FOOD RESERVE AGENCY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

Food Reserve Agency
Financial statements
For the year ended 31 December 2024

Corporate Information

BOARD OF DIRECTORS	: Hon Suresh Desai
	: Mr. Richard Lisimba
	: Mr. Shadreck Mungalaba
	: Mr. Percy Musona
	: Dr. Kenneth K. Msiska
	: Mrs. Merian Kalala
	: Mr. Yotam Mkandawire
	: Mrs. Mutinta Kaumbi Ndulo Mundia
	: Mr. Stanley Mutale
	: Mr. Mukumbuta Mukumbuta
	: Mrs. Ruth Nandazi Nketani
MANAGEMENT	: Mr. Mwansa Chamatete (Executive Director)
	: Mr. Justin Chuunka (Food Reserve and Marketing Manager) Marketing Manager)
	: Mr. Millen Siacika Siamuyoba (Finance Manager)
	: Mr. Benny Nkole (Property Manager)
	: Mr Katungu Mainga (Legal Counsel /Secretary)
	: Mr. Mwiya Inambao (Audit Manager)
REGISTERED OFFICE	: Plot 7419
	: Manda Road
	: Light Industrial Area
	: P O Box 34054
	: Lusaka
	: Zambia
PRINCIPAL BANKERS	: Zambia National Commercial Bank Plc
	: Stanbic Bank Zambia Limited
	: Barclays Bank Zambia Plc
	: Atlas Mara Zambia Limited
	: Cavmont Capital Bank Limited
	: Investrust Bank Plc
	: First National Bank Zambia Limited
	: National Savings and Credit Bank
	: Indo Zambia Bank Limited
	: Ecobank Zambia Limited
	: Standard Chartered Bank Zambia Limited
SECRETARY	: Mr Mainga Katungu (Legal Counsel /Secretary)
AUDITORS	: MPH Chartered Accountants

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For the year ended 31 December 2024

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Directors' report

The Directors have the pleasure of presenting their report and audited financial statements for the year ended 31 December 2024

1 Principal activities

The Agency is responsible for the administration and maintenance of the National Strategic Food Reserves in Zambia as mandated by the Food Reserve Act No.6 of 2020 of the Laws of Zambia and operates principally in Zambia.

2 Financial results

The Agency's financial year is from 1 January to 31 December.

During the financial year ended 31 December 2024, the Agency recorded a total comprehensive income of ZMW 9,403,502,484 as compared to a total comprehensive income of ZMW 5,309,05,236 during the year ended 31 December 2023.

The following is a summary of the financial results: -Year ended 31 December

	2024 ZMW	2023 ZMW
Revenue and other income	9,403,502,484	5,309,105,235
Expenditure	8,547,562,789	5,352,515,684
Operating surplus	855,939,696	(43,410,449)
Finance costs	(924,210,128)	32,345,236
Total surplus for the year	(68,270,432)	(11,065,213)
Other comprehensive income	-	-
Total comprehensive income	(68,270,432)	(11,065,213)

3 Directors

The following Directors held office during the year under review:

	Date appointed	Date resigned	Designation
Hon Suresh Desai	6th August 2024	-	Chairperson
Mr. Richard Lisimba	6th August 2024	-	Vice Chairperson
Mr. Shadreck Mungalaba	6th August 2024	-	Member
Mr. Percy Musona	6th August 2024	-	Member
Dr. Kenneth K. Msiska	6th August 2024	-	Member
Mrs. Merian Kalala	6th August 2024	-	Member
Mr. Yotam Mkandawire	6th August 2024	-	Member
Mrs. Mutinta Kaumbi Ndulo Mundia	6th August 2024	-	Member
Mr. Stanley Mutale	6th August 2024	-	Member
Mr. Mukumbuta Mukumbuta	6th August 2024	-	Member
Mrs. Ruth Nandazi Nketani	6th August 2024	-	Member
Mr. Kelvin Hambwezya	23rd April 2021	13th October 2023	Chairperson
Mrs. Mable Simwanza	23rd April 2021	13th October 2023	Vice Chairperson
Mr. Dunstan Chola	23rd April 2021	13th October 2023	Member
Mr. Andrew chintala	23rd April 2021	13th October 2023	Member
Mrs.Theresa L.M. Kampata	23rd April 2021	13th October 2023	Member
Mrs. Stella C. Nyonda	23rd April 2021	13th October 2023	Member
Ms. Chikatizyo Musonda	23rd April 2021	13th October 2023	Member
Mr. John Mulongoti	23rd April 2021	13th October 2023	Member
Mr. Daniel Tembo	23rd April 2021	13th October 2023	Member

4 Directors' fees and remuneration

The Agency paid fees to the members of the Board of Directors in the period under review amounting to ZMW 1,495,361 (2023 - ZMW 1,613,211).

5 Loans to Directors

There were no loans made to Non-Executive Directors during the year nor were there any outstanding loans from them at the year end.

6 Directors' pensions

Members of the Board were not entitled to any form of pension benefits from the Agency.

7 Health, safety and environmental issues

The Agency is committed to ensuring the health, safety and welfare at work of its employees and for protecting other persons against risks to health and safety arising out of, and in connection with, the activities at work of those employees.

8 Legal matters

There are a number of legal matters before the Courts of Law. A provision has been made in these financial statments of ZMW 50,896,065 (2023-ZMW 41,963,529), should a proportion of these claims be upheld by the courts of law.

9 Number of employees

The average number of persons employed by the Agency and their remuneration during the financial year was as follows: -

	Salaries and allowances		Number of employees	
	2024	2023	2024	2023
Month	**ZMW**	**ZMW**		
January	13,217,513.28	18,879,077.99	754	717
February	12,193,692.96	11,078,407.11	763	713
March	12,688,660.06	10,406,479.51	757	706
April	12,297,779.66	10,568,056.13	759	707
May	11,777,987.66	9,781,085.45	762	712
June	11,360,586.02	12,855,283.88	772	737
July	12,039,487.74	17,185,521.54	777	743
August	12,291,479.15	11,211,752.14	765	747
September	11,925,825.11	11,313,257.12	769	745
October	12,093,331.36	10,865,625.10	771	743
November	11,896,564.09	11,635,343.01	769	744
December	15,652,196.94	12,830,819.80	765	753
Total	**149,435,104**	**148,610,709**		

Directors' report

11 Sustainability and climate related risks

The Company has considered the requirements of IFRS S1 and IFRS S2 in relation to climate and sustainability-related disclosures. While these standards became effective globally on 1 January 2025, the Zambia Institute of Chartered Accountants (ZICA) has deferred mandatory implementation for non-publicly accountable entities, allowing voluntary adoption in the interim.

Based on the Company's assessment, sustainability-related and climate-related risks as outlined under IFRS S1 and IFRS S2 are material to its financial position and performance for the reporting period. However, in line with ZICA's transitional guidance, the Company is currently in the process of collecting and validating the necessary information to support comprehensive disclosures.

The Company remains committed to aligning with emerging sustainability standards and monitoring regulatory developments. It will continue to enhance its internal reporting frameworks to ensure readiness for full compliance and transparent disclosure in future reporting periods.

