))	-	319,335
	30,884,400	19,224,339
Revenue Grants received are for the sole purpose of conducting the activities of the Commission. Budgets and work plans are submitted to the Ministry of Finance and National Planning for approval.		
(b) Revenue Grants		
Revenue grants from GRZ represents grant funding received from government on a quarterly basis with no future related costs, and charged to income in the period of receipt.		
(c) Movements in Deferred Revenue		
Amortised grant income represents capital asset grants, grant funds received from government for the acquisition of assets, or for specific non-capital expenditures and charged to income over the period necessary to match them with the costs for which they are intended to compensate, on a systematic basis:		
(i) Movements in Capital Grants		
Balance at Start of Year	-	319,334
Transferred to Income	-	(319,334)
Balance at End of Year	-	-
(ii) Total Amortisation		
Capital Grant Amortisation	-	319,334
	-	319,334
2. Other Income		
Interest Received	1,402,437	1,112,536
Profit on Sale of Non-current Assets	20,250	-
Sundry Income	4,270	213
	1,426,956	1,112,749

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3. Property, Plant and Equipment

	Motor Vehicles	Office Equipment	Computer Equipment	Furniture & Fittings	Total
<u>Cost</u>					
At 1 January 2015	3,766,979	296,734	668,672	566,696	5,299,082
Additions	3,163,425	353,616	345,519	196,086	4,058,646
Disposals	(216,873)	-	-	-	(216,873)
At 31 December 2015	6,713,531	650,350	1,014,191	762,782	9,140,854
<u>Depreciation</u>					
At 1 January 2015	1,847,730	192,023	456,256	319,891	2,815,900
Charge for year	1,526,713.90	129,185.35	169,756.58	142,430.98	1,968,087
Eliminated on Disposals	(216,873)	-	-	-	(216,873)
At 31 December 2015	3,157,571	321,208	626,013	462,322	4,567,114
<u>Carrying Amounts</u>					
At 31 December 2014	1,919,249	104,712	212,416	246,805	2,483,182
At 31 December 2015	3,555,960	329,142	388,178	300,460	4,573,740

3. Plant and Equipment (Cont'd)

	Motor Vehicles	Office Equipment	Computer Equipment	Furniture & Fittings	Total
<u>Cost</u>					
At 1 January 2014	1,879,671	190,951	505,506	271,188	2,847,317
Additions	2,334,883	105,783	163,166	295,508	2,899,340
Disposals	(447,575)	-	-	-	(447,575)
At 31 December 2014	3,766,979	296,734	668,672	566,696	5,299,082
<u>Depreciation</u>					
At 1 January 2014	1,383,566	134,496	342,812	204,768	2,065,642
Charge for year	855,792.70	57,527	113,444.09	115,123.02	1,141,886
Eliminated on Disposals	(391,628)	-	-	-	(391,628)
At 31 December 2014	1,847,730	192,023	456,256	319,891	2,815,900
<u>Carrying Amounts</u>					
At 31 December 2013	496,105	56,455	162,694	66,420	781,675
At 31 December 2014	1,919,249	104,712	212,416	246,805	2,483,182

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	2015	2014
4. Accounts Receivable		
(a) Staff Receivables		
Medical Schemes	173,538	107,693
Staff Debtors	1,513,456	1,186,983
Staff Medical Advances	17,305	12,681
	1,704,299	1,307,358
(b) GRZ Related Receivables		
GRZ Funding	-	-
Statutory Fee Debtors	-	279,140
Ministry of Commerce Trade and Industry	524,912	-
	524,912	279,140
(c) Sundry Receivables		
Deposits	70,483	35,977
Imprest	61,248	42,073
Prepayments	147,561	105,179
Total Zambia	76,187	53,134
ZRA Security Deposit	26,959	10,784
	382,437	247,147
Total Receivables	2,611,648	1,833,644
5. Cash and Cash Equivalents		
(a) Bank and Cash Balances		
Standard Chartered:		
(i) Loan and Research Account	210,236	70,899
(ii) General Account	225,995	1,547,656
(iii) Main Account	3,407,134	3,557,773
Petty Cash	43,949	14,689
	3,887,314	5,191,017
(b) Short-Term Bank Deposits		
Placed with Barclays Bank	2,646,585	2,409,133
Placed with Finance Bank	3,941,698	3,551,285
Placed with Investrust Bank	4,982,437	4,460,171
Placed with Intermarket Banking	756,515	656,751
	12,327,235	11,077,341
Net Cash and Equivalents	16,214,549	16,268,358

(b) The Commission had no overdrafts or other bank-financed facilities.

