



LUSAKA SOUTH  
MULTI-FACILITY  
ECONOMIC ZONE  
LIMITED

# 2023 ANNUAL REPORT



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## CHAIRPERSON'S STATEMENT TO THE SHAREHOLDERS



### DEAR SHAREHOLDERS,

On behalf of the Lusaka South Multi Facility Economic Zone Limited (LS MFEZ Ltd) Board of Director, I am pleased to present to you the highlights of the Company's performance in 2023.

The year 2023 saw numerous changes at the LS MFEZ but overall, the company maintained its momentum and positioning as Zambia's number one investment address.

In 2023, LS MFEZ ushered in a new Board of Directors after the previous Boards tenure expired in the same year of 2023. I wish to thank the previous Board for their able stewardship and movement of the LS MFEZ from loss making into profit making. The declaration of profits to the LS MFEZ shareholders both in 2021 and 2022 is clear evidence of their successes.

On behalf of my fellow Board Members, I wish to pledge our unwavering commitment to achieving the Company's strategic objectives and to ensuring that the Company continues on its profit trajectory.

Company performance reached a record high with LS MFEZ recording a gross profit of ZMW 38,286,918 and a net profit of ZMW 7,673,123 leases increased by 33% and the investment portfolio grew to 108 approved investors on our books. The total of 108 approved investors accounts for an investment value of USD 1.5 billion creating about 34,465 permanent jobs.

The Strategic outlook for 2024 will focus on development of LS MFEZ commercial areas, residential developments in LS MFEZ Phase III area, development of the Green City as well as deliberate focus on servicing of land to provide access to approved investors.

We would like to thank you, our shareholders, for your continued assistance and support and to assure you that the Board will continue to guide the Executive Team in pursuit of the Company's growth strategy rooted in strong corporate governance principles. Many thanks to our investors for their loyalty and contractors, suppliers and all the other stakeholders for their continued confidence in LSMFEZ Ltd. Our investors remain at the core of our business and their involvement in this National project cannot be overlooked.

Lastly, we would like to thank Management, and employees for their dedication and relentless efforts in ensuring that LS MFEZ Ltd remains steadfast in execution of its mandate and most of all for serving investors and stakeholders in a professional and efficient manner.

LS MFEZ BOARD CHAIRPERSON  
Mr. Boster H. Chiyaba



# ANOTHER YEAR OF GROWTH

This section of the report presents the year in statistics

## PROFITABILITY



**TURNOVER**  
74.4(70.0)

**NET SALES**  
45.2(29.4)

**OPERATING PROFIT**  
5.0 (6182)

**EPS**  
0.02.(0.02)

**CURRENT RATIO**  
17(18)

## BUSINESS



**INVESTMENT VALUE**  
317.0 (263.73)

**NO. OF NEW INVESTORS**  
16 (28)

**LEASE AGREEMENTS**  
27 (27)

**PERMANENT JOBS  
CREATED**  
5,939 (7,006)

**CUMULATIVE  
NO. OF JOBS**  
34,465 (28,526)

## LAND MANAGEMENT

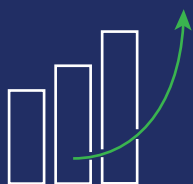


**ALLOCATED IN A YEAR  
(HECTARES)**  
172 (172)

**PERCENTAGE OF  
TOTAL LAND**  
8.2% (8.2%)

**CUMULATIVE LAND  
(HECTARES)**  
1023 (851)

## HUMAN CAPITAL



**HEAD COUNT**  
53 (56)

**REVENUE PER CAPITA**  
1.73M (1.52M)

**OPERATING COST  
PER CAPITA**  
0.87M (0.77M)

Figures in brackets represent 2022 performance.

\*Cumulative land allocated does not include residential plots and land allocated to service infrastructure.



# ABOUT US

The Lusaka South Multi-Facility Economic Zone (LS-MFEZ) was declared a Multi Facility Economic Zone (MFEZ) on 28 June 2010 under Statutory Instrument No. 47 of 2010 by the Government of the Republic of Zambia.

The LS-MFEZ is managed by the Lusaka South Multi-Facility Economic Zone Limited, a company that was incorporated on 25 June 2012 to promote economic diversification.

## OUR MANDATE

The LS-MFEZ Limited is mandated to develop, operate and manage the back bone infrastructure and utility systems which include but are not limited to;

- Power distribution Network
- Water Supply Network
- Road Network
- Sewerage systems
- Storm water drain
- Optic Fibre Network
- Solid waste transfer station
- Solid Waste Management site

The Zone is the driver of Government's agenda to achieve economic development by attracting significant domestic and foreign direct investment (FDI).

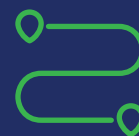
## LS-MFEZ GOALS

- To be a world class centre of excellence for industrial and business investment
- To be a catalyst for Zambian industrialisation
- To be a catalyst for Zambian industrialisation
- To act as a place for new business formation and commercialisation of R&D
- To promotes SMEs and promote innovation and incubate new technology-oriented businesses.
- To manage solid waste transfer station and management sites

## OUR SERVICES



WATER SUPPLY  
NETWORK



ROAD  
NETWORK



POWER  
DISTRIBUTION



OPTIC FIBRE  
NETWORK



# OUR VISION

Leading the way in the diversification of the  
Zambian economy.

# OUR MISSION

To develop, operate and manage the LS-MFEZ.

# OUR VALUES

Our Values, are summarized by the acronym “SPACE 2i”. This highlights that we are creating a space that will be a center of excellence in pursuit of our goals.

## **Service:**

We endeavor to provide an acclaimed Investment environment to all investors.

## **Professionalism:**

We perform our duties in a respectable manner with competence and thoroughness.

## **Accountability:**

We take responsibility for our decisions and actions.

## **Collaboration:**

Continuous strengthening of partnerships with all the stakeholders through stronger and effective coordination.

## **Excellence:**

We uphold the highest standards of service delivery in the execution of our duties.

## **Integrity:**

We pledge to discharge our responsibilities honestly, transparently and sincerely.

## **Innovation:**

We embrace new ideas and develop skills that meet current and future challenges.





## MANAGING DIRECTOR'S PERFORMANCE REVIEW

### DEAR SHAREHOLDERS,

It is with great pleasure that we share with you the performance of the LS-MFEZ Limited for the year 2023. The Company continued to score on the global platform and was awarded the BIZZ Award by the World Congress for Business and the European Quality Award 2023 by the Oxford House of awards for outstanding service. The year also saw LS-MFEZ Limited receive its first recognition at the Agricultural and Commercial Show of Zambia as third Best Exhibitor in the category of Government institutions.

LS-MFEZ Limited results continue to reflect resilience in the execution of our mandate amidst several challenges related to our market segment for special economic zones. The company culture of continuous improvement echoes the Shareholders resolve to profitability and operational sustainability. Again, our team demonstrated commitment and operational flexibility to ensure profitability as reflected in the results we are about to share.

### 1. FINANCIAL PERFORMANCE

As strategic implementation entered its medium term, financial performance continued to be strong with revenue growth of about 6.2% on the previous year's performance. These results are on account of an improved economic outlook that saw a rise in the investor base and confidence in Government policies and pronouncements.

#### ANALYSIS OF FINANCIAL PERFORMANCE

ZMK'000	2023	2022	2021
Revenue	74,370	70,010	25,150
Operating Profits	5,089	6,183	4,900
Cash & Equivalents	39,308	43,235	6,185
Dividends	2,000	1,200	-
Dividend payout ratio	56%	35%	-

Our major revenue lines posted significant increases with leases increasing by about 2%, water sales by 77% while the sale of residential plots declined by 12.3%. There was a similar growth in gate access fees of about 15.5%. Another revenue line was added to the revenue base, and this related to garbage collection.

This performance signifies our agility to adapt to new ways of investment promotion at the heart of both local and international competition. The number of economic zones and industrial parks continue to increase making LS-MFEZ Limited look for different ways to attract investors, and these include targeted marketing and investment promotion partnerships

## 2. BUSINESS PERFORMANCE

About USD317.0 million new investments were approved in the year making 2023 the most successful year in investor value since inception of the LS-MFEZ Limited in 2012 although the number of investors significantly dropped from 28 in 2022 to 16 in 2023. This was against slowed down global economic growth of 3.0% following post COVID stress. The team exerted their effort to champion investor activities making it possible to have a cumulative market share of USD1.5 billion worth of investments. and investment promotion partnerships.

As can be seen in the table below, total number of investors grew to 108 accounting for about 34, 465 potential jobs. The table also shows levels of investor actualization starting from those newly approved to investors currently operational.

### IMPLEMENTATION STATUS

Status	TotalValue of INVESTMENT (USD)	Total No. of JOBS CREATED	No. of INVESTORS
Approved	76, 700, 000.00	733	8
Lease Agreement	217, 100, 000.00	3, 432	6
ZEMA Approval	263, 456, 000.00	7, 384	34
EPC	27, 000, 000.00	15	1
GroundBreaking	20, 125, 000.00	458	2
Construction Stage	346, 261, 115.51	9, 835	33
Operational	542, 867, 558.95	12, 608	24
<b>TOTALS</b>	<b>1, 493, 509, 674.46</b>	<b>34, 465</b>	<b>108</b>

About 53% of the investments are already on the ground either at construction stage or operational with 54% of the total number of investors being local, 32% foreign while 14% accounted for joint ventures. Significant in the year is the increase in the number of investors who commenced construction.

During the year, two (2) more investors commenced their operations following the completion of construction works at their factory. These are Akali Investments Limited and Ferre, who are in the assembly of stoves, hobs, and ovens.



## PERFORMANCE COMPARISON

	2023	2022	2021
Investment Value (ZMK)	317, 036, 857.18	263, 730, 000.00	309, 390, 000.00
No. of Investors per year	16	28	29
Job Created per year	5, 939	7, 006	9, 360
New Investor constructing	9	12	5
New Investor operating	2	1	6

### 3. INFRASTRUCTURE

Limited infrastructure capacity continued to be our biggest challenge in the year. Performance would have been higher with assured capacity to serve investors. Notwithstanding, the Company continued to invest heavily in earth roads with contracts worth ZMW21.4 million awarded. Similarly, significant investment was made in power and water infrastructure amounting to ZMW5 million and ZMW13.8 million respectively. This was aimed at improving capacity as we saw big investments demanding huge power such as PDV Metals. Although infrastructure limitations would naturally affect performance, the Company continued to punch above its weight and attracted 16 new investors with about 60 hectares of land allocated.

### 4. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

As a leading special economic zone in the country, LS-MFEZ Limited takes keen interest in how its activities impact the environment, surrounding communities and employees while fostering sustainability of its operations beyond one year. Our ESG practices are borne from the Master Plan which defines our various interactions and offers deliberate solutions to making this economic zone and the Company continue in business in the foreseeable future. LS-MFEZ Limited is developing a green city that optimizes energy.

#### 4.1. Environmental

LS-MFEZ Limited operates in a sensitive environment with multiple stakeholders, all pursuing different interests. Therefore, activities were planned and executed in line with allowable safeguards to not jeopardize co-existence

##### 4.1.1. Environmental Sustainability

To improve water percolation in the environment the Company invested ZMW13 million in the construction of a U-drainage that will collect rain and runoff water to secluded water retention ponds. This is in line with the Master Plan in the creation of the green city. Other activities fostering nature conservation included the inaugural planting of about 2, 000 trees to allow the regeneration of a forest that once existed. This activity will continue with an initial 10, 000 trees planted over the 5 year strategic period.