12 Other material facts, circumstances and events

The Directors are not aware of any material fact, circumstance or event, which 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.

13 Annual financial statements

The annual financial statements set out on pages 10 to 52 have been approved by the Directors.

14 Auditors

The auditor, Messrs MPH Chartered Accountants, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the next Board meeting.

By order of the Board

SECRETARY

...../ ...../ 2025

Directors' responsibilities in respect of the preparation of financial statements

The Agency's Directors are responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Financial Position at 31 December 2024, the Statement of Comprehensive Income, the Statement of Changes in Funds, Statement of Cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and in the manner required by the Food Reaserve Act, 2020. In preparing such financial statements, the Directors are responsible for:

i. Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
ii. Selecting appropriate accounting policies and applying them consistently.
iii. Making judgements and accounting estimates that are reasonable in the circumstances; and
iv. Preparing the financial statements in accordance with International Financial Reporting Standards and on the going concern basis unless it is appropriate to presume that the Agency will not continue in operations.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Agency and enable them to ensure that the financial statements comply with International Financial Reporting Standards, the Food Reserve Act, 2020 and the Agency`s Financial Regulations. They are also responsible for safeguarding the assets of the Agency and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that in their opinion:

(a) At the date of this statement there are reasonable grounds to believe that the Agency will be able to pay its debts as and when these fall due; and
(b) The financial statements are drawn up in accordance with International Financial Reporting Standards and in the manner required by the Food Reserve Act, 2020.

Approval of the financial statements

The financial statements of the Agency as indicated above and set out on pages 9 to 59 were approved by the Directors on ……07 November 2025…… and were signed on its behalf by:

…….. ……..

Director Director

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Independent Auditor's Report

To the Board of Directors of the Food Reserve Agency

Report on the financial statements

Disclaimer of opinion

We were engaged to audit the financial statements of the Food Reserve Agency (FRA), which comprise the statement of financial position as at 31 December 2024, and the statements of financial performance, changes in equity, cash flows, and related notes for the year then ended.

Because of the significance of the matters described in the Basis for Disclaimer of Opinion section, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements

Basis for disclaimer of opinion

We were unable to obtain sufficient appropriate audit evidence regarding several material components of the financial statements. These include, but are not limited to:

- Inventory valuation : We attended the physical stock count and verified the existence of inventory. However, supporting documentation for cost and condition was not provided, and as such, we could not confirm the accuracy or completeness of inventory valuation amounting to ZMW 2,328,827,823.

- Trade and other receivables: We could not confirm existence, valuation, or rights to gross receivables amounting to ZMW 1,461,897,393 in the financial statements, as confirmations and post-year-end receipts were not available.

- Trade and other payables: We were unable to verify completeness, existence, and accuracy of payables amounting to ZMW 1,579,802,469 due to lack of confirmations and post-year-end payment evidence.

- Bank balances and reconciliations: We could not confirm existence or accuracy due to missing confirmations.

- Cost of sales and related expenses: We were unable to verify occurrence, completeness, and accuracy due to absence of supporting schedules and documentation.

- Fixed asset: We could not confirm existence, ownership, or valuation as we were not provided with complete supporting documentation.

The limitation in scope arose primarily because management was unable to prepare and provide the required audit evidence within the reporting timeline. As a result, we were unable to verify key financial statement assertions — including existence, completeness, valuation, rights and obligations, and presentation — across multiple line items. Due to the pervasive nature of these limitations, we were unable to determine whether any adjustments might be necessary to the financial statements.

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 section of our report. We are independent of the Agency in accordance with the ethical requirements applicable to public sector audits, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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Other information
Management is responsible for the other information included in the financial statements. The other information comprises the Directors' Report and Supplementary Information in the appendices, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated because of the matters described in the Basis for Disclaimer of Opinion section, we were unable to determine whether the other information is materially misstated

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 IFRSs and the provisions of the Food Reserve Agency Act No. 3 of 2020, 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 Agency'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 Agency or to cease operations, or has no realistic alternative but to do so.
Those charged with governance are responsible for overseeing the Agency's financial reporting process.

Auditor`s responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. However, because of the matters described in the Basis for Disclaimer of Opinion section, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.
Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.
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 Agency'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 Agency'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. Future events or conditions may, however cause the Agency to cease to continue as a going concern. However, due to the disclaimer of opinion, we were unable to perform this evaluation.

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 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.

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

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Report on other legal and regulatory requirements

As required by the Food Reserve Agency Act No. 3 of 2020 and the Public Finance Management Act No. 1 of 2018, we report that:

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit, except for information relating to:

- The valuation of inventories
- The existence and valuation of trade and other receivables
- The completeness and accuracy of trade and other payables
- Bank balances and reconciliations
- Cost of sales and related expenses, and
- Fixed asset additions and supporting documentation

as described in the Basis for Disclaimer of Opinion section of our report

In our opinion, proper books of account and other records have been kept by the Agency, so far as appears from our examination of those books and records, except for records supporting:

- Inventory valuation
- Receivables and payables balances
- Bank reconciliations
- Cost of sales
- Fixed assets and fixed assets additions

The Agency's financial statements are in agreement with the books of account, subject to the limitation described above;

The Board did not submit its report to the Minister within the timeframe required under

- Section 21(1) of the Food Reserve Agency Act No. 3 of 2020, and
- Section 45(3) of the Public Finance Management Act No. 1 of 2018, which requires statutory bodies to submit audited financial statements and annual reports to the Minister responsible for Finance within six months after the end of the financial year.

We draw attention to this non-compliance

MPH Chartered Accountants

7/11/2025
Lusaka, Zambia

Hampande Hachongo (AUD/F000186)
Partner

Food Reserve Agency
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Statement of Comprehensive Income

	Notes	2024 ZMW	2023 ZMW
Revenue from contracts with customers			
Revenue from sale of crops	6	6,548,515,016	4,115,334,571
Gross revenues from contracts with customers		**6,548,515,016**	**4,115,334,571**
Cost of sales	7	(6,055,312,464)	(3,849,475,543)
Gross surplus		**493,202,552**	**265,859,028**
Other income			
Revenue - Grants	8	2,851,040,703	1,186,199,993
Sundry income	9	3,946,765	7,570,671
Total income		**3,348,190,020**	**1,459,629,692**
Operating expenditure			
Food reserve management	App 1	(1,901,142,935)	(1,028,189,893)
Property management	App 1	(154,107,601)	(89,377,807)
Administration and other operations	App 1	(436,999,788)	(385,472,441)
Total expenditure		(2,492,250,325)	(1,503,040,141)
Operating surplus		**855,939,696**	**(43,410,449)**
Finance costs	11	(924,210,128)	32,345,236
Deficit for the year		(68,270,432)	(11,065,213)
Other comprehensive income		-	-
Total comprehensive income		**(68,270,432)**	**(11,065,213)**

Other comprehensive income: There were no items of other comprehensive income during the year.