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	2015	2014	
6. Employee Benefits and Provisions			
(a) Balances in Employee Benefits Provision			
Leave Pay Provision	1,333,782	770,797	
Gratuity Provision	1,924,936	936,894	
	3,258,717	1,707,691	
(b) Analysis of Movements in Provisions			
	Leave Pay	Gratuity	Total
At December 2015			
Opening Balance	770,797	936,894	1,707,691
Charge for Period	730,790	1,372,207	2,102,997
Payments	(167,805)	(384,165)	(551,971)
	1,333,782	1,924,936	3,258,717
At December 2014			
Opening Balance	510,740	697,762	1,208,503
Charge for Period	260,057	576,512	836,569
Payments	-	(337,380)	(337,380)
	770,797	936,894	1,707,691
7. Payables, Accruals and Provisions			
(a) GRZ Related Payables			
GRZ Payables (Fines Received)	30,564	1,214,469	
GRZ Funding	416,666	416,666	
	447,230	1,631,135	
(b) Amounts Payable to Staff			
Terminal Benefits	458,000	-	
Staff Accruals	524,638	30,425	
	982,638	30,425	
(c) Other Payables, Accruals and Provisions			
Audit Fees	44,527	46,342	
Legal Fees	150,000	-	
Sundry Suppliers	193,757	254,694	
Suppliers Control Account	49,082	90,768	
Zambia Revenue Authority	560,717	467,154	
	998,083	858,958	
Total Payables, Accruals and Provisions	2,427,952	2,520,518	

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8. Financial Instruments

The Commission faces exposure to the following financial risks:

(a). *Total Financial Instruments*

31 December 2015				
	Loans and Receivables	Assets at Fair Value through P & L	Assets at Amortised Cost	Total
Assets as per statement of financial position				
Loans and Receivables:				
•Trade and Other receivables	2,514,206	-	-	2,514,206
•Placements with Financial Institutions	12,327,235	-	-	12,327,235
•Cash and Equivalents	3,887,314	-	-	3,887,314
Total	18,728,755	-	-	18,728,755

	Liabilities at Fair Value through P & L	Other Financial Liabilities at Amortised Cost	Total
Liabilities as per statement of financial position			
Trade and Other Payables	-	2,427,952	2,427,952
Total	-	2,427,952	2,427,952

31 December 2014				
	Loans and Receivables	Assets at Fair Value through P & L	Assets at Amortised Cost	Total
Assets as per statement of financial position				
Loans and Receivables:				
•Trade and Other receivables, excluding prepayments	1,786,884	-	-	1,786,884
•Placements with Financial Institutions	11,077,341	-	-	11,077,341
•Cash and Equivalents	5,191,017	-	-	5,191,017
Total	18,055,242	-	-	18,055,242

	Liabilities at Fair Value through P & L	Other Financial Liabilities at Amortised Cost	Total
Liabilities as per statement of financial position			
Trade and Other Payables	-	2,520,518	2,520,518
Total	-	2,520,518	2,520,518

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(b). Credit Risk

The Commission takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Commission by failing to pay amounts in full when due. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As shown below, exposure to credit risk is represented by cash balances and amounts due on accounts receivables:

	2015	2014
Cash and bank balances	16,214,549	16,268,358
Receivables	2,611,648	1,833,644
	18,826,197	18,102,002

The Commission's primary credit exposure from illiquidity of cash and cash equivalents amounted to **K16.214million** (2014: K16.268million). At the reporting date, other significant concentrations of credit risks lay in receivables, which consist of staff and sundry advances and prepayments. The nature of services offered by the Commission means it does not have significant credit risk exposure to a single counterparty.

(c). Currency risk

The Commission takes on low exposure to the effects of fluctuations in the prevailing foreign currency exchange rates, as its cash flows are mostly in *Zambian Kwacha*.

(d). Liquidity Risk and Interest Rate Risk

The Commission's activities expose it to a variety of financial risk: market risk (including interest and liquidity risk). This is monitored on a daily basis by management and controlled as far as reasonably possible to minimise the risk of mismatches between current liabilities and current assets. The table below summarises the Commission's interest and liquidity risks:

	Weighted Average Effective Interest rate	Up to 1 Month	1-3 Months	4-12 Months	1-5 Years	Total
At 31 December 2015						
Non-Interest Bearing	0%	-	-	12,327,235	-	12,327,235
		-	-	12,327,235	-	12,327,235
At 31 December 2014						
Non-Interest Bearing	0%	-	-	11,077,341	-	11,077,341
		-	-	11,077,341	-	11,077,341

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(e) Fair Value Estimation

The different levels of determining fair value, by valuation method, have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly prices (or indirectly derived from prices).
- Level 3: Inputs for the asset or liability that is not based on observable market data (that is, unobservable inputs).