##### 4.1.2. Operational Sustainability

Our desire to continue minimizing emissions in our operations enables us to monitor how sustainable our operations are in view of impact to the environment.

#### 4.1.2.1. EMPLOYEE CONTRIBUTION

ZMK'000	2023	2022	2021
Revenue (ZMW'00)	74,370	70,010	25,150
No. of Employees	53	56	49
Employee per capita	1.63 million	1.5 million	0.77 million

An increase was recorded in employee contribution per capita of about 7%.

#### 4.1.2.2. ENERGY, WATER USAGE AND OTHER CONSUMABLES

To improve water percolation in the environment the Company invested ZMW13 million in the construction of a U-drainage that will collect rain and runoff water to secluded water retention ponds. This is in line with the Master Plan in the creation of the green city. Other activities fostering nature conservation included the inaugural planting of about 2, 000 trees to allow the regeneration of a forest that once existed. This activity will continue with an initial 10, 000 trees planted over the 5 year strategic period.

	2023	2022	2021
Energy consumption-office	0.63MVA	0.63MVA	0.63MVA
Energy consumption-Investors	20MVA	17MVA	14.5MVA
Water demand	5, 700m3 per day	4, 500m3 per day	3, 500m3 per day
NRW %	5%	9%	17%
Works contracts	4	3	-
Supply orders	308	320	230
Paper usage	530 reams	430 reams	240 reams
Toner cartridges	33	62	47

As the number of investors and their activities increased, the level of required service was affected. As a company, we are interested in ensuring that our activities do not deplete the environment. It is therefore our strategy that the company relies more on renewable resources for a better tomorrow. During 2023 the zone's power consumption increased due to increased business activities although our total supply capacity still outstripped current demand.

There was an increase in water demand which resulted in 77% of water revenues. Equally, more water abstraction points were constructed while deliberate measures were put in place to monitor water wastage and quality. Two water quality tests were conducted in the year and the results were within acceptable quality parameters. It has also been noticed that as investor activities increase water security would become an issue. The company is in the process to conclude a Bulk Water Supply Agreement that would guarantee water supply to the zone.

Our consumables increased in the year due to audit activities although there was sufficient cost optimization to sustain our operations. We also recorded a significant reduction in water wastage in our quest to improve water security and reduce non-revenue water. The company invested in repair works for the eroded water tank and all investor points were metered.

## 4.2. SOCIAL SUSTAINABILITY

In the year the Company continued to interact with surrounding communities regarding a few issues including water security, crime, and solid waste. The wider community for LS-MFEZ Limited include our investors and employees whose welfare demand equitable treatment.

	2023	2022	2021
Donations(ZMK)	60,000	50,000	13,487
Investment Permits	11	7	-
Lease Agreements	-	27	27
SME Onboarding	11	10	16

In our quest to provide leadership in community matters, LS-MFEZ Limited hosted a townhall meeting with surrounding residents. The residents expressed their concerns on the impact of the economic zone activities on water quality and quantity. The Company assured them of continuous monitoring of water quality parameters, wastewater management and a shared responsibility towards protecting the aquifer. Two water quality tests were conducted during the year and the results showed that the quality was within acceptable levels for bulk water supply to industries.

There was a notable increase in investment permits issued to our investors. Although the number of signed lease agreements was reduced in the year the company retained special interest in onboarding SMEs.

### 4.2.2. EMPLOYEE DIVERSITY, EQUITY, AND INCLUSIVITY

LS-MFEZ Limited is committed to a culture that attracts and retains the best employees who help it become a better, stronger company. The company's culture is reinforced by a customer-centric focus, employee engagement and feedback, and expectations that guide how employees conduct themselves. As part of the culture is how employees develop and communicate, to how performance is evaluated.

During 2023, LS-MFEZ Limited continued being an equal opportunity employer with six (6) new employees recruited, and these included three (3) females and three (3) males. Six (6) employees separated from the company during the reporting period. The company maintained a fair balance of employees per gender description with a few females coopted into managerial positions

	2023	2022	2021
<b>Gender Distribution</b>			
Males	33	32	32
Females	20	18	17
<b>Average Age</b>			
Management Staff	42	41	40
Non-Managerial Staff	33	32	31
<b>Contractual Arrangement</b>			
Permanent	39	24	22
Casual	9		12



The company recognizes the need to be forward-looking and thus we maintained a young average age of 37.5 for 2023. In looking ahead, it is the desire of LS-MFEZ Limited to remain youthful and empower new young exciting talent to foster its development.

#### Gender distribution by levels below MD

	Head of Dept.	Middle Mgt	Lower Mgt	Non-Mgt
Males	3	2	4	23
Female	1	7	4	8

In fostering equal opportunities, the company gender distribution at managerial and supervisory level was 9 males and 11 females. There were more males at non-managerial level due to field work which is generally predominated by males. The year ended with about 37.7% females and 62.3% males.

#### 4.2.3. Employee Welfare

Employee welfare remains at the core of the Company's strategy, and Management continued to recognize the need to foster employee relationships beyond profits. During the year, excelling performers were rewarded through the performance reward system while some received promotions in recognition to their efforts in taking the company forward. During the period the Managing Director received recognition at the World Congress for Business as, "Global Leader/Businessperson of the Year 2023". Two other employees were awarded at the same event as the Corporate Affairs Manager conferred with the recognition of Marketing Excellence and Business Leadership while the Commercial Officer was awarded the Business Leadership

	2023	2022	2021
Performance rewards (No. of employees)	11	5	6
Promotions	3	2	3
Employee retention	87%	100%	86%
Employee training	10	17	-
Employee CPD workshops	9	11	4
Medical cover (ZMW'000)	738	154	155
Pension/Gratuity : (ZMW'000)	649	649	(813)

The company is pleased to report that the year saw an improvement in employee welfare with a number being rewarded while medical insurance increased by over 379% on account of the Company's initiative to procure a managed fund from ZSIC Life.

Similarly, the Company continued to encourage employee professional development with several employees pursuing different qualifications to upgrade themselves. There has been a general rise in employee qualification profile..

	2023	2022	2021
Master's Degree (No.)	9	9	8
Bachelor's Degree	17	14	13
Technicians	6	6	6
Semi-Skilled	7	3	3
Unskilled	14	18	19

### 4.3. GOVERNANCE AND ETHICS

The Company recognizes the importance of upholding good governance practices and ethics. During the year 2023 several governance matters were high on the agenda and Management invested in the following activities:

#### 4.3.1. Risk management

At the core of LS-MFEZ Limited culture remodeling risk management. The company realizes the need for every employee to realize their role in enterprise risk management. During the year eight (8) risk management champions were trained. The company expects to increase this number in 2024.

#### 4.3.2. Policy Advocacy

LS-MFEZ Limited continued to engage Government on Policy relating to economic zones development consistently. In 2023 several meetings were held and some of the areas of policy engagements included:

##### 4.3.2.1. Property Rates

The company engaged Government on possibilities of relooking at the Rating Act of 2020 and consider a remission of property rates to further reduce the cost of doing business in economic zones while ameliorating developments costs for economic zone developers such as LS-MFEZ Limited. In its budget policy for 2024 the Government recognized the need for a relook at the property rate. It is Management's hope that the matter is

##### 4.3.2.2. Tax Exemptions

While the Government improved tax incentives for investors in economic zones, such incentives were not available for the developer. The Company engaged Government on extended duty exemptions from the initial five (5) years to fifteen (15) and accelerated depreciation on capital infrastructure for a similar period. Both policy advocacies were adopted in the budget policy for 2024.

#### 4.3.3. ICT and Privacy Protection

The company engaged Infratel as our Data Centre to protect our data and provide remote back-up system in the event of a calamity.

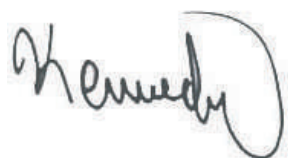
Similarly, Management continued with the ICT services provided by Star Lab. This outsourced function came under scrutiny with management contemplating to recruit its own ICT personnel.

#### 4.3.4. Audits and Insurance

The Company underwent an audit from the Office of the Auditor General. The audit focused on four (4) years from 2019 to 2022. Equally our Internal Audit department conducted eight (8) out of nine (9) planned audits

To mitigate risk of life and property Management engaged the services of ZISC Life and ZMW900K to provide us with insurance services on one-year contracts.

	2023	2022	2021
GLA			
Motor Vehicle	33	32	32
Other Property	20	18	17
Internal Audits	8	7	8



**Mr. KENNEDY MWILA**  
MANAGING DIRECTOR





# OUR OPERATIONAL INDUSTRIES



LUSAKA SOUTH  
MULTI-FACILITY  
ECONOMIC ZONE  
LIMITED



## OPERATIONAL INDUSTRIES



**BIG TREE BEVERAGES**



**TRADE KINGS LIMITED**



LUSAKA SOUTH  
MULTI-FACILITY  
ECONOMIC ZONE  
LIMITED



## OPERATIONAL INDUSTRIES



MYLAN



KEDA CERAMICS

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# HIGHLIGHTS OF YEAR

LUSAKA SOUTH MULTI-FACILITY ECONOMIC ZONE

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ECONOMIC ZONE  
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## VISIT BY NAMIBIAN MINISTER OF COMMERCE, TRADE & INDUSTRY



Tour of Trade Kings by Namibian Minister of  
Commerce, Trade & Industry.



Minster of Commerce, Trade and Industry  
Hon. Chipoka Mulenga



Zambian and Namibian Minister during  
tour of Big Tree Beverages



Keda Project Manager facilitating tour of Keda Ceramics by  
Zambian and Namibian Ministers of Commerce,  
Trade and Industry

Namibian Minister of Commerce, Trade & Industry-Honourable Lucia Lipumbu visited the LS MFEZ during her state visit to Zambia. The visit was a learning tour, and the LS MFEZ was happy to host the team. Zambian Honourable Minister of Commerce, Trade & Industry- Hon. Mr. Chipoka Mulenga lead the tour and encouraged trade between the two Countries so as to expedite Africa's industrialization agenda.



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## VISIT BY KING MSWATI



02nd July 2023- King MSWATI the third of the Kingdom of Eswatini visited the Lusaka South Multi Facility Economic Zone on Sunday 02nd July 2023. Among the Companies visited were Trade Kings and Keda Ceramics. Producing a variety of products within the facility and both exporting large volumes to neighboring Countries within the region. King Mswati, who was on a state visit to Zambia, described the products being produced within the facility as world class.



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## TOUR BY DEPUTY SECRETARY TO THE CABINET



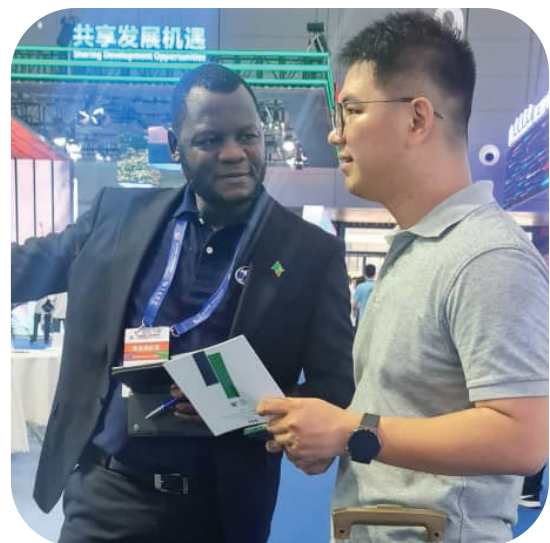
Deputy Secretary to the Cabinet (DSC)- Mr. Siazongo Siakalenge toured the The Lusaka South Multi Facility Economic Zone on Thursday 09th November 2023. The DSC was accompanied by the Permanent Secretary to the Ministry of Commerce, Trade & Industry (PS- MCTI)- Mr. John Mulongoti. The tour was part of Country wide tours of all Multi Facility Economic Zones in the Country.