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Statement of Financial Position

	Notes	2024 ZMW	2023 ZMW
ASSETS			
Non-current assets			
Property, plant and equipment	12	471,132,636	366,965,602
Total non-current assets		**471,132,636**	**366,965,602**
Current assets			
Inventories	13	2,328,827,822	3,085,296,157
Trade and other receivables	14	364,310,155	218,599,958
Cash and cash equivalents	15	1,717,317,936	676,417,429
Total current assets		**4,410,455,912**	**3,980,313,544**
Total assets		**4,881,588,549**	**4,347,279,146**
RESERVES,ACCUMULATED FUNDS AND LIABILITIES			
Capital reserves		82,006,796	82,006,796
Accumulated funds		3,591,305,769	3,660,424,668
Total reserves and funds		**3,673,312,565**	**3,742,431,464**
Non-current liabilities			
Deferred income :Capital grants		848,467	848,467
Staff gratuity	17	26,651,190	28,195,814
Long term borrowings	16	-	-
Total non-current liabilities		**27,499,657.39**	**29,044,281**
Current liabilities			
Staff gratuity	17	13,325,595	5,879,266
Short term borrowings	16	-	-
Staff payables and provisions	17	91,331,016	40,730,691
Statutory obligations	17	110,288,354	133,877,186
Trade and other payables	17	957,461,629	389,265,866
Overdrawn cash book balances	15	8,369,734	6,050,392
		1,180,776,327	**575,803,401**
Total reserves, accumulated funds and liabilities		**4,881,588,549**	**4,347,279,146**

Statement of Changes in Accumulated Funds

	Revaluation reserve ZMW	Accumulated fund ZMW	Total equity ZMW
Year ended 31 December 2023			
At start of year	82,006,796	3,672,338,348	3,754,345,144
Capital grant reclassification	-	(848,467)	(848,467)
Total comprehensive income for the year	-	(11,065,213)	(11,065,213)
Transfers to the Government of the Republic of Zambia	-	-	-
At 31 December 2023	**82,006,796**	**3,660,424,668**	**3,742,431,464**
Year ended 31 December 2024			
At start of year	82,006,796	3,660,424,668	3,742,431,464
Capital grant reclassification	-	(848,467)	(848,467)
Total comprehensive income for the year	-	(68,270,432)	(68,270,432)
Transfers to the Government of the Republic of Zambia	-	-	-
At 31 December 2024	**82,006,796**	**3,591,305,769**	**3,673,312,565**

Capital grant
Capital grant of ZMW 848,467 relates to Property, Plant and Equipment contributed by the Governement of the Republic of Zambia at the time of commencement of operations for the Agency

Accumulated funds
The accumulated funds represent retained excess of income over expenditure for the current year and balances brought forward from

Statement of Cash flows

	Notes	2024 ZMW	2023 ZMW
Operating activities			
Deficit for the year		(68,270,432)	(11,065,213)
Adjustments for:			
Finance costs		(924,210,128)	32,345,236
Correction of errors		69,285,085	-
Depreciation on property, plant and equipment	12	56,597,001	44,945,929
Profit on disposal of property, plant and equipment		(578,042)	(420,444)
Changes in working capital			
-Inventories	13	756,468,335	396,238,664
-trade and other receivables	14	(145,710,198)	(102,186,876)
-trade and other payables	12	(568,195,763)	62,648,230
Net cash from operating activities		(824,614,142)	422,505,527
Investing activities			
Cash paid for purchase of property, plant and equipment	12	(255,880,079)	(90,239,000)
Prior year adjustments		-	-
Proceeds on disposal of property, plant and equipment		578,042	420,444
Net cash used in investing activities		(255,302,037)	(89,818,556)
Financing activities			
Repayment of borrowings		-	-
Proceeds from borrowings		-	-
Finance costs	6	924,210,128	(32,345,236)
Transfers to the Government of the Republic of Zambia		-	-
Net cash used in financing activities		924,210,128	(32,345,236)
Increase in cash and cash equivalents		(155,706,051)	300,341,735
At start of the year		670,367,038	436,035,756
Increase in cash and cash equivalents		1,040,900,507	240,381,674
Overdrawn cashbook balance		(8,369,734)	(6,050,392)
At end of the year	15	1,702,897,811	670,367,038

Accounting Policies

1.1 Food Reserve Agency

The Food Reserve Agency (FRA) was established under the Food Reserve Act No. 6 of 2020 as a statutory body mandated to manage Zambia's national strategic food reserves. FRA operates under the oversight of the Ministry of Agriculture and is governed by a Board appointed in accordance with the provisions of the Act.

In line with its statutory mandate, the Agency receives funding from the Government of the Republic of Zambia to support its core operations, including crop procurement, reserve management, and strategic storage. The major funder during the year under audit was the Government of the Republic of Zambia.

In addition to government grants, FRA generates revenue from the sale of crops and leasing of storage sheds, plant, and commercial facilities. These commercial activities contribute to the Agency's financial sustainability and support its operational effectiveness in fulfilling its public interest mandate.

1.2 Going concern

The financial statements have been prepared on a going concern basis, which assumes the Agency will be able to realize its assets and settle its liabilities in the normal course of business for the foreseeable future.

1.3 Basis of preparation and accounting policies

Statement of compliance

The Agency's financial statements have been prepared in accordance with and comply with the International Financial Reporting Standards (IFRSs). The financial statements have been prepared on the basis of historical cost, unless stated otherwise. Historical cost is generally based on the fair value of the consideration given in exchange for assets. 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.

In The financial statements which have been prepared on the accruals basis comprise the statement of comprehensive income, the statement of financial position, the statement of changes in funds, the statement of cash flows, and notes to the financial statements. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of comprehensive income.

Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the statement of comprehensive Income as required or permitted by IFRSs. Reclassification adjustments are amounts reclassified to revenue and expenses in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Agency in their capacity as owners are recognised in the statement of changes in accumulated

The accounting policies have been consistently applied to all the years presented.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Functional and presentation currency

These financial statements are presented in Zambian Kwacha ("Kwacha"), which is the Agency's functional currency and presentation currency.

2 Significant accounting policies

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

2.1 Revenue recognition

a) *Revenue from contracts with customers*

Revenue is recognized when control of goods or services is transferred to the customer at an amount that reflects the consideration to which the Agency expects to be entitled in exchange for those goods or services. The Agency applies the five-step model under IFRS 15 to determine revenue recognition:

i Identification of the contract with a customer
ii Identification of performance obligations
iii Determination of the transaction price
iv Allocation of the transaction price to performance obligations
v Recognition of revenue when performance obligations are satisfied

b) *Sale of crops*

Revenue from the sale of crops is recognized at the point in time when control of the inventory is transferred to the buyer, which typically occurs upon delivery and acceptance. The transaction price is determined based on contractual terms and excludes value-added tax (VAT).

c) *Lease income*

Lease income from storage sheds, plant and machinery, and commercial buildings is recognized on a straight-line basis over the lease term in accordance with IFRS 16. Lease arrangements are classified as operating leases.

d) *Government Grants*

Government grants are recognized in accordance with IAS 20. Grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Agency recognizes the related expenses. Grants related to assets are initially recognized as deferred income and amortized to profit or loss over the useful life of the related asset.

e) *Other income*

Other income includes sundry recoveries and non-contractual receipts. These are recognized when it is probable that the economic benefits will flow to the Agency and the amount can be measured reliably.