The Commission had no financial instruments carried at fair value, by valuation method.

9. Related Parties

(a) Identity of Related Parties

The Commission has a common enterprise relationship with Government of the Republic of Zambia. Other related parties include Commissioners of the Commission (Pages 4) and management (Page 5).

(b) Control and Governance of the Commission

The Commission was established by the *CCPA Act No. 10 of 2010*. As a result it has a common enterprise relationship with Government of the Republic of Zambia ("GRZ") and falls under the auspices of the Ministry of Commerce, Trade and Industry ("MCTI"). Internal supervision of its management and control of the affairs of the Commission, however, is vested in the Commissioners and the MCTI. The key personnel within the Commission who held office during the year and to the date of this report are shown on Page 5 in the Report of the Commissioners.

(c) Key Management of the Commission

The key management, with the ability, directly or indirectly, to control or exercise significant influence over the Commission in making financial and operating decisions, are listed on Pages 4 and 5.

(d) Transactions with Related Parties

None of the Members, key executives or parties related to them has undertaken any material transactions with the Commission. However, the GRZ and its departments are regarded as a single related party.

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NOTES TO THE FINANCIAL STATEMENTS
Amounts in Zambian Kwacha

The list of related party transactions in these financial statements is summarised below:

	2015	2014
<i>(i) Revenue Grants received from GRZ</i>	30,884,400	18,905,005
<i>(ii) Board Members</i>	708,790	723,881

10. Capital Management

The Commission's objectives when managing capital are to safeguard the Commission's ability to continue as a going concern in order to provide returns to controlling interests and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital:

	2015	2014
Debt	-	-
Cash	(16,214,549)	(16,268,358)
Net Debt	(16,214,549)	(16,268,358)
Equity	17,713,269	16,356,975
Net debt to equity ratio	-91.54%	-99.46%

11. Capital Commitments

The Commission had no capital commitments as at the year-end (2014: Nil).

12. Contingent Liabilities

No contingent liabilities have been identified as at the reporting date.

13. Events Subsequent to Balance Sheet Date

The Commission has evaluated events subsequent to the reporting date. Based on this evaluation, the Commission has determined that there has not arisen since the end of the period any transaction or event of a material and unusual nature likely, in the opinion of the Commissioners, to affect substantially the operations of the Commission, the results of those operations or the state of affairs of the Commission in subsequent financial periods.

COMPETITION AND CONSUMER PROTECTION COMMISSION
(ESTABLISHED UNDER THE COMPETITION AND CONSUMER PROTECTION ACT NO. 10 OF 2010)

ANNUAL REPORT AND FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 DECEMBER 2015

APPENDIX I – DETAILED STATEMENT OF INCOME
Amounts in Kwacha

	Note(s)	2015	2014
<u>Income from Operating Activities</u>			
Government Grants	1.	30,884,400	18,905,005
Amortisation of Grants	1.	-	319,335
		30,884,400	19,224,339
<u>Other Income</u>			
Interest Received	2.	1,402,437	1,112,536
Profit on Sale of Non-current Assets	2.	20,250	-
Sundry Income	2.	4,270	213
		1,426,956	1,112,749
<u>Expenditure</u>			
Advertising Expenses		224,365	107,400
Audit Fees		115,675	73,242
Bank Charges		24,581	21,083
Board and Committee Expenses		708,790	723,881
Computer Expenses		1,030	16,050
Courier and Postage		66,149	25,007
Depreciation		1,968,087	1,141,886
Departmental Activities		6,283,359	2,835,688
Fuel, Oil and Lubricants		535,295	394,902
Gratuity and Terminal Benefits		1,372,207	576,512
HIV/AIDS Activity Expenses		32,086	27,454
Insurance		417,269	215,878
Leave Days		730,790	260,057
Legal Fees		150,210	9,597
Loss on Sale of Assets		-	35,697
Miscellaneous		15,424	19,999
Medical and Funeral Expenses		106,131	80,515
Motor Vehicle Expenses		236,961	92,810
NAPSA Contributions		410,603	287,375
Office Operational Costs		458,793	322,051
Personnel Emoluments		14,297,616	8,009,232
Printing, Periodicals and Newspaper		182,398	110,124
Professional and Social Subs/Fees		16,330	36,491
Repairs and Maintenance		102,038	26,832
Rentals		477,545	335,096
Security		81,647	41,091
Staff Welfare		78,932	27,573
Stationery		156,103	81,379
Telephone, Internet and Postage		475,291	373,460
Training, Seminars and Workshops		165,004	159,151
Travel and Subsistence Allowance		1,057,463	558,431
Utilities		6,890	2,648
Administration Expenses		30,955,063	17,028,592
Surplus for the Year		1,356,293	3,308,496