# OTHER ACTIVITIES IN 2023

The 3rd Intra-Africa China Trade Expo. Hon. Charles Milupi and Hon. Chipoka Mulenga visiting Zambia's stand



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# 2023 RECOGNITION AND AWARDS



The LS MFEZ Ltd won an award at the 95th Agricultural Show that took place in 2023 in the category of best Government Stand. This was the first award of this nature for the LS MFEZ and the team were honored to receive it on behalf of the company.







August 2023 LS MFEZ was awarded the BIZZ Award for the same year in recognition of business excellence, innovative and growth.



The Lusaka South MFEZ bagged its third international award from the House of Awards in Oxford United Kingdom.



LUSAKA SOUTH  
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# DIRECTORATE



LUSAKA SOUTH  
MULTI-FACILITY  
ECONOMIC ZONE  
LIMITED

# DIRECTORATE



MR. BOSTER H. CHIYABA  
BOARD CHAIRPERSON



MR. KENNEDY MWILA  
MANAGING DIRECTOR



MR. SANGA MATAKA  
BOARD MEMBER



MRS. KASUMPA MWANSA  
KABALATA  
BOARD MEMBER



MR. CHANDRAKANT  
D. TAILOR  
BOARD MEMBER



MR. PHILIP  
MUYUMBANA  
BOARD MEMBER

# EXECUTIVE MANAGEMENT



KENNEDY MWILA  
MANAGING DIRECTOR



INONGE N GONDWE  
COMPANY SECRETARY



FREDRICK MUKUKA  
HEAD FINANCE &  
ADMINISTRATION



MAXWELL ZULU  
HEAD PLANNING &  
COMPLIANCE



MASAUISO MWENDA  
HEAD - COMMERCIAL  
& MARKETING



NYAMBE SAASA  
EXECUTIVE ASSISTANT  
TO THE M.D

# MANAGEMENT TEAM



JENNIFER C. MBEWE  
MANAGER INTERNAL  
AUDIT



ACKIM NG'UNI  
MANAGER PROCUREMENT



SITHEMBISO NGULUBE  
MANAGER HUMAN RESOURCES



PHILIP MWANSA  
MANAGER TECHNICAL  
SERVICES



ALICE SCHULTZ  
MANAGER CORPORATE  
AFFAIRS



PHILIMON KAUNDA  
MANAGEMENT  
ACCOUNTANT



CHILESHE M. MATAA  
MANAGER PLANNING  
& COMPLIANCE



CARLY KOENDERS  
FINANCIAL ACCOUNTANT



TRASYS MULENGA  
MANAGER COMMERCIAL



# CORPORATE GOVERNANCE REPORT

The Lusaka South Multi Facility Economic Zone Limited (“the Company”) is committed to the strengthening and improvement of corporate governance as an ongoing priority for Management. The Company’s corporate governance practices are constantly under review to align to the IDC Group and with the dynamics of the business environment.

## THE BOARD OF DIRECTORS

New appointments to the Board are carried out in accordance with the Company’s Articles of Association and are subject to confirmation at the next Annual General Meeting. It is the responsibility of the Shareholders to ensure the right composition and that the directors have the appropriate expertise and industry knowledge required on the Board.

During the year under review, the tenure of the Board of Directors of the Company appointed on 14th April 2020 came to an end after having served for three (3) years. A new Board of directors comprising five (5) Independent and Non-Executive Directors, was appointed effective 10th October 2023 for a three-year term.

The Board is mandated in terms of its Charter, which requires that there is an appropriate balance of power and authority on the Board. The Board is responsible for the performance and direction of the Company through approval of strategic objectives, policies, annual audited financial statements as well as monitoring financial performance against the Company’s budget and overseeing asset management. The Articles prescribe a maximum number of seven (7) seats for the Board. All members of the Board, other than the Managing Director, are considered independent of the Company and its management.

The Board delegates to Management the day-to-day running of the Company's affairs.

Director	Title	Date of Appointment	Date of Retirement
Gomeli H. Litana	Chairperson of Board of Directors	14 <sup>th</sup> April, 2020	14 <sup>th</sup> April, 2023
Kennedy Mwila	Managing Director	25 <sup>th</sup> April, 2021	14 <sup>th</sup> April, 2023
Lydia M. Sibanda	Independent Non-Executive Director	14 <sup>th</sup> April, 2020	14 <sup>th</sup> April, 2023
Rosetta M. Chabala	Independent Non-Executive Director	14 <sup>th</sup> April, 2020	14 <sup>th</sup> April, 2023
Peter M. Kamgombe	Independent Non-Executive Director	14 <sup>th</sup> April, 2020	14 <sup>th</sup> April, 2023
Boster H. Chiyaba	Chairperson of Board of Directors	10 <sup>th</sup> Oct 2023	10 <sup>th</sup> Oct 2026
Kennedy Mwila	Managing Director/Executive director	25 <sup>th</sup> Mar 2021	-
Chandranat D. Tailor	Independent Non-Executive Director	10 <sup>th</sup> Oct 2023	10 <sup>th</sup> Oct 2026
Philip Muyubana	Independent Non-Executive Director	10 <sup>th</sup> Oct 2023	10 <sup>th</sup> Oct 2026
Kasumpa M. Kabalata	Independent Non-Executive Director	10 <sup>th</sup> Oct 2023	10 <sup>th</sup> Oct 2026
Sanga Mataka	Independent Non-Executive Director	10 <sup>th</sup> Oct 2023	10 <sup>th</sup> Oct 2026

## BOARD MEETINGS

The Board develops a yearly calendar which sets out all scheduled quarterly Board and Committee meetings. The Board meets formally every quarter per the approved Calendar and where decisions have to be taken between meetings this is done through written resolutions. Written notices of Board meetings, agendas and other management reports were circulated timeously. The minutes of the meetings were appropriately recorded by the Company Secretary, circulated and approved at subsequent meetings.

Four (4) Board meetings were convened in 2023 and attendance was as shown in the table below;

DIRECTORS NAME	BOARD MEETING (09/03/2023)	BOARD MEETING (02/11/2023)	BOARD MEETING (14/12/2023)	BOARD MEETING (20/12/2022)
Gomeli H. Litana	✓	RTD	✓	RTD
Kennedy Mwila	✓	✓	✓	✓
Lydia M. Sibanda	✓	RTD	RTD	RTD
Roseta M. Chabala	✓	RTD	RTD	RTD
Peter M. Kamgombe	✓	RTD	RTD	RTD
Boster H. Chiyaba	BA	✓	✓	✓
Kasumpa M. Kabalata	BA	✓	✓	✓
Chandranat D. Tailor	BA	✓	✓	✓
Philip Muyubana	BA	✓	✓	✓
Sanga Mataka	BA	✓	X	✓

### Key

- ✓ **Attended**
- X **Absent**
- BA **Before Appointment**
- RTD **Retired**

## BOARD COMMITTEES

To ensure that the mandate of the Board is effectively and efficiently discharged, the Board has established three Board Committees that provide the required leadership. The Board was assisted in the discharge of its responsibilities by these Board Committees namely:

- the Audit and Risk Committee;
- the Finance and Administration Committee; and
- the Technical and Projects Committee.



The Committees operate under approved mandates and terms of reference, which set out clearly their roles, responsibilities, scope of authority and procedures for reporting to the Board. Each Committee is chaired by a non-executive Director to ensure strict compliance to the principles of good corporate governance practice. Membership of the Board Committees comprise Board Members and co-opted members from relevant professional associations such as the Zambia Institute of Chartered Accountants (ZICA), the Zambia Institute of Architects (ZIA), Zambia Institute of Human Resource Management (ZHIRM), Engineering Institute of Zambia (EIZ) and the Law Association of Zambia (LAZ) in order to make use of their expertise. Minutes of committee meetings were made available to all directors on a timely basis. Non-executive directors actively participate in all committees.

Additionally, the Company has an Executive Committee of Management (EXCO) which meets on a weekly basis. EXCO is headed by the Managing Director and is responsible for the day-to-day management of the Company. EXCO provides the Board with sound information, advice and recommendations on the organisational structure, objectives, strategies, policies and procedure to enable the Board to make informed decisions. Further the Company's Management meets monthly and serves to assist the Board to co-ordinate, guide and monitor the performance of the Company.

## AUDIT AND RISK COMMITTEE

The Audit and Risk Committee supported the Board in fulfilling its oversight responsibility with regard to financial reporting, the system of internal controls, processes for monitoring compliance with laws and regulations, reviewing the company's risk philosophy, ensuring compliance with policies, reviewing the adequacy and overall effectiveness of the company's risk management function, ensuring implementation of an on-going process of risk identification, mitigation and management and providing reports to the Board.

The Manager Internal Auditor who currently heads the Internal Audit function reports to the Audit Committee meetings on a quarterly basis and has unrestricted access to the Chairperson of the Committee.



## AUDIT AND RISK COMMITTEE

NAME	CATEGORY	(03/03/2023)	(07/03/2023)	(04/12/2023)
Peter M. Kamgombe	Non-Exec. Ind. Chairperson	✓	✓	RTD
Kennedy Mwila	Managing Director	✓	✓	RTD
Rosetta M. Chabal	Non-Exec. Ind. Director	✓	✓	RTD
Lloyd Chembo	Co-opted Member	✓	X	RTD
Hillard Kabole	Co-opted Member	✓	BA	RTD
Kasumpa M. Kabalata	Non-Exec. Ind. Director	BA	BA	✓
Philip Muyubana	Non-Exec. Ind. Director	BA	BA	✓
Joseph C. Matimba	Co-opted Member	BA	BA	✓
Indie Dinala	Co-opted Member	BA	BA	✓
Hellen P. Mubanga	Co-opted Member	BA	BA	✓
Tabitha K. Mangomba	Co-opted Member	BA	BA	BA

**Key**

✓	<b>Attended</b>
X	<b>Absent</b>
BA	<b>Before Appointment</b>
RTD	<b>Retired</b>

## FINANCE AND ADMINISTRATION COMMITTEE

The Finance & Administration Committee is responsible for budget, efficiency, effectiveness and governance of the organisation. Its tasks include providing oversight over the financial status of the Company, remuneration and compensation, review and approval of management strategies and policies. The Committee is chaired by an independent non-executive director.

## FINANCE AND ADMINISTRATION COMMITTEE

During the year under review, attendance of the Finance and Administration Board Committee meetings was as below:

NAME	CATEGORY	(02/03/23)	(06/03/23)	(01/12/23)	(15/12/23)
Lydia M. Sibanda	Non-Exec. Ind. Chairperson	✓	✓	RTD	RTD
Kennedy Mwila	Managing Director	✓	✓	RTD	RTD
Maureen M. Ntoshya	Non-Exec. Ind. Director	✓	✓	RTD	RTD
Anderson Mwape	Co-opted Member	✓	✓	RTD	RTD
Sanga Mataka	Non-Exec. Ind. Chairperson	BA	BA	✓	✓
Kasumpa M. Kabalata	Non-Exec. Ind. Director	BA	BA	✓	✓
Gordian C. Bowa	Co-opted Member	BA	BA	✓	✓
Mutinta M. Chikwanda	Co-opted Member	BA	BA	✓	✓
Kabaye N. Mwale	Co-opted Member	BA	BA	BA	✓

### Key

- ✓ **Attended**
- X **Absent**
- BA **Before Appointment**
- RTD **Retired**





## TECHNICAL AND PROJECTS COMMITTEE

The Technical and Projects Committee provided support and guidance to the Board and Management on all technical issues including project implementation and business development. Its tasks include consideration and approval of investor applications for the ratification of the Board, consideration and approval of technical policies and standards for the Company, receiving quarterly reports submitted by management on implementation of projects. The Committee is chaired by an independent non-executive director.