2.2 Cost of sales

a) *Recognition and measurement*

Cost of sales represents the direct costs attributable to the sale of crops and other inventory items held for strategic reserve or commercial purposes. These costs are recognized in profit or loss when the related revenue is recognized, in accordance with the matching principle under IAS 2 Inventories and IFRS 15 Revenue from Contracts with Customers.

Accounting Policies (continued)

2 Significant accounting policies

2.2 Cost of sales (continued)

b) ***Components of cost of sales***

The cost of sales includes the following:

i Purchase cost of crops - the acquisition price paid to suppliers or farmers, including any procurement
ii Transportation and handling - costs incurred to move inventory from source to storage or delivery points.
iii Storage and warehousing - direct costs of storing inventory prior to sale, including fumigation and
iv Inventory losses and write-downs - losses due to spoilage, shrinkage, or impairment are included when
v Packaging and dispatch - costs related to preparing inventory for sale and delivery to customers.

c) ***Impairment and write-downs***

Where net realizable value falls below cost — due to market conditions, damage, or obsolescence — the inventory is written down, and the loss is recognized in cost of sales. Reversals of write-downs are recognized only when supported by clear evidence of recovery.

d) ***Timing of recognition***

Cost of sales is recognized in the same period as the related revenue from crop sales, ensuring alignment with the transfer of control under IFRS 15.

2.3 Expenditures

a) ***Basis of recognition***

Expenditure is recognized in profit or loss when it is incurred, and when it results in a decrease in economic benefits in the form of outflows or depletion of assets. The Agency applies the accrual basis of accounting in accordance with IAS 1 Presentation of Financial Statements and relevant IFRS standards.

b) ***Classification of expenditure***

Expenditure is classified by function and nature to reflect the Agency's operational structure and strategic mandate. The main categories include:

i Cost of Sales: Direct costs associated with the sale of crops and inventory.
ii Food Reserve Management: Costs related to procurement, inspection, storage, fumigation, and strategic
ii Property Management: Expenses incurred in maintaining and operating leased assets, including sheds,
iii Administration and Other Operations: Includes staff costs, utilities, ICT, governance, and general

c) ***Employee benefits***

Salaries, NAPSA contributions, leave pay, and other short-term benefits are recognized when services are rendered. No defined benefit obligations exist.

d) ***Procurement and contracted services***

Expenditure on goods and services is recognized upon delivery and acceptance, or as services are rendered. Contracted services are accrued based on contractual milestones or service completion.

e) ***Depreciation and amortization***

Depreciation of property, plant, and equipment is recognized on a straight-line basis over the asset's useful life. Amortization of intangible assets follows the same principle.

Accounting Policies (continued)

2 Significant accounting policies

2.3 Expenditures (continued)

f) ***Impairment losses***

Where assets are impaired due to damage, obsolescence, or reduced utility, the loss is recognized

g) ***Finance costs***

Interest and borrowing costs are expensed in the period incurred unless capitalized under IAS 23.

h) ***Foreign exchange losses***

Exchange differences arising from settlement or retranslation of monetary items are recognized in

2.4 Taxation

a) ***Income tax status***

The Food Reserve Agency is exempt from income tax under Section 15 of the Income Tax Act Cap 323 of the Laws of Zambia and in accordance with paragraph 5 Part III of the second schedule of the same Act. . Accordingly, no current or deferred income tax expense has been recognized in these financial statements.

b) ***Statutory compliance***

The Agency complies with all statutory obligations administered by the Zambia Revenue Authority,

i Value Added Tax (VAT): VAT incurred on purchases is recoverable where applicable. Non-
ii Pay-As-You-Earn (PAYE): Deducted and remitted in accordance with ZRA guidelines.
iii NAPSA Contributions: Remitted monthly in line with statutory requirements.

No tax audits or disputes were reported during the year under review.

2.4 Other comprehensive income

a) ***Nature of other comprehensive income (OCI)***

Other Comprehensive Income includes items of income and expense that are not recognized in profit or loss as required by IFRS such as revaluation reserves, and acturial gains and losses. For the year ended 31 December 2023, the Agency did not record any items in OCI.

b) Reclassification adjustments

Items recognized in OCI are not reclassified to profit or loss unless required by the relevant IFRS standard. Revaluation reserves are transferred to retained earnings upon disposal of the revalued asset.

Accounting Policies (continued)

2 Significant accounting policies

2.5 Property, plant and equipment

Property. plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Agency and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the revaluation surplus in shafeholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement. Each year, the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost, net of any related deferred income tax, is transferred from the revaluation surplus to retained earnings.

Depreciation is calculated to write off the cost of property, plant and equipment on a straight-line basis over the expected useful lives of the assets concerned. The principal annual rates used for this purpose are:

Description	Useful life	Depreciation rate
Description	Fifty (50) years	2%
Description	Four (4) years	25%
Description	Five (5) years	20%
Description	Three (3) years	33.3%
Description	Four (4) years	25%

Capital work in progress is not depreciated.

The assets' residual values and useful lives are reviewed at each balance sheet date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement in the other operating income. When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to retained earnings.

2.6 Intangible assets

a) ***Recognition and measurement***

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortisation is based on the estimated useful life of the intangible assets, which can be assessed as either finite or indefinite.

b) ***Subsequent expenditure***

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on any internally generated goodwill and brands, is recognised in Comprehensive Income as incurred.

2 Significant accounting policies

2.6 Intangible assets (continued)

c) *Amortisation*

Intangible assets are amortised on a straight-line basis in Comprehensive Income over the estimated useful lives of each component. Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

The amortization rate for the current and comparative years is 10%.

2.7 Investment property

Investment property comprises land and buildings held to earn rental income or for capital appreciation, rather than for use in the supply of goods or services or for administrative purposes.

Property that is no longer required for operational use and is leased out to third parties is classified as investment property under IAS 40. This includes depots, sheds, land, or buildings held to earn rental income or for capital appreciation.

Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, the Agency applies the cost model in accordance with IAS 40, whereby investment property is carried at cost less accumulated depreciation and impairment losses.

Depreciation is charged on a straight-line basis over the estimated useful life of the asset.

The fair value of investment property is disclosed in the notes to the financial statements, based on market comparables or professional valuation techniques.

Rental income from investment property is recognized on a straight-line basis over the lease term. Direct operating expenses are recognized as incurred.

Transfers to or from investment property occur only when there is a change in use, evidenced by commencement or cessation of leasing activity. Transfers are accounted for at the carrying amount at the date of change.