NAME	CATEGORY	(23/02/2023)	(30/11/2023)
Rosetta M. Chabala	Non-Exec. Ind. Chairperson	✓	RTD
Kennedy Mwila	Managing Director	✓	RTD
Abagail L. Chimuka	Co-opted Member	✓	RTD
Mphangela Nkonge	Co-opted Member	✓	RTD
Jilly H. Chiyombwe	Co-opted Member	X	RTD
Philip Muyubana	Non-Exec. Ind. Chairperson	BA	✓
Chandranat D. Tailor	Non-Exec. Ind. Director	BA	✓
George Ndongwe	Co-opted Member	BA	✓
Namuye Mudenda	Co-opted Member	BA	✓
Sebastain H. Mazakaza	Co-opted Member	BA	✓

### Key

- ✓ **Attended**
- X **Absent**
- BA **Before Appointment**
- RTD **Retired**

## BOARD INDUCTION AND DEVELOPMENT

Newly appointed members of the board are taken through the Company's Articles of Association, the Board Charter, Terms of Reference of Committee, Code of Conduct, the Master Plan, the Statutory Instrument No. 47 of 2010, the Zambia Development Agency Act of 2006, policies and applicable acts such as Companies Act and Public Finance Management Act. They follow an induction programme facilitated by the Company Secretary which includes a tour Zone infrastructure and visit to companies operating in the Zone.

## BOARD EVALUATION

The Board recognizes the need to evaluate its effectiveness to ensure that its performance meets higher levels for the success of the Company. The Company annually conducts a self-annual assessment of its performance during the year under review. The Board evaluation includes an evaluation of:

- The Board's structure and composition;
- The roles and responsibilities of the Board and the role of the Chairperson;
- The composition and effectiveness of Board Committees;
- Board Succession planning;
- Board reporting;
- Ethics and Standards of Conduct
- Board Remuneration
- The quality of information provided by Management to the Board and its Committees;

The Board will continue to implement necessary changes to enhance its performance. permission

## BOARD FAMILIARISATION TOURS

The Company believes that a Board which is well informed and familiarised with the Company and its affairs, can contribute significantly to effectively discharge its role in a manner that fulfils stakeholders' aspirations. In pursuit of this, Management through the Company Secretary's office organizes Board Familiarization tours to enable the Directors to familiarise themselves and experience the manufacturing plants of investors operating in the Zone as well as sites of ongoing projects of the Company.

## COMPANY SECRETARY

The Company Secretary acts as a focal point for communications on matters of corporate responsibility. The Company Secretary is responsible for implementing and sustaining high levels of corporate governance and keeps abreast of legislation, regulations and corporate governance developments which may impact on the business. All Directors have direct access to the Company Secretary.

## INTERNAL AUDIT

The LSMFEZ has an internal audit function designed to add value to the Company and improve operations. The Internal Audit function is headed by the Manager Internal Audit who provides an independent assurance service to the Board, the audit committee and Management. The Internal audit function is formally defined and generally seeks to help the Company accomplish its objectives through identification of deficiencies in internal controls. The Manger Internal Auditor attends the audit committee meetings and has unrestricted access to the Chairperson of the audit committee.

## EXTERNAL AUDITORS

External Auditors are appointed by the shareholders and are subject to reappointment at the Annual General Meeting (AGM) in accordance with the Companies Act no. 10 of 2017. The current external auditors of the Company are AMG Global. As a reassurance, the external auditor confirms in a formal report to the Audit Committee that processes to ensure compliance with the policy are in place and that these processes are monitored regularly.

The Company together with External Auditors ensures that quality and independent audits are undertaken. External Auditors are invited to attend Audit Committee meetings and are available to audit committee members. The external Auditors also attended our Annual General Meeting where they were able to answer questions from Shareholders.

## DIRECTORS' COMPENSATION

The disclosure of Directors' fees and remunerations is made in financial statements. The Directors do not have any shares in the Company and are not entitled to share options.

## RELATIONS WITH STAKEHOLDERS

During the year, the Company continued to promote dialogue with its main stakeholders. The Company ensures timely dissemination of information to its shareholders through various media.

The Board considers the AGM key in providing shareholders with the opportunity to have insight of the business performance.



Inonge Noyoo Gondwe  
Company Secretary

### New Board Induction Tour





# FINANCIAL STATEMENTS 2023

## STATEMENT OF THE RESPONSIBILITIES OF THE DIRECTORS

The Directors are required, in terms of the Companies Act No. 10 of 2017, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards (IFRSs). The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with IFRSs and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Company and places considerable importance on maintaining a strong control environment. To enable the Company to meet these responsibilities, the Board sets standards for internal controls aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Company and all employees are required to maintain the highest ethical standards in ensuring the Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Company is on identifying, assessing, managing and monitoring all known forms of risk across the Company. While operating risk cannot be fully eliminated, the Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors are of the opinion, based on the information and explanations given by Management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Company's cash flow forecasts for the year ending 31 December 2024 and, in the light of this review and the current financial position, they are satisfied that the Company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Company's financial statements. The financial statements have been examined by the Company's external auditors and their report is presented on page 6 to 8.

The financial statements which were prepared on the going concern basis were approved by the board on 27th March 2024 and were signed on its behalf by:

  
.....  
DIRECTOR

  
.....  
DIRECTOR

# DIRECTORS' REPORT

## 31 December 2023

The Directors submit their report together with the audited financial statements for the year ended 31 December 2023, which disclose the state of affairs of the company

### 1. PRINCIPAL ACTIVITIES

The Lusaka South Multi-Facility Economic Zone Limited was incorporated on 25th June 2012 under the Companies Act as a private limited liability company to spearhead the development of the Lusaka South Multi-Facility Economic Zone.

The principal activities of the company are to manage, operate and develop the Lusaka South Multi-Facility Economic Zone.

### 2. SHARE CAPITAL

The authorised, issued and fully paid-up share capital of the company comprises 315 241 989 ordinary shares of K1.00 each. (2022: 315 241 989 ordinary shares)

### 3. RESULTS AND

2023

2022

	ZMW	ZMW
TOTAL INCOME	86 320 233	85 306 290
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	3 547 860	2 890 390

### 4. NUMBER OF EMPLOYEES AND REMUNERATION

The total remuneration of employees during the year amounted to ZMW14 846 907 (2022: ZMW13 715 572) and the numbers of employees during the year were as follows:

MONTH	NUMBER	MONTH	NUMBER
January	50	July	49
February	49	Aug	49
March	49	Sept	53
April	49	Oct	52
May	48	Nov	51
June	49	Dec	53

The Company recognises its responsibility regarding the occupational health, safety and welfare of its employees and has put in place measures to safeguard them.

### 5. GIFTS AND DONATIONS

During the year the Company gave gifts and donations amounting to ZMW60 000 (2022: ZMW18 482) as part of its Corporate Social Responsibility (CSR).

### 6. PROPERTY AND EQUIPMENT

The Company purchased property and equipment amounting to ZMW6 482 784 during the year (2022:ZMW3 393 155). There was disposals of property and equipment amounting to ZMW32 521 (2022: Nil). In the opinion of the directors, the carrying value of property and equipment is not less than its recoverable amount.



## 7. RESEARCH AND DEVELOPMENT

During the year, the company did not incur any costs on research and development (2022: Nil)

## 8. DIRECTORS AND COMMITTEES

8.1 The Board of Directors were as follows:

DIRECTOR	TITLE	DATE OF APPOINTMENT	DATE OF RESIGNATION OR DISCHARGE
Gomeli H. Litana	Chairperson of the Board	14 April 2020	14 April 2023
Lydia M. Sibanda	Independent Non-Executive	14 April 2020	14 April 2023
Rosetta M. Chabala	Independent Non-Executive	14 April 2020	14 April 2023
Peter M. Kango'mbe	Independent Non-Executive	14 April 2020	14 April 2023
Kennedy Mwila	Independent Non-Executive	25 March 2021	14 April 2023
Boster H. Chiyaba	Chairperson of the Board	10 October 2023	
Chandrakant D. Tailor	Independent Non-Executive	10 October 2023	
Philip Muyubana	Independent Non-Executive	10 October 2023	
Kasumpa M. Kabalata	Independent Non-Executive	10 October 2023	
Sanga Mataka	Independent Non-Executive	10 October 2023	

## 7. RESEARCH AND DEVELOPMENT

During the year, the company did not incur any costs on research and development (2022: Nil)

8.2 The committees were as follows:

### AUDIT AND RISK BOARD COMMITTEE

DIRECTOR	TITLE
K.M Kabalata	Chairperson
P. Muyumbana	Co-opted Member
Joseph Chula Matimba	Co-opted Member
Indie Dinala	Co-opted Member
Hellen P. Mubanga	Co-opted Member

### FINANCE AND ADMINISTRATION BOARD COMMITTEE

DIRECTOR	TITLE
Sanga Mataka	Chairperson
C.D Tailor	Vice Chairperson
Gordin Chileshe Bowa	Co-opted Member
Mutinta Chikwanda	Co-opted Member
Nathan K. Mwale	Co-opted Member

## TECHNICAL AND PROJECTS BOARD COMMITTEE

DIRECTOR	TITLE
Phillip Muyumbana	Chairperson
K.M. Kabalata	Vice Chairperson
C.D Tailor	Board Member
George Ndongwe	Co-opted Member
Namuye Mudenda	Co-opted Member
George Ndongwe	Co-opted Member
Namuye Mudenda	Co-opted Member

### 9. SECRETARY

Ms Inonge N. Gondwe

### 10. OTHER MATERIAL FACTS, CIRCUMSTANCES AND EVENTS

The directors are not aware of any material fact, circumstance or event which has occurred between the accounting date and the date of this report which might influence an assessment of the Company's financial position or the results of its operations.

### 11. CORPORATE GOVERNANCE

The Board of Directors hereby confirms that the Company has complied with all the internal control aspects of the principles of good governance.

The financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board and the requirements of the Companies Act of Zambia.

The financial statements set out on pages 9 to 33 have been approved by the directors.

### 13. AUDITORS

The auditors, AMG Global Chartered Accountants (Zambia), have indicated their willingness to continue in office in accordance with Section 257 (i) of the Companies Act and a resolution for their reappointment will be proposed at the next annual general meeting.

By order of the Board

Company Secretary



Date: 27th March 2024

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED

We have audited the accompanying financial statements of Lusaka South Multi Facility Economic Zone Limited, set out on pages 9 to 33, which comprise the statement of financial position as at 31 December 2023, statement of comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Lusaka South Multi Facility Economic Zone Limited as at 31 December 2023 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of Companies Act No. 10 of 2017.

### BASIS FOR OPINION

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

### KEY AUDIT MATTERS

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

The key audit matter	How the matter was addressed in the audit
<p>The Company's residential plots were valued by the Government Valuation Department and is the balance sitting in the financial statements as inventories.</p> <p>However, the residential plots are sold by LSMFEZ at a price recommended by Management and approved by Ministry of Commerce and Trade. This valuation is much lower than the balances stated in the financials under inventories.</p> <p>There is a significant risk that the value of the inventory valued by the Government Valuation Department may be materially overstated and the sales and cost of sales may be materially understated in the financial statements.</p> <p>This matter was considered a key audit matter because of the valuation's significance in determining the sales, cost of sales and inventory of LSMFEZ and the significant risks involved.</p>	<p>We reviewed the Company's approval to sell land at its recommended price and the treatment of the sale of land in the financial statements.</p> <p>We also discussed with Management and reviewed the valuation reports and correspondences with the line ministry.</p>



## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and in the manner required by the Companies Act No. 10 of 2017, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management;
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events that achieves fair presentation.

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

We also provide Those Charged with Governance with a statement that we have complied with the relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements of the Lusaka South Multi Facility Economic Zone Limited as of 31 December 2023 have been, in all material respects, properly prepared in accordance with the provisions of the Companies Act No. 10 of 2017

AMG Global Chartered Accountants

Dr. Friday Nyambe PARTNER  
M/PC No.0001417  
M/PC No.0001417



LS MFEZ invites investors to fund and develop:

- Schools
- Shopping Malls
- Office Complexes
- Residential Housing Units



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MULTI-FACILITY  
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LIMITED

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# STATEMENT OF COMPREHENSIVE INCOME



## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023	2022
		ZMW	ZMW
<b>Revenue</b>	3	74 370 479	70 010 331
Cost of sales		(36 083 561)	(40 653 331)
Gross profit		38 286 918	29 357 000
Other income	4	11 949 754	15 295 959
Expenditure		(45 147 461)	(38 470 298)
<b>Operating profit</b>		5 089 211	6 182 661
Net financing income	5	2 583 912	1 003 121
<b>Net profit before taxation</b>		7 673 123	7 185 782
Taxation	6.1	(4 125 263)	(4 295 478)
<b>Total comprehensive income</b>		3 547 860	2 890 304

# STATEMENT OF FINANCIAL POSITION

	NOTE	2023 (ZMW)	2022 (ZMW)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Investment property	8	4 041 063 978	3 997 698 753
Property and equipment	9	320 057 844	315 099 800
Intangible assets	10	671 206	178 090
		<u>4 361 793 028</u>	<u>4 312 976 643</u>
<b>CURRENT ASSETS</b>			
Inventory	11	712 133 100	752 016 500
Amount due from related parties	19	950 556	658 945
Accounts receivables	12	68 433 433	51 790 277
Cash and cash equivalents	13	39 308 158	43 235 572
		<u>820 825 247</u>	<u>847 701 294</u>
<b>Total Assets</b>		<b><u>5 182 618 275</u></b>	<b><u>5 160 677 937</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY ATTRIBUTABLE TO OWNERS</b>			
Share capital	14	315 241 989	315 241 989
Revaluation reserve		224 738 654	231 136 303
Capital grant	18	222 082 377	194 435 845
Retained earnings		4 373 372 490	4 371 824 630
<b>Total accumulated funds</b>		<b><u>5 135 435 510</u></b>	<b><u>5 112 638 767</u></b>
<b>CURRENT LIABILITIES</b>			
Deferred income	15	14 005 430	10 812 295
Dividends payable	17	329 009	-
Amounts due to related parties	19	-	82 096
Accounts payables	16	28 159 808	32 223 853
Taxation payable	6.3	4 512 483	4 920 926
<b>Total liabilities</b>		<b><u>47 006 730</u></b>	<b><u>48 039 170</u></b>
<b>Total accumulated funds and liabilities</b>		<b><u>5 182 442 240</u></b>	<b><u>5 160 677 937</u></b>

The financial statements were approved by the Board of Directors on the 6th of March 2024 and were signed on their behalf by

  
 DIRECTOR

  
 DIRECTOR



# STATEMENT OF CHANGES IN EQUITY

## STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022

	SHARE CAPITAL (ZMW)	REVALUATION RESERVE (ZMW)	CAPITAL GRANT (ZMW)	RETAINED EARNINGS (ZMW)	TOTAL (ZMW)
<b>Balance as at 31 December 2021</b>	315 241 989	248 631 903 (17 495 600)	161 257 300	4 370 135 214	5 095 266 406 (17 495 600)
Transfer from inventory	-	(17 495 600)	-	-	(17 495 600)
Dividends declared in the period	-	-	-	(1 200 888)	(1 200 888)
Additions on Capital Grant	-	-	36 236 355	-	36 236 355
Amortisation of Capital Grant	-	-	(3 057 810)	-	(3 057 810)
Total comprehensive income	-	-	-	2 890 304	2 890 304
	-	-	-	-	-
<b>Balance as at 31 December 2022</b>	<b>315 241 989</b>	<b>231 136 303</b> 6,397,649	<b>194 435 845</b>	<b>4 371 824 630</b> -	<b>5 112 638 767</b> (6 397 649)
Transfer from inventory	-	6,397,649	-	-	(6 397 649)
Dividends declared in the period	-	-	-	(2 000 000)	(2 000 000)
Additions on Capital Grant	-	-	35 000 000	-	35 000 000
Amortisation of Capital Grant	-	-	(7 353 468)	-	(7 353 468)
Total comprehensive income	-	-	-	3 547 860	3 547 860
<b>Balance as at 31 December 2023</b>	<b>315 241 989</b>	<b>224 738 654</b>	<b>222 082 377</b>	<b>4 373 372 490</b>	<b>5 135 435 510</b>

# STATEMENT OF CASH FLOWS



## STATEMENT OF CASH FLOWS

for the year ended 31 December 2023

	NOTE	2023 (ZMW)	2022 (ZMW)
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>OPERATING CASH FLOWS</b>			
Operating profit		5 089 211	6 182 661
Adjustment for items not affecting cash flows			
Depreciation on property and equipment	9	1 518 236	1 161 727
Profit on disposal of equipment		(30 861)	-
Amortisation of capital grant	18	(7 353 468)	(3 057 810)
Amortisation of intangible assets	10	233 598	88 255
Increase in receivables		(16 467 121)	(33 193 234)
Increase in payables		(5 878 013)	6 294 182
Decrease in inventory		33 485 751	33 358 600
Net movement on related party balances		(373 707)	274 905
		<b>10 047 591</b>	<b>11 109 286</b>
<b>Returns from investment and servicing of</b>			
<b>Net financing income</b>	5	<b>2 583 912</b>	<b>1 003 121</b>
<b>Taxation paid</b>		<b>(2 531 694)</b>	<b>(843 824)</b>
<b>Net asset from operating activities</b>	6	<b>10 099 809</b>	<b>11 268 583</b>
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of equipment		37 365	
Purchase of investment property	8	(43 365 225)	(11 837 528)
Purchase of property and equipment	9	(6 482 784)	(3 393 155)
Purchase of intangible assets	10	(726 714)	-
		<b>(50 537 358)</b>	<b>(15 230 683)</b>

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**NET CASH FLOWS FROM FINANCING  
ACTIVITIES**

Dividend paid in the year		(1 683 000)	(1 200 888)
Proceeds from capital grant		35 000 000	36 236 355
Net movement on deferred income		3 193 135	5 976 894
		<hr/>	<hr/>
Net cash from financing activities		<b>36 510 135</b>	<b>41 012 361</b>
		<hr/>	<hr/>
(Decrease)/increase in cash and cash equivalents		(3 927 414)	37 050 261
Cash and cash equivalents at the beginning of the year		43 235 572	6 185 311
		<hr/>	<hr/>
Cash and cash equivalents at the end of the year	13	<b>39 308 158</b>	<b>43 235 572</b>
		<hr/>	<hr/>

# ACCOUNTING POLICIES

1. The principal accounting policies of the Company, which are set out below, are consistently followed in all material respects.

### 1.1 BASIS OF MEASUREMENT

These financial statements were prepared under the historical cost convention, except for financial assets classified as fair value through profit or loss (FVTPL).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Zambia Kwacha (ZMW), which is also the Company's functional currency.

### 1.2 JUDGEMENT AND ESTIMATES

The preparation of financial statements in compliance with IFRS requires Management to make certain critical accounting estimates. It also requires Management to exercise judgment in applying the Company's accounting policies. The areas involving critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are:

- (i) Financial Instruments
  - The classification of financial assets and liabilities;
  - Whether assets are impaired; and
  - The classification of financial assets at FVTPL, which includes assessing the business model within which the assets are held and whether the contractual terms of the assets are solely payments of principal and interest on the principal amount outstanding.



## (ii) Impairment of assets

In making its judgment, management has assessed at each reporting date whether there is any indication that the Company's tangible assets may be impaired. If any such indication exists, the recoverable amount of the asset is assessed in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use.

## (iii) Impairment losses on trade receivables

Impairment losses are based upon historical patterns of losses. In determining whether an impairment loss should be recorded in the income statement, the Company makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of trade receivables before a decrease can be identified with an individual trade receivable in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of trade receivables in their organisation, or local economic conditions that correlate with defaults on assets in that organisation. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling future cash flows. The methodology and assumptions used for estimating both the amount and the timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

## (iv) Property and equipment residual values and useful lives

These assets are written down to their estimated residual values over their anticipated useful lives using the straight line basis. Management reviews the residual values annually considering market conditions and projected disposal values. In assessing useful lives, maintenance programmes and technological innovations are considered. The carrying value of property and equipment is disclosed in Note 18 to the financial statements.

In addition, the disclosures that Management deemed to be immaterial were excluded from the notes to the financial statements. The determination of the relevance and materiality of disclosures involved significant judgment.

## 1.3 REVENUE

Revenue comprises the fair value of the consideration received or receivable for the lease of land and sale of residential plots in the ordinary course of the Company's activities.

Revenue is shown net of value added tax (VAT), rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and when specific criteria have been met for each of the Company's activities as described below.

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised as follows:

- a) Lease of land is initially recognised when the lease agreement has been signed and in subsequent years, income is recognised at the same date the lease agreement was signed.
- b) Interest income is recognised on a time proportion basis using the effective interest method.

### 1.4 Tax

#### Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused income tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused income tax credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

#### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

### 1.5 TRANSLATION OF FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the Zambian Kwacha at the foreign exchange rate ruling at the dates of the respective transactions. Monetary assets and liabilities that are denominated in foreign currencies at the reporting date, which are stated at historical cost, are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are denominated in foreign currencies, which are stated at historical cost, are translated at the foreign exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value

## 1.6 PROPERTY AND EQUIPMENT

All property, plant and equipment are initially stated at historical cost. They are subsequently stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

The immovable assets are revalued every three years by Government Valuers to reflect the market value of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Land is not depreciated and is shown at fair value, based on periodic valuations by external independent appraisers. All other property and equipment are stated at historical cost less depreciation. Increases in the carrying amount arising on revaluation of land and buildings are credited to the revaluation surplus in the revaluation reserves. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives, as follows:

Buildings	2%
Motor vehicles	20%
Furniture & Fittings	20%
Office Equipment	20%
Other assets	20%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

A revaluation surplus is recorded in Other Comprehensive Income (OCI) and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

## 1.7 INVENTORY

Inventory relates to land held for outright sale as residential plots to potential investors.