Accounting Policies (continued)

2.8 Financial instruments

Financial assets and financial liabilities are recognised in the Institute's statement of financial position when the Institute becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Comprehensive Income are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Comprehensive Income are recognized immediately in the statement of comprehensive income.

a) ***Financial assets - recognition and initial measurement***

Trade receivables, lease receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Agency becomes a party to the contractual provisions of the instrument. Financial assets (except for trade receivables without a significant financing component) or financial liabilities are initially measured at fair value plus or minus, for items not at fair value through comprehensive income (FVTPL), transaction costs that are directly attributable to their acquisition or issue. Trade receivables without a significant financing component are initially measured at the transaction price. The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price (i.e. the fair value of the consideration given or received). If the Agency determines that the fair value at initial recognition differs from the transaction price, the Agency nevertheless recognises the financial instrument at its fair value and accounts for the difference at that date as follows:

i) If the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a Level 1 input) or based on a valuation technique that uses only data from observable markets, the Agency recognises the difference between the fair value at initial recognition and the transaction price, also referred to as "day 1 comprehensive income" in Statement of Comprehensive Income on the fair value line.

ii) In all other cases, the Agency defers the day 1 comprehensive income on the statement of financial position in "Other financial assets". After initial recognition, the Agency recognises the deferred day 1 comprehensive income in Statement of Comprehensive Income– on the fair value line – only to the extent that it arises from a change in a factor (including time) that market participants would take into account when pricing the asset or liability. Any amounts not recognised in Statement of Comprehensive Income before the date of maturity or derecognition of the financial instrument is recognised in Statement of Comprehensive Income on that date.

Accounting Policies (continued)

2.8 Financial instruments (continued)

b) *Classification and subsequent measurement*

On initial recognition, a financial asset is classified and measured at either;

i) amortised cost,
ii) at fair value through other comprehensive income (FVTOCI); or
iii) at fair value through comprehensive income (Comprehensive Income).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL on initial recognition:

i) It is held within a business model whose objective is to hold assets to collect contractual cash flows.
ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal plus interest (SPPI) on the principal amount outstanding.

The Agency's financial assets measured at amortised cost include trade and other receivables, short-term deposits, and cash and cash equivalents. Cash and cash equivalents comprise cash at bank and on hand, and highly liquid instruments which are readily convertible to known amounts of cash within 90 days from the reporting date or date of acquisition, subject to an insignificant risk of change in value.

For the purposes of the statement of cash flows, cash and cash equivalents include bank overdrafts. A debt investment is measured at FVTOCI if it meets both of the following conditions and is not designated at FVTPL on initial recognition:

i) It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
ii) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal plus interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Agency may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or at FVTOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Agency may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

c) *Business model assessment*

The Agency makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level as this best reflects the way the business is managed and the information provided to management.

2.8 Financial instruments (continued)

Subsequent measurement and gains and losses

Financial assets at FVTPL	Subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in Comprehensive Income unless they are part of an effective hedge accounting relationship.
Financial assets at amortised cost	Subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains or losses and impairment are recognised in Comprehensive Income. Any gain or loss on derecognition is also recognised in Comprehensive Income.
Debt investment at FVTOCI	Subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in Comprehensive Income. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to comprehensive income.
Equity investment at FVTOCI	Subsequently measured at fair value. Dividends are recognised as income in comprehensive income unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to income.

d) ***Financial liabilities: classification, subsequent measurement and gains and losses***

Financial liabilities are classified as measured at amortised cost or at FVTPL. A financial liability is classified as at FVTPL if it is held-for-trading, is a derivative or is designated as such on initial recognition. The Agency's financial liabilities measured at amortised cost include trade and other payables and accruals.

A financial liability may be designated at FVTPL on initial recognition if:

i) the contract contains one or more embedded derivatives;

ii) such designation would eliminate an accounting mismatch that would otherwise arise from measuring assets and liabilities or recognising the gains or losses on them on different bases; or

iii) a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy and information about the group is provided internally on that basis to management.

Accounting Policies (continued)

2.8 Financial instruments (continued)

g) *Investments in short-term deposits and bank balances*

The Agency's short-term deposits and bank balances, which are carried at amortised cost are considered to have low credit risk, and the loss allowance recognised on these assets is therefore limited to 12-months ECLs. Short term deposits and bank balances are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term. If the Agency considers that credit risk on a financial instrument has increased significantly since initial recognition, the expected credit losses are estimated based on the lifetime ECLs.

h) *Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Agency compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

Irrespective of the outcome of the above assessment, the Agency presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Agency has reasonable and supportable information that demonstrates otherwise.

i) *Event of default*

The Agency considers any of the following as constituting an event of default:

i) The debtor is more than 90 days past due.
ii) Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its credit obligations to the Agency in full, without recourse by the Agency to actions such as realising security (if any is held).

j) *Credit-impaired financial assets*

At each reporting date, the Agency assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on estimated future cash flows of the financial asset have occurred. The evidence that a financial asset is credit-impaired includes observable data about any of the following events:

i) Significant financial difficulty of the debtor or issuer.
ii) A breach of contract such as default.
iii) Restructuring of a debt, loan or advance on terms that the Agency would not otherwise consider.
iv) It is probable that the debtor will enter bankruptcy or other financial reorganisation.
v The disappearance of an active market for a security because of financial difficulties.

Accounting Policies (continued)

2.8 Financial instruments (continued)

k) *Measurement and recognition of expected credit losses*

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Agency in accordance with the contract and the cash flows that the Agency expects to receive) – calculated either on the 12-month or lifetime expected credit losses as applicable. Expected credit losses are discounted at the effective interest rate of the financial asset.

l) *Presentation of allowance for expected credit losses*

The Agency recognises an impairment gain or loss in the Statement of Comprehensive Income with a corresponding adjustment to the carrying amount of the financial asset through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI for which the loss allowance is recognised in other comprehensive income and accumulated in the investment valuation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

m) *Derecognition*

Financial assets

The Agency derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Agency neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset. The Agency may enter into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all the risks and rewards of the transferred asset. In these cases, the transferred assets are not derecognised.

n) *Write-off*

The gross carrying amount of a financial asset is written off or derecognised (either partially or in full) when all attempts to recover the outstanding amount have failed or there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. The amount written off is recognised as a reduction to the allowance for ECLs. Financial assets written off may still be subject to enforcement activities under the Agency's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Comprehensive Income, as a reduction to the impairment loss for the period.

Accounting Policies (continued)

2.8 Financial instruments (continued)

o) *Derecognition*

Financial liabilities

The Agency derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Agency also derecognises a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statement of Comprehensive Income under finance charges.

p) *Derivative financial instruments and hedge accounting*

The Agency does not enter into any derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks.

2.8 Financial instruments (continued)

The Agency considers the following sources of information in making the assessment:

i) The stated policies and objectives of the portfolio and operation of these policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash out flows or realising cash flows through the sale of assets.

ii) How the performance of the portfolio is evaluated and reported to management

iii) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

iv) The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Agency's continuing recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

q) ***Assessment of whether contractual cash flows are solely payments of principal and***

For the purposes of this assessment, principal is defined as the fair value of the financial asset on initial recognition. Interest is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity and administrative costs), as well as a reasonable profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Agency considers the contractual terms of the instrument. The Agency also considers the

i) Contingent events that could change the amount or timing of cash flows.

ii) Terms that may adjust the contractual coupon rate, including variable rate features.

iii) Prepayment and extension features.

iv) Terms that limit the Agency's claim to cash flows from specified assets (e.g. non-recourse features).