## 1.8 FINANCIAL INSTRUMENTS

### Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- (i) amortised cost;
- (ii) fair value through profit or loss (FVTPL); and
- (iii) fair value through other comprehensive income (FVOCI).

The classification is determined by both:

- (i) the entity's business model for managing the financial asset; and
- (ii) the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

### Subsequent measurement of financial assets

#### Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes non-derivative financial assets like loans and receivables with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

#### Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model than 'hold to collect' or 'hold to collect and sell', and financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

This category also contains equity investments. The equity investments were measured at cost less any impairment losses under IAS 39, as it was deemed that its fair value could not be estimated reliably.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.



### Financial assets at fair value through other comprehensive income

The Company recognises 12-month expected credit losses for financial assets at FVOCI. As most of these instruments have an outstanding credit rating, the likelihood of default is deemed to be small. However, at each reporting date the Company assesses whether there has been a significant increase in the credit risk of the instrument.

In assessing these risks, the Company relies on readily available information such as the credit ratings issued by the major credit rating agencies for the respective asset. The Company only holds simple financial instruments for which specific credit ratings are usually available. In the unlikely event that there is no or only little information on factors influencing the ratings of the asset available, the Company would aggregate similar instruments into a portfolio to assess on this basis whether there has been a significant increase in credit risk.

In addition, the Company considers other indicators such as adverse changes in business, economic or financial conditions that could affect the borrower's ability to meet its debt obligation or unexpected changes in the borrower's operating results. Should any of these indicators imply a significant increase in the instrument's credit risk, the Company recognises for this instrument or class of instruments the lifetime ECL.

### Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

### Derivative financial instruments and hedge accounting

The Company applies the new hedge accounting requirements in IFRS 9 prospectively. All hedging relationships that were hedging relationships under IAS 39 at the 31 December 2022 reporting date meet the IFRS 9's criteria for hedge accounting at 1 January 2023 and are therefore regarded as continuing hedging relationships. Derivative financial instruments are accounted for at FVTPL except for derivatives designated as hedging instruments in cash flow hedge relationships, which require a specific accounting treatment.

To qualify for hedge accounting, the hedging relationship must meet all of the following requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

For the reporting periods under review, the Company did not have any hedging investments.

All derivative financial instruments used for hedge accounting are recognised initially at fair value and

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are recognised in other comprehensive income and included within the cash flow hedge reserve in equity. Any ineffectiveness in the hedge relationship is recognised immediately in profit or loss.

At the time the hedged item affects profit or loss, any gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented as a reclassification adjustment within other comprehensive income. However, if a non-financial asset or liability is recognised as a result of the hedged transaction, the gains and losses previously recognised in other comprehensive income are included in the initial measurement of the hedged item.

If a forecast transaction is no longer expected to occur, any related gain or loss recognised in other comprehensive income is transferred immediately to profit or loss. If the hedging relationship ceases to meet the effectiveness conditions, hedge accounting is discontinued and the related gain or loss is held in the equity reserve until the forecast transaction occurs.

### 1.9 PROVISIONS

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### 1.10 NET FINANCING INCOME/COSTS

Net financing income/costs comprise interest payable on borrowings calculated using the effective interest rate method, bank interest receivable, foreign exchange gains and losses that are recognised in the statement of comprehensive income.

### 1.11 EMPLOYEE BENEFITS

#### Defined Contribution Schemes

A defined contribution scheme is a pension plan under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior years. The Company's contribution to the defined contribution schemes are charged to the statement of comprehensive income in the year to which they relate. The Company has no further obligation once the contributions have been paid.

The Company makes contributions to the state defined contribution pension scheme, National Pension Scheme Authority, "NAPSA", on behalf of the employees.

#### Retirement benefits

Certain of the Company's employees are entitled to statutory retirement benefits. Provision is made for past service on the basis of present conditions and earnings in accordance with local labour laws.

# NOTES TO THE FINANCIAL STATEMENTS

**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

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The Company operates a defined contributory scheme for its permanent and pensionable employees which requires contributions to be made to a separately administered fund.

Gratuity benefits

Contract staff 35% of current basic salary for every year of services

## 1.12 NEW STANDARDS AND INTERPRETATIONS

There were no new standards, amendments to standards and interpretations adopted by the Company in 2023.

## 1.13 NEW RELEVANT STANDARDS ISSUED NOT YET EFFECTIVE

January 2023 and earlier application is permitted, however, the Company has not early adopted them in preparing these financial statements.

Of those standards that are not yet effective, there are no standards which are expected to have a significant impact on the Company's financial statements in the period of initial application.

## 2 STATUS AND ACTIVITIES

Lusaka South Multi Facility Economic Zone Limited (LSMFEZ/the Company) is domiciled in Zambia and its principle activities are to manage, operate and develop the Lusaka South Multi Facility Economic Zone.

## 3 TURNOVER

	2023 ZMK	2022 ZMK
Lease fees	16 986 004	16 813 900
Sales of residential plots	40 040 250	43 874 814
Water sales	15 667 225	8 863 617
Power connections	1 677 000	458 000
	<hr/>	<hr/>
Net cash from financing activities	<b>74 370 479</b>	<b>70 010 331</b>
	<hr/>	<hr/>



**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
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	2023 ZMK	2022 ZMK
<b>4 OTHER INCOME</b>		
Amortisation of capital grant	7 353 468	3 057 810
Bad debts received	808 189	-
Government grant (Note 18.2)	-	8 000 000
Rent	46 300	3 000
Application from sales	62 750	44 407
Survey income	-	10 000
Sale of stones	280 608	171 539
Road tolls	2 408 423	2 084 425
Penalties	17 605	937 776
Profit on disposal of equipment	30 861	-
Other income	941 550	987 002
	<b>11 949 754</b>	<b>15 295 959</b>
<b>5 NET FINANCING INCOME</b>		
Staff loan interest	55 364	28 132
Interest received	2 528 548	974 989
	<b>2 583 912</b>	<b>1 003 121</b>
<b>6 TAXATION</b>	2023 ZMK	2022 ZMK
<b>6.1 Charge for the year</b>		
Income tax (Note 6.2)	-	-
Rental Tax @12.5 %	2 123 251	2 101 737
Property transfer tax @ 5%	2 002 012	2 193 741
Total taxation charge for the year	<b>4 125 263</b>	<b>4 295 478</b>
<b>6.2 Reconciliation of tax charge</b>		
Notional tax charge based on profit for the year	2 301 937	2 155 735
Additional taxation resulting from:		
Permanent differences	(4 477 903)	(3 575 666)
Total taxation charge for the year	<b>(2 175 966)</b>	<b>(1 419 931)</b>
Change in tax rate	-	552 383
Deferred taxation credit not taken into account	2 175 966	867 548
	<b>-</b>	<b>-</b>

**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

	2023 ZMK	2022 ZMK
<b>6.3 Taxation payable</b>		
Opening balance	4 920 926	3 334 376
Charge for the year (Note 6.1)	2 123 251	2 101 737
Payments during the year	( 2 531 694)	515 187)
	<u>4 512 483</u>	<u>4 920 926</u>

**7. DEFERRED TAXATION**

7.1 The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Deferred tax liability	-	-
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7.2 Deferred income tax assets and liabilities and deferred income tax charge not recognised in the financial statements are attributed to the following items:

	Charge/(credit) to profit and loss 2023		
Deferred tax liabilities			
Accelerated tax depreciation	375 592	345 765	721 357
Deferred tax assets			
Provisions	(924 088)	(349 002)	(1 273 090)
Tax losses	(4 185 732)	(2 173 729)	(6 358 461)
	<u>(5 109 820)</u>	<u>(2 521 731)</u>	<u>(7 631 551)</u>
Net deferred tax asset	<u>(4 734 228)</u>	<u>(2 175 966)</u>	<u>(6 910 194)</u>

7.3 The deferred tax asset of ZMW6 910 194 (2022: ZMW4 734 228) has not been recognised in the financial statements in accordance with the accounting policy on taxation.

7.4 At 31 December 2023, estimated tax losses available to the company amounted to ZMW21 194 868 (2022:ZMW13 952 439). In future years, at present rates, the estimated tax losses will provide the company with current income tax relief amounting to ZMW6 358 460 (2022: ZMW4 185 732). The tax relief is subject to the company earning sufficient taxable income to utilise the losses within five years of the losses arising.

**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**8 INVESTMENT PROPERTY**

	2023 ZMK	2022 ZMK
8.1 Analysis		
Balance at the beginning of the year	3 997 698 753	3 985 861 225
Change in fair value	-	-
Work in progress additions	43 365 225	11 837 528
Balance at end of year	4 041 063 978	3 997 698 753

**8.2 Measurement of fair value**

**(i) Fair value hierarchy**

The fair value of investment property was determined on 8 January 2018 and 20 September 2018 by external, independent property valuers, the Government valuation department, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

**(ii) Valuation technique and key assumptions are noted below**

The method used in valuing investment property under development is the capital value basis. The valuer uses the amount payable for similar areas. The fair value of investment property under development has been classified as level 3 based on the inputs to the valuation technique used. The key assumptions are as follows:

- Prevailing market conditions and likely future trends;
- Factors affecting values for similar properties in the same or similar locations;
- Development potential for each site; and
- Current and expected demand for commercial properties.

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## PROPERTY AND EQUIPMENT

	Land and buildings	Work in progress	Motor Vehicles	Office & Computer Equipment	Technical Equipment	Furniture and Fittings	Other Assets	TOTAL
	(ZMW)	(ZMW)	(ZMW)	(ZMW)	(ZMW)	(ZMW)	(ZMW)	(ZMW)
9.1 Cost/valuation								
At 31 December 2022	313 379 988	20 000	4 915 943	2 468 226	251 089	1 232 205	370 563	322 638 014
Additions	171 051	161 172	4 538 349	885 863	-	469 429	256 920	6 482 784
Disposals	-	-	-	(32 521)	-	-	-	(32 521)
At 31 December 2023	313 551 039	181 172	9 454 292	3 321 568	251 089	1 701 634	627 483	329 088 277
9.2 Depreciation								
At 31 December 2022	1 654 729	-	2 912 349	1 482 849	251 088	1 021 464	215 735	7 538 214
Charge for the year	204 640	-	638 670	388 042	-	216 992	69 892	1 518 236
Disposals	-	-	-	(26 017)	-	-	-	(26 017)
At 31 December 2023	1 859 369	-	3 551 019	1 844 874	251 088	1 238 456	285 627	9 030 433
9.3 Net book amount								
At 31 December 2023	311 691 670	181 172	5 903 273	1 476 694	1	463 178	341 856	320 057 844
At 31 December 2022	311 725 259	20 000	2 003 594	985 377	1	210 741	154 828	315 099 800

9.4 The register showing the details of property, as required by Section 278 of the Zambian Companies Act, is available during business hours at the registered office of the company. Buildings and roads are situated on land, the title deeds of which vests with the Government of the Republic of Zambia



**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
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		2023 ZMK	2022 ZMK
10	INTANGIBLE ASSETS		
10.1	Analysis		
	At the start of the year	178 090	266 345
	Additions	726 714	-
	Amortisation for the year	(233 598)	(88 255)
	Amortisation for the year	<b>671 206</b>	<b>178 090</b>
10.2	The intangible assets represent the cost of consultancy work on strategic planning that are amortised over the useful life of the assets that is at 20% per year on straight line including software procured during the year.		
11	INVENTORIES:		
	Residential (Mixed Density)	419 520 478	459 403 878
	Residential (Low Density)	292 612 622	292 612 622
		<b>712 133 100</b>	<b>752 016 500</b>
12	ACCOUNTS RECEIVABLES		
	Lease receivables	4 546 947	5 407 457
	Property rates receivable	8 972 417	9 679 331
	Water receivables	3 082 568	610 902
	Residential receivables	48 094 306	32 133 102
	Staff receivables	4 749 909	4 977 269
	Other receivables	3 230 917	2 062 508
		<b>72 677 064</b>	<b>54 870 569</b>
	Less: Provision for Expected Credit Losses	(4 243 631)	(3 080 292)
		<b>68 433 433</b>	<b>51 790 277</b>

**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

13	CASH AND CASH EQUIVALENTS	2023 ZMK	2022 ZMK
	Zambia National Commercial Bank – Current Account	507 710	764 219
	Zambia National Commercial Bank – Road User Account	536 782	499 824
	Zambia National Commercial Bank – Gratuity Account	25 412	37 618
	Indo Zambia Bank – Current Account	17 526 446	38 346 711
	Indo Zambia Bank – Residential Properties Account	5 455 677	3 572 200
	Short term investments	15 255 205	-
	Cash on hand	926	15 000
		<hr/>	<hr/>
		39 308 158	43 235 572
		<hr/>	<hr/>
13.2	For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks net of bank overdraft.		
14	SHARE CAPITAL		
	Authorised		
	315 241 989 ordinary shares of ZMW1.00 each	315 241 989	315 241 989
		<hr/>	<hr/>
	Issued and fully paid		
	315 241 989 ordinary shares of ZMW1.00 each	315 241 989	315 241 989
		<hr/>	<hr/>
15	DEFERRED INCOME		
	At start of the year	10 812 295	4 835 401
	Prepaid lease fees – current year	14 005 430	10 812 295
	Prepaid lease fees – prior year	(10 812 295)	(4 835 401)
		<hr/>	<hr/>
		14 005 430	10 812 295

**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

		2023 ZMK	2022 ZMK
16	ACCOUNTS PAYABLES		
16.1	Analysis		
	Trade and other payables	20 455 287	26 235 012
	Property transfer tax	4 641 511	2 639 498
	NAPSA	100 459	170 4091
	NHIMA	12 928	2 277
	PAYE	545 538	474 576
	Audit fees	250 473	198 973
	Provision for gratuity	1 788 019	1 965 707
	Provision for leave	370 565	357 268
	Withholding tax on dividends paid	171 063	180 133
		<u>28 335 843</u>	<u>32 223 853</u>
16.2	The carrying amount of the payables and accrued expenses approximate their fair values.		
17	DIVIDENDS		
17.1	Analysis		
	Dividends payable - Industrial Development Corporation Limited	1 980 000	1 188 879
	Dividends payable – Felix N. Nkulukusa	20 000	12 009
		<u>2 000 000</u>	<u>1 200 888</u>
	Total dividends declared	(1 683 000)	(1 188 879)
	Less dividends paid during the year		
		<u>317 000</u>	<u>12 009</u>
	Dividends brought forward/(carried forward)	12 009	(12 009)
		<u>329 009</u>	<u>-</u>
18.	CAPITAL GRANTS		
18.1	Analysis		
	At the start of the year	194 435 845	161 257 300
	Additions (Note 18.2) 3	35 000 000	36 236 355
	Amortisation	(7 353 468)	(3 027 810)
		<u>222 082 377</u>	<u>194 435 845</u>

**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

		2023	2022
		ZMK	ZMK
18.2	Government Grant Received		
	Total	35 000 000	44 236 355
	Less: Transferred to revenue	-	(8 000 000)
		<u>35 000 000</u>	<u>36 236 355</u>
19	RELATED PARTY TRANSACTIONS		
19.1	The company is controlled by Industrial Development Corporation Limited incorporated in Zambia		
.	There are other companies that are related to Lusaka South Multi Facility Economic Zone Limited through common shareholding.		
	The following transactions were carried out with related parties:		
i)	Sale of goods and services		
	Industrial Development Corporation Limited	2 032 183	2 066 358
		<u>2 032 183</u>	<u>2 066 358</u>
ii)	Purchase of goods and services		
	ZAMTEL	603 228	588 132
	ZESCO	666 626	391 359
	ZISC	1 027 776	1 247 149
	Zambia Daily Mail	111 412	57 322
	Industrial Development Corporation Limited	1 765 096	985 156
	Infratel	114 953	103 458
		<u>4 289 091</u>	<u>3 372 576</u>
		<u>-</u>	<u>-</u>
iii)	Directors' remuneration		
	Fees for services as a Director	1 494 023	593 740
		<u>1 494 023</u>	<u>593 740</u>
iv)	Key Management compensation		
	Key management includes directors (Executive and Non-Executive Management) and members of senior management. The compensation paid or payable to key management for employee services is shown below:		
	Salaries and other short term employment benefits	4 298 367	7 612 348
		<u>4 298 367</u>	<u>7 612 348</u>
v)	Outstanding balances arising from purchase of goods and services payable to related parties:		
	Industrial Development Corporation Limited -	-	82 096
		<u>-</u>	<u>82 096</u>



**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

vi) Outstanding balances arising from sales of goods and services receivable from related parties:		
	2023 ZMK	2022 ZMK
Industrial Development Corporation Limited-Leases	950 556	490 820
Industrial Development Corporation Limited-dividends	-	168 125
	<u>950 556</u>	<u>658 945</u>

## 20 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities

Fair values

The management assessed that cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 December 2023, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

Fair value of the quoted notes and bonds is based on price quotations at the reporting date. The fair value of unquoted instruments, loans from banks and other financial liabilities, obligations under finance leases, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

### Risk management

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing viable operations.

Exposure to currency, interest rate, credit, market, operational and liquidity risk arises in the normal course of the Company's business.

#### (i) Credit risk

Credit risk is the risk of financial loss to the Company if a counterparty to a financial instrument defaults on its contractual obligations. The Company is subject to credit risk through its trading and investing activities. The Company's primary exposure to credit risk arises through its investment securities, cash deposits, account receivables and cash equivalents. The Company evaluates counterparties for credit worthiness where credit risk arises and there are no credit ratings readily available.

**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

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The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

Related party balances	956 556	658 945
Accounts receivables	68 257 398	51 790 277
Cash and cash equivalents	39 308 158	43 235 572
	<u>108 516 112</u>	<u>95 684 794</u>

(ii) Interest rate risk

This is the risk arising from the adverse movement in the value of future interest receipts or commitments resulting from movements in interest rates.

The interest rates for both interest receivable and payable from/to local financial institutions are generally pegged against the Bank of Zambia bank rate. The Company finances its operations through leasing and selling of land.

The Company is exposed to interest rate risk to the extent of the balances of the bank accounts. The Company manages its assets and liabilities within its sensitivity to the interest rate changes.

(iii) Market risk

The principal amounts of all financial assets and financial liabilities are fixed and not subject to market related value adjustment.

(iv) Liquidity and cash flow risk

Liquidity risk arises in the general funding of the Company's operations and in the management of positions. It includes both the risk of being unable to fund financial liabilities when they mature and the risk of being unable to liquidate financial assets at close to their fair value. The Company manages liquidity risk by monitoring adequacy of reserves, monitoring forecasts and actual cash flows and matching the maturity profiles of financial assets and liabilities. A maturity analyses of the Company's instruments as at 31 December 2023 is as follows: uates counterparties for credit worthiness where credit risk arises and there are no credit ratings readily available.

The counterparties for investment securities and cash equivalents are Bank of Zambia (BOZ) and commercial banks licensed by Bank of Zambia.

The Company does not hold any collateral to cover its credit risk associated with accounts receivables in respect of staff loans and advances except that the credit risk is mitigated by ensuring that staff loans and advances do not exceed the terminal benefits payable to employees.

**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

	On demand ZMW	Due within 3 months ZMW	Due between 3 – 12 months ZMW	Due more than 12 months ZMW	ZMW
<u>Financial assets as at 31 December 2023</u>					
Trade and other receivables	-		68 433 433	-	68 433 433
Cash and cash equivalents	39 308 158	-			39 308 158
Related party balances		-	950 556	-	950 556
	39 308 158	-	69 383 989	-	108 692 142
<u>Financial liabilities as 31 December 2023</u>					
Trade and other payables			28 335 842	-	28 335 842
Tax payable	-	-	4 512 482	-	4 512 482
Dividends payable	-	-	329 009	-	329 009
	-	-		-	
Liquidity gap	39 308 158	-	36 206 656	-	75 514 816

	On demand ZMW	Due within 3 months ZMW	Due between 3 – 12 months ZMW	Due more than 12 months ZMW	ZMW
<u>Financial assets as at 31 December 2022</u>					
Trade and other receivables	-		51 790 277	-	51 790 277
Cash and cash equivalents	43 235 572	-	-		43 235 572
Related party balances		-	658 945	-	658 945
	43 235 572		52 449 222	- -	95 684 794
<u>Financial liabilities as 31 December 2022</u>					
Trade and other payables			32 223 853	-	32 223 853
Tax payable	-	-	4 920 926	-	4 920 926
Dividends payable	-	-	82 096	-	82 096
	-	-	37 226 875	-	37 226 875
Liquidity gap	43 235 572	-	15 222 347	-	58 457 919

**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

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(v) Currency risk

This is the risk that the Company is exposed to unfavourable exchange rate movements on mismatched spot or forward positions in a foreign currency deal.

The Company incurs foreign currency risk on capital contribution receivables and purchases that are denominated in a currency other than the Zambian Kwacha. The currency giving rise to this risk is principally the United States Dollar.

Currency risk is, however, managed by ensuring, as far as possible, that available foreign currency denominated liquid assets are reserved for payment of foreign currency denominated liabilities.

21 COMMITMENTS

The company had capital commitments amounting to ZMW22 859 787 as at 31 December 2023. (2022: ZMW25 215 000)

22 CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 December 2023. (2022:Nil)

23 COMPARATIVE FIGURES

Comparative figures are restated where necessary to afford a reasonable comparison.

24 EVENTS SUBSEQUENT TO THE STATEMENT OF FINANCIAL POSITION DATE

There has not arisen since the end of the financial year any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.