The assessment also includes whether the financial asset contains a contractual term that could change the timing or amount of the contractual cash flows such that it would not meet this condition. A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par-amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

2.8 Financial instruments (continued)

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL. However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Institute, are measured in accordance with the specific accounting policies set out below.

r) *Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Institute manages
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and
- A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:
  - such designation eliminates or significantly reduces a measurement or recognition
  - the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Institute's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
  - it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.
- financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in comprehensive income to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in income statement incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in comprehensive income.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in comprehensive income. The remaining amount of change in the fair value of a liability is recognised in comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to Comprehensive Income; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Institute that are designated by the Institute as at FVTPL are recognised in Comprehensive Income.

s) *Financial liabilities measured subsequently at amortized cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Accounting Policies (continued)

t) *Contract liabilities*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

v) *Foreign exchange gains and losses*

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in comprehensive income for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in comprehensive income for financial liabilities that are not part of a designated hedging

Accounting Policies (continued)

w) ***Derecognition of financial liabilities***

The Agency derecognises financial liabilities when, and only when, the Agency's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in comprehensive income.

When the Agency exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Agency accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in comprehensive income as the modification gain or loss within other gains and losses.

2.8 Financial instruments (continued)

Derivative financial instruments

The Agency does not enter into any derivative financial instruments to manage its exposure to interest rate and foreign

2.9 Impairment

Financial assets

The carrying amounts of the Agency's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in comprehensive income.

i) Calculation of recoverable amount

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised directly in reserves to comprehensive income. The cumulative loss that is removed from reserves and recognised in comprehensive income is the difference between the acquisition costs, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in comprehensive income. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If in a subsequent period, the fair value of an impaired available- for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in comprehensive income, then the impairment loss is reversed with the amount of the reversal recognised in comprehensive income.

ii) *Reversals of impairment*

An impairment loss in respect of a held to maturity security or receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

iii) *Non-financial assets*

The carrying amounts of the Agency's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Accounting Policies (continued)

2.10 Leases

The Agency assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for

a) *Agency as a lessee*

The Agency applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Agency recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) *Right-of-use assets*

The Agency recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Agency at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. Right-of-use assets are also subject to impairment.

ii) *Lease liabilities*

At the commencement date of the lease, the Agency recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Agency and payments of penalties for terminating the lease, if the lease term reflects the Agency exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the

In calculating the present value of lease payments, the Agency uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) *Short-term leases and leases of low-value assets*

The Agency applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Accounting Policies (continued)

2.10 Leases (continued)

b) *Agency as a lessor*

Leases in which the Agency does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Accounting Policies (continued)

2.11 Provisions

Provisions are recognised when the Agency has a present obligation (legal or constructive) as a result of a past event, it is probable that the Agency will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is

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

2.12 Foreign currencies

In preparing the financial statements of the Agency, transactions in currencies other than the Agency's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in income or expenditure in the period in which they arise.

2.13 Retirement benefit obligations

The Agency`s staff are entitled to gratuity and other terminal benefits.

a) ***Defined contribution plan***

A defined contribution plan is a retirement benefit plan under which the Agency pays fixed contributions into a separate entity. The Agency has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Obligations for contributions to the defined contribution plan are recognised as an employee benefit expense in comprehensive income when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

The Agency and all its employees also contribute to the National Pension Scheme, which is a defined contribution scheme.

b) ***Short-term and long-term benefits***

The cost of all short-term employee benefits, such as salaries, accumulated leave, bonuses, medical and other contributions, is recognised in income statement in the period in which the employee renders the

The Agency's obligation in respect of long-term service benefits, other than pension plans and post-retirement medical benefits, is recognised in comprehensive income in the period in which the employee renders the related service.

Termination benefits are payable when an employee's employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits. The Agency recognises termination benefits when it has demonstrated its commitment to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Accounting Policies (continued)

2.13 Retirement benefit obligations (continued)

c) *Gratuity*

For fixed term contract employees, a gratuity is payable at the end of the contract. Contract period ranges from 2 to 4 years. Gratuity is expensed to comprehensive income in the period the service is rendered.

2.14 Inventories

Inventories are measured at the lower of cost and net realizable value. Cost includes purchase price, transportation, handling, storage, and inspection costs, and is determined using the weighted average method. Net realizable value represents the estimated selling price in the ordinary course of operations, less estimated costs to complete and sell.

2.15 Cash flow statement

For the purposes of the Statement of Cash flows, cash and cash equivalents mainly comprises of cash on hand, demand deposits and short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risks of changes in value.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Bank balances include operational accounts held across commercial banks and district-level branches.

Accounting Policies (continued)

3 Critical judgments in applying accounting policies

In the application of the Agency's accounting policies, management is required to make judgments that have a significant impact on the amounts recognized in the financial statements. These judgments are made based on historical experience, regulatory guidance, and reasonable expectations of future events. The most significant areas of judgment include:

a) ***Classification of inventories as current assets***

FRA holds strategic grain reserves that may not be sold within the normal operating cycle. Management has judged that, due to the Agency's mandate and operational flexibility, these inventories should be classified as current assets. This reflects the ability to deploy or dispose of reserves in response to national food security needs.

b) ***Recognition of government grants***

Government grants are recognized when there is reasonable assurance that the Agency will comply with the conditions and that the grants will be received. Management exercises judgment in determining whether conditions attached to grants are substantive and whether recognition should occur in full or over time.

c) ***Determination of Net Realizable Value (NRV) of Inventories***

Management assesses NRV based on prevailing market prices, quality assessments, and estimated selling costs. Judgments are made in estimating the recoverable value of aged or compromised stock, especially in the context of strategic reserves.

Revenue recognition from crop sales

FRA holds strategic grain reserves that may not be sold within the normal operating cycle. Management has judged that, due to the Agency's mandate and operational flexibility, these inventories should be classified as current assets. This reflects the ability to deploy or dispose of reserves in response to national food security needs.

d) ***Recognition of government grants***

Government grants are recognized when there is reasonable assurance that the Agency will comply with the conditions and that the grants will be received. Management exercises judgment in determining whether conditions attached to grants are substantive and whether recognition should occur in full or over time.

d) ***Determination of Net Realizable Value (NRV) of Inventories***

Management assesses NRV based on prevailing market prices, quality assessments, and estimated selling costs. Judgments are made in estimating the recoverable value of aged or compromised stock, especially in the context of strategic reserves.

e) ***Revenue recognition from crop sales***

Revenue is recognized when control of inventory is transferred to the buyer. Management applies judgment in determining the point of transfer, especially in cases involving deferred delivery, consignment arrangements, or government-to-government transactions.

Accounting Policies (continued)

Critical judgments in applying accounting policies

Lease classification and income recognition

FRA leases out storage sheds, plant, and buildings. Management has assessed these arrangements as operating leases under IFRS 16, based on the absence of transfer of risks and rewards. Judgment is applied in determining lease terms and income recognition schedules.

Impairment of receivables

FRA applies the expected credit loss model under IFRS 9. Management uses historical default rates, aging analysis, and forward-looking information to assess impairment. Judgment is required in determining whether receivables are credit-impaired or recoverable.

Business model assessment for financial assets

Management exercises judgment in determining the appropriate business model for managing financial assets. This assessment affects the classification and measurement of assets such as trade receivables, grant receivables, and any short-term investments. FRA has judged that its financial assets are held primarily to collect contractual cash flows, and therefore measured at amortized cost. Where assets are held both to collect and sell (e.g., surplus grain or short-term investments), management assesses whether classification under fair value through other comprehensive income (FVOCI) is appropriate.