# DETAILED STATEMENT OF COMPREHENSIVE INCOME

**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
**DETAILED STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2023**

	Notes	2023 ZMK	2022 ZMK
Turnover	3	74 370 479	70 010 331
Cost of sales		( 36 083 561)	(40 653 331)
Gross profit		38 286 918	29 357 000
Other Income:	4	11 949 754	15 295 959
Total income		50 236 672	44 652 959
<b>Operating expenses</b>			
Administrative expenses		1 113 878	1 009 896
Advertising and promotions		4 549 979	2 436 881
Amortisation of intangible assets	10	233 598	88 255
Audit fees		200 000	165 000
Bank charges		94 710	88 600
Board expenses		992 857	526 378
Cleaning and sanitation		796 170	384 962
Commemoration and events		419 216	765 688
Consultancy		351 111	165 505
Depreciation	9	1 518 236	1 161 727
Electricity and water		498 815	401 359
Fuel and lubricants		688 311	699 815
Gifts and donations		60 000	18 482
Gratuity provision		1 898 520	1 626 170
Land Rates		1 619 224	1 816 969
Leave days provision		1 219 414	621 873
Increase in provision for expected credit losses		1 163 339	1 219 551
Insurance and licences		543 453	823 098
Legal fees		135 000	180 000
Management fees		985 156	985 156
Medical expenses		738 130	154 213
NAPSA – Employer contributions		393 402	402 378
Office expenses		31 876	30 496
PAYE liability		-	909 476
Penalties		-	2 050 039
Printing and stationery		495 068	431 835
Procurement expenses		128 500	96 150
Recruitment expenses		53 504	-
Repairs and maintenance		3 304 625	1 890 072
Salaries and wages		14 846 907	13 715 572
Security expenses		1 229 281	1 031 440
Staff training		116 996	318 776
Staff welfare		1 647 463	194 656

**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2023**

	Notes	2023 ZMK	2022 ZMK
Telephone and internet		603 224	705 483
Workshop and conferences		2 429 594	1 316 108
Workers' compensation		47 904	38 239
Total expenses		45 147 461	38 470 298
Operating profit		5 089 211	6 182 661
Net financing income	5	2 583 912	1 003 121
Profit before taxation		7 673 123	7 185 782

# TAX COMPUTATION



**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED****TAX COMPUTATION****for the year ended 31 December 2023**

	Notes	2023 ZMK
Tax Computation on Lease Fees		
Lease fees		16 986 004
		<hr/>
Tax charge @ 12.5%		2 123 251
		<hr/>
Tax Computation on Sale of Land		
Sale of land		40 040 250
		<hr/>
Property transfer @ 5%		2 002 012
		<hr/>

**LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED**
**TAX COMPUTATION**
**for the year ended 31 December 2023**

	Year of Purchase	Rate	Cost ZMK	ITV at 31/12/2022 Wear	Wear & Tear ZMW	ITV at 31/12/2022 Wear
Buildings	2013	2%	9 446 376	7 727 208	188 927	7 538 281
Buildings	2022	2%	785 951	770 232	15 719	754 513
Buildings	2023	2%	171 051	-	3 421	167 630
Office equipment	2020	25%	351 500	87 875	87 875	-
Office equipment	2021	25%	420 501	210 251	105 125	105 126
Office equipment	2022	25%	844 377	633 283	211 094	422 189
Office equipment	2023	25%	1 142 783	-	285 696	857 087
Non-commercial vehicles	2019	20%	225 884	45 177	45 177	-
Non-commercial vehicles	2021	20%	1 077 528	646 516	215 506	431 010
Non-commercial vehicles	2022	20%	1 538 100	1 230 480	307 620	922 860
Non-commercial vehicles	2023	20%	4 538 349	-	907 670	3 630 679
Furniture and fittings	2020	25%	330 546	82 637	82 637	-
Furniture and fittings	2021	25%	176 618	88 309	44 154	44 155
Furniture and fittings	2022	25%	204 727	153 545	51 182	102 363
Furniture and fittings	2023	25%	469 429	-	117 357	352 072
			<u>21 7236 720</u>	<u>11 675 513</u>	<u>2 689 160</u>	<u>15 327 965</u>

Details	Year of Purchase	Cost ZMK	ITV at Disposal	Proceeds from disposal	Balancing Charge
Computer equipment	2020	32 521	8 130	37 365	29 235

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 4th Annual General Meeting (AGM) of the members of the Lusaka South Multi Facility Economic Zone Limited will be held on Wednesday, the 27th of March 2024 commencing at 10:00 hours in the Board Room at the LSMEZ Offices to transact the following business:

1. **Call to order, tabling of proxies and announcement regarding quorum.**
2. **Adoption of Minutes**  
To consider, confirm, adopt and sign the minutes of the 3rd Annual General Meeting held on 31st March 2023.
3. **Presentation by the Managing Director**  
To present the 2023 Financial Year performance and future outlook.
4. **Resolutions:**
  - 4.1. **Resolution 1**  
Adoption of the Director's Report and Financial Statements  
To receive, adopt and approve the Company's Audited Financial Statements for the year ended 31st December 2023, together with the Report of the Chairperson, Directors and Auditors.
  - 4.2. **Resolution 2**  
Dividend  
To consider the recommendation of the Board of Directors regarding dividend for the year ended 31st December 2023.
  - 4.3. **Resolution 3**  
**Appointment of Directors**  
In accordance with the Companies Act 2017, to confirm the appointment of:
    - Mr. Boster H. Chiyaba
    - Mrs. Kasumpa M. Kabalata
    - Mr. Chandrakant D. Tailor
    - Mr. Philip Muyumbana
    - Mr. Sanga Mataka
  - 4.4. **Resolution 4**  
**Appointment of Auditors**  
Pursuant to section 257 of the Companies Act: To consider and adopt the recommendation for the appointment of the Auditors of the Company for the Financial Year ending 31st December 2024 and authorise the directors to set the auditor's remuneration.
5. **To transact such other business as may properly be transacted at an Annual General Meeting.**  
A shareholder entitled to attend and vote at the meeting may appoint a proxy to attend and participate in the proceedings of the Meeting. The appointed proxy may also vote on behalf of that shareholder. The proxy need not be a shareholder. To appoint a proxy, a shareholder must fill in and sign a proxy form accordingly.

Proxy forms are available from the Company Secretary and must be lodged at the front desk/reception of the LSMFEZ Offices Chifwema Road, Lusaka

By order of the Board



Inonge N. Gondwe  
Company Secretary



# MINUTES OF THE 3RD ANNUAL GENERAL MEETING

## MINUTES OF THE 3RD ANNUAL GENERAL MEETING OF MEMBERS HELD ON 31ST MARCH 2023 IN THE MAIN BOARDROOM AT THE LSMFEZ OFFICES STARTING AT 10:00HRS:

### 1 PRESENT

#### MEMBERS/PROXIES

Mr. Saviour Nyangu - Proxy for the Industrial Development Corporation (IDC)  
Ms. Sandra Munalula - Proxy for the Secretary to the Treasury

#### DIRECTORATE

Mr. Gomeli H. Litana - Chairperson  
Mr. Kennedy Mwila - Managing Director  
Mrs. Lydia M. Sibanda - Non-Executive Director  
Mrs. Roseta M. Chabala - Non -Executive Director  
Mr. Peter M. Kang'ombe - Non -Executive Director

#### IN ATTENDANCE

Mr. Radderford Mandaza - AMG Global Chartered Accountants  
Mr. M. Mwenda - Head- Commercial & Marketing  
Mr. F. Mukuka - Head-Finance & Administration  
Mr. M. Zulu - Head-Technical, Planning and Compliance

#### SECRETARY:

Mrs. Inonge N. Gondwe

### 2 CALL TO ORDER / QUORUM

A quorum having been met, the meeting was called to order at 10:06 hours.

### 3 APOLOGIES FOR ABSENCE

No apologies for absence were recorded.

### 4 AGENDA

The notice and agenda were adopted as presented.

### 5 CONFIRMATION OF THE MINUTES OF THE PREVIOUS MEETINGS

### 6 PRESENTATION BY THE MANAGING DIRECTOR

The Managing Director, Mr Kennedy Mwila made a presentation on the 2022 performance of the Company as contained in the Annual Report.

The meeting deliberated on the Managing Director's presentation.

### 7 ADOPTION OF THE DIRECTOR'S REPORT AND FINANCIAL STATEMENTS

The Directors' Report and Annual Financial Statements for the year ended 31 December 2022 were presented. It was resolved that the Directors' Report and Financial Statements for the year ended 31 December 2022 be approved and adopted and that all matters undertaken and discharged by the Directors on behalf of the Company be confirmed.

# MINUTES OF THE 3RD ANNUAL GENERAL MEETING OF MEMBERS HELD ON 31ST MARCH 2023 IN THE MAIN BOARDROOM AT THE LSMFEZ OFFICES STARTING AT 10:00HRS:

## 8 DECLARATION OF DIVIDEND

It was resolved that the recommendation of the Board of Directors regarding the payment of a dividend of ZMW2,000,000.00 for the year ended 31st December 2022 be and was hereby approved.

## 9 APPOINTMENT OF AUDITORS

It was resolved that Messrs AMG Global Chartered Accountants, be re-appointed as auditors of the Company until the conclusion of the next Annual General Meeting and that the Board of Directors be authorised to approve the remuneration of the auditors.

## 10 ANY OTHER BUSINESS

Mr. Saviour Nyangu on behalf of the shareholders congratulated Management of LSMFEZ Limited for increased profitability and observed that LSMFEZ Limited was now one of the Companies in the IDC Group that was consistently declaring dividends.

Mr. Nyangu encouraged the Board of Directors and Management to continue with the good performance and to ensure that the new revenue streams were actualised during the 2023 financial year.

Ms. Sandra Munalula on behalf of the Secretary to the Treasury commended Management for the ZMW 2 million dividend declaration and implored them to continue on the same positive trajectory.

In closing the meeting, the Chairperson of the Board, Mr Gomeli Litana, announced that the tenure of the Board of Directors was coming to an end on 14th April 2023 having served the Company for three (3) years from 14th April 2020.

Mr. Litana on behalf of the Board of Directors thanked the shareholders for the opportunity to serve the LSMFEZ Limited and for the support to the Board which made it possible for the Board and Management to attain set company objectives and ultimately increase the Company's profitability.

Mr. Litana stated that during the tenure of the Board, the LSMFEZ Limited transformed from a loss-making entity to a profit-making entity, declaring dividends two years in a row.

The meeting closed at 10:55 hours.

.....  
CHAIRPERSON

.....  
SECRETARY

Dated this ..... day of .....2024

## LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE LIMITED PROXY FORM

I/WE \_\_\_\_\_  
(Name/s in block letters)

of \_\_\_\_\_

being a member of Lusaka South Multi Facility Economic Zone Limited and entitled to vote; hereby

appoint \_\_\_\_\_

of \_\_\_\_\_

or, in his absence \_\_\_\_\_

of \_\_\_\_\_

as my proxy to vote for me/us on my/our behalf at the 4

th Annual General Meeting (AGM) of the

Company to be held on Wednesday, the 27th of March 2024 at 10:00 hours at the Lusaka South Multi Facility Economic Zone Limited Offices and at any adjournment of that meeting.

Signed by me/us this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Signature of Member \_\_\_\_\_

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her stead. A proxy need not be a member of the Company.
2. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless the Company has already recorded that authority.
3. In order to be effective, proxy forms must reach the registered office of the Company 48 hours before the appointed time of the meeting.



# NOTES

LUSAKA SOUTH MULTI FACILITY ECONOMIC ZONE

2023 ANNUAL REPORT

# GENERAL INFORMATION

## **COUNTRY OF INCORPORATION**

ZAMBIA

## **NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES**

Lusaka South Multi Facility Economic Zone Limited (LSMFEZ/the Company) is a private limited company incorporated to spearhead the development of the Lusaka South Facility Economic Zone.

## **REGISTERED OFFICE**

Plot F10723 Chifwema Road, Off Leopards Hill Road

## **BUSINESS OFFICE**

Plot F10723 Chifwema Road, Off Leopards Hill Road. Private Bag E017, Lusaka

## **POSTAL ADDRESS**

Private Bag E017, Lusaka

## **BANKERS**

Indo Zambia Bank  
Manda Hill Branch  
Lusaka

Zambia National Commercial Bank Plc  
Ministry of Finance Agency Branch  
Civic Centre Lusaka

## **AUDITORS**

AMG Global Chartered Accountants  
(Zambia)



# 2023

ANNUAL REPORT



**LUSAKA SOUTH  
MULTI-FACILITY  
ECONOMIC ZONE  
LIMITED**

A Production by the Corporate Affairs Team 2024 for 2023



Plot 10723 Chifwema Rd  
Off Leopards Hill Road



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