The business model assessment is performed at a portfolio level and reviewed periodically to reflect changes in operational strategy or funding structure.

3 Key Sources of Estimation Uncertainty (continued)

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income, and expenses. These estimates are based on historical experience, current conditions, and reasonable expectations of future events. Actual results may differ from these estimates. The key areas of estimation uncertainty include:

f) ***Valuation of Inventories***

The Agency estimates the net realizable value of strategic grain reserves based on market prices, quality assessments, and estimated selling costs. These estimates are sensitive to changes in commodity markets, climatic conditions, and government policy. A significant decline in market prices or deterioration in inventory quality could result in material write-downs.

Accounting Policies (continued)

4 Key sources of estimation uncertainty

a) ***Useful lives and residual values of property, plant & equipment***

Management estimates the useful lives and residual values of assets based on expected usage, maintenance schedules, and technological obsolescence. These estimates affect depreciation expense and the carrying amount of assets. Changes in operational strategy or asset condition may require revision of these estimates.

b) ***Impairment of trade and other receivables***

FRA applies the expected credit loss model under IFRS 9. Estimating impairment involves assessing historical default rates, aging profiles, and forward-looking macroeconomic indicators. A deterioration in debtor creditworthiness or economic conditions could lead to increased impairment losses.

c) ***Provision for inventory losses***

The Agency estimates losses due to spoilage, pest infestation, and shrinkage based on historical trends and physical verification. These estimates are subject to uncertainty due to climatic variability, storage conditions, and logistical factors.

d) ***Contingent liabilities and legal provisions***

Management assesses the likelihood and magnitude of potential liabilities arising from legal claims, procurement disputes, or regulatory matters. These estimates are based on legal advice and historical precedent, but outcomes may differ materially.

e) ***Fair Value Measurements***

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. FRA estimates fair value using observable market data where available. Where such data is not available, valuation techniques involving unobservable inputs are applied. Fair value measurements are categorized into:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: Observable inputs other than quoted prices
- Level 3: Unobservable inputs requiring significant estimation

These estimates affect disclosures and, where applicable, the carrying amounts of financial instruments and leased assets.

f) ***Useful lives and residual values of property, plant & equipment***

Management reviews the useful lives and residual values of assets annually. Equipment is assigned a residual value of nil, as it is not held for resale and is typically scrapped. Changes in usage patterns, asset condition, or technological obsolescence may require revision of these estimates, affecting depreciation expense and carrying amounts.

Accounting Policies (continued)

5 New and amended standards and interpretations

5.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial statements

In the current year, a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) have become effective and are mandatorily effective for an accounting period that begins on or after 1 January 2024.

a) Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases)

In September 2022, the IASB issued an amendment to IFRS 16 Leases, clarifying the measurement of lease liabilities in sale-and-leaseback transactions. The amendment requires seller-lessees to include expected variable lease payments in the initial measurement of the lease liability, ensuring gains are recognised only on the portion of the asset transferred. The amendment is effective for annual periods beginning on or after 1 January 2024. The Agency is evaluating the impact on future sale-and-leaseback

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specifically that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the counterparty of cash, equity instruments, other assets or services.

c) Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of

In January 2020 and subsequently amended in October 2022, the IASB issued clarifications to IAS 1 Presentation of Financial Statements regarding the classification of liabilities as current or non-current. The amendments clarify that classification is based on rights in existence at the reporting date, and that covenants to be complied with after the reporting date do not affect classification. These changes are effective for annual reporting periods beginning on or after 1 January 2024. The Agency is assessing the impact on its classification of liabilities, particularly in relation to covenant-linked borrowings.

d) Amendments to IAS 1 – Non-current Liabilities with Covenants

In October 2022, the IASB issued amendments to IAS 1 Presentation of Financial Statements to clarify the classification of non-current liabilities subject to covenants. The amendments specify that covenants to be complied with only after the reporting date do not affect classification as non-current. However, entities must disclose information about such covenants in the notes to the financial statements. The amendments are effective for annual periods beginning on or after 1 January 2024. The Agency is evaluating the impact on its classification and disclosure of covenant-linked borrowings.

e) Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to enhance transparency around supplier finance arrangements. The amendments require entities to disclose terms and conditions, carrying amounts, and liquidity risk exposures arising from such arrangements, including the impact on cash flow presentation. These changes are effective for annual periods beginning on or after 1 January 2024. The Agency is assessing the relevance and potential impact of these disclosures on its trade payable and working capital arrangements.

Accounting Policies (continued)

5.0 New and amended standards and interpretations (continued)

5.1 New and revised IFRSs affecting amounts reported and/or disclosures in the financial

f) Climate considerations

New sustainability and climate related standards not yet effective

The International Sustainability Standards Board has issued the sustainability disclosures standard and the climate related disclosures standard. These standards are likely to have a

i) IFRS S1: General sustainability related disclosures

The Standard requires an entity to disclose information about all their significant sustainability related risks and opportunities. The standard is effective for annual periods

ii) **IFRS S2: Climate related disclosures**

The Standard requires an entity to provide information about its exposure to climate related risks and opportunities. The standard is effective for annual periods beginning on

The Agency has not adopted IFRS S1 and IFRS S2 for the year ended 31 December 2024. Although the standards are effective internationally from 1 January 2024, the Zambia Institute of Chartered Accountants (ZICA) has deferred mandatory implementation to 1 January 2025. As the Agency is not classified as a Publicly Accountable Entity, adoption remains voluntary."

5.2 New and revised IFRSs in issue but not yet effective

At the 31 December 2024 the Agency has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. The Directors do not expect that the adoption of the Standards listed below will have a material impact on the financial statements of the Agency in future periods, except where indicated:

a) Lack of Exchangeability (Amendments to IAS 21)

These amendments address the accounting for situations where exchangeability between currencies is lacking. They provide guidance on how to determine the exchange rate to use when exchangeability is lacking and how to measure the resulting financial impact.
These changes are effective from 1 January 2025.

b) Amendments to the Classification and Measurement of Financial Instruments

These amendments relate to the classification and measurement of financial instruments, including financial assets with ESG-linked features and the settlement of financial liabilities by electronic payments. They aim to improve the relevance and reliability of financial information related to financial instruments.

These amendments are effective 1 January 2026.

c) IFRS 18 Presentation and Disclosure in Financial Statements

This new standard replaces IAS 1 and provides comprehensive guidance on the presentation and disclosure of financial statements. It aims to improve the clarity, comparability, and usefulness of financial statements by providing a consistent framework for presentation and disclosure.
This standard is effective 1 January 2027

d) IFRS 19 Subsidiaries without Public Accountability: Disclosures

This optional standard permits certain entities to reduce the disclosures they are required to provide in financial statements. It aims to simplify the reporting requirements for subsidiaries without public accountability while maintaining the relevance and reliability of financial
This standard is effective 1 January 2027.

Notes to the Financial Statements

		2024 ZMW	2023 ZMW
6	**Income**		
	Revenue from sale of crops	6,548,515,016	4,115,334,572
7	**Cost of sales**		
	Maize	(5,347,554,166)	(3,324,326,594)
	Grain bags	(51,278)	(74,696,239)
	Rice	(2,029,000)	(4,059,150)
	Soya beans	(705,678,020)	(446,393,560)
		(6,055,312,464)	**(3,849,475,543)**
8	**Revenue grants**		
	Government of the Republic of Zambia	**2,851,040,703**	1,186,199,993
9	**Other income**		
	Finance income		
	Interest on current account	1,357,981	4,226,411
	Interest on staff loans	509,331	388,025
		1,867,312	**4,614,436**
	Other income		
	Profit on sale of property, plant and equipment	578,042	420,444
	Registration fees	170,204	231,050
	Sale of tender documents	-	140,250
	Other income	-	536,704
		748,246	**1,328,449**
	Lease income		
	Storage sheds	315,517	857,154
	Plant and machinery	91,552	91,552
	Commercial building	905,517	378,461
	Other Silo Tops	18,621	300,621
		1,331,207	**1,627,787**
		3,946,765	**7,570,671**
10	**Operating surplus**		
	The following items have been charged in arriving at operating surplus:		
	Depreciation on property, plant and equipment	56,597,001	44,945,929
	Auditor's remuneration	363,917	363,257
	Employee costs	300,941,208	282,621,171
		357,902,126	**327,930,357**
11	**Finance cost**		
	Exchange gains	6,882,153	45,921,810
	Exchange losses	(931,092,281)	(13,576,574)
		(924,210,128)	**32,345,236**

Notes to the Financial Statements (continued)

12. Property, plant and equipment

Year ended 31 December 2024

	Buildings ZMW	Plant and machinery ZMW	Furniture and fixtures ZMW	Motor vehicles ZMW	Office equipment ZMW	Work in progress ZMW	Total ZMW
Cost or valuation							
At start of year	420,103,791	118,328,668	8,822,908	114,659,061	26,559,984	(337,509)	688,136,903
Additions	-	19,140,903	4,649,223	166,947,036	43,287,364	21,855,553	255,880,079
Disposals	-	(8,047,206)	-	(4,516,771)	(17,783,752)	-	(30,347,729)
Correction of errors	-	-	-	(69,622,594)	-	337,509	(69,285,085)
At end of year	420,103,791	129,422,365	13,472,131	207,466,732	52,063,596	21,855,553	844,384,168
Depreciation							
At start of year	130,465,803	95,590,721	4,893,721	84,353,530	5,867,527	-	321,171,302
Disposals	-	-	-	(4,516,771)	-	-	(4,516,771)
Charge for the year	8,357,317	7,939,745	2,003,628	32,435,745	5,860,565	-	56,597,001
At end of year	138,823,120	103,530,466	6,897,349	112,272,504	11,728,092	-	373,251,532
Net book value							
Current year	281,280,670	25,891,899	6,574,782	95,194,228	40,335,504	21,855,553	471,132,636
Prior year	289,637,988	22,737,947	3,929,187	30,305,531	20,692,457	(337,509)	366,965,602

Notes to the Financial Statements (continued)

12. Property, plant and equipment (continued)

Year ended 31 December 2023	Buildings ZMW	Plant and machinery ZMW	Furniture and fixtures ZMW	Motor vehicles ZMW	Office equipment ZMW	Work in progress ZMW	Total ZMW
Cost or valuation							
At start of year	420,103,791	104,526,141	5,037,010	90,093,122	7,076,624	3,703,257	630,539,945
Additions	-	21,423,302	8,338,119	38,854,835	21,622,743	-	90,238,999
Disposals	-	-	-	(3,346,413)	-	-	(3,346,413)
Adjustment		(7,620,775)	(4,552,221)	(10,942,483)	(2,139,383)	(4,040,766)	(29,295,628)
At end of year	420,103,791	118,328,668	8,822,908	114,659,061	26,559,984	(337,509)	688,136,903
Depreciation							
At start of year	122,107,623	84,551,276	4,457,823	64,338,218	3,796,796	-	279,251,736
Disposals	-	-	-	(3,026,364)	-	-	(3,026,364)
Charge for the year	8,358,180	11,039,445	435,898	23,041,676	2,070,731	-	44,945,929
At end of year	130,465,803	95,590,721	4,893,721	84,353,530	5,867,527	-	321,171,301
Net book value							
Current year	289,637,988	22,737,948	3,929,187	30,305,531	20,692,458	(337,509)	366,965,602
Prior year	297,996,168	19,974,865	579,187	25,754,903	3,279,828	3,703,257	351,288,209

Reconciliation of additions during the year

Grant assets	2024 ZMW	2023 ZMW
Reconciliation of additions during the year		
Additions acquired by cash payments	255,880,079	90,239,000
Additions acquired through borrowings	-	-
	255,880,079	90,239,000

Notes to the Financial Statements (continued)

		2024 ZMW	2023 ZMW
13 Inventory			
As at 31 December inventories comprised the following categories:			
Inventory category	**Item description**		
Strategic commodities	Maize – Local	1,394,003,200	1,627,894,240
	Rice	-	2,154,000
	Soya beans	89,100	814,782,150
	Subtotal – strategic commodities	**1,394,092,300**	**2,444,830,390**
Operational supplies	Grain bags	366,752,263	215,948,261
	Stationery stocks	43,268,475	22,519,997
	Marketing stationery – printed	6,374,921	5,002,348
	Other marketing requisites	377,249,613	315,947,634
	Tarpaulins	62,644,790	22,904,480
	Scales	974,541	-
	Subtotal – operational supplies	**857,264,603**	**582,322,720**
Capital support and maintenance	Property management – construction	7,230,754	4,877,250
	Workshop tools	57,674,534	44,248,982
	Subtotal – capital support	**64,905,288**	**49,126,232**
Reconciliation and adjustments	Stock adjustment account	11,990,388	9,016,816.00
	Subtotal – adjustments	**11,990,388**	**9,016,816.00**
	Total inventories	**2,328,252,579**	**3,085,296,157**
Inventory movement			
	Opening balance	2,444,830,390	3,354,377,880
	Purchases	2,709,592,326	3,205,787,081
	Write-downs and losses	-	-
	Sales	(6,548,515,016)	(4,115,334,572)
	Closing balance	(1,394,092,300)	**2,444,830,390**

Write-downs and losses

During the year, inventories were written down due to spoilage, pest infestation, and market price declines. These losses were recognized in cost of sales.

Stock adjustments

Stock adjustments relate to losses and value of maize sold as undergarde maize

Strategic reserve disclosure

A portion of the maize inventory (ZMW 1.8 billion) is held as strategic reserve and is not expected to be sold in the normal operating cycle. This has been classified as current due to the Agency's mandate that may lead to sudden disposal of the stocks.

Valuation method

The actual cost method was applied for all stock items.

During the year, inventories were written down by ZMW nil (2023: ZMW 3.77 million) due to spoilage, pest infestation, and market price declines. These losses were recognized in cost of sales.

14 Trade and other receivables

		2,024 ZMW	2,023 ZMW
Maize receivables	- 945,928,863	1,275,584,338	937,464,394
Provision for impairment		(945,928,863)	(937,464,393)
Net maize receivables	- 937,464,393	329,655,475	1
Fertilizer receivables		122,420,967	122,420,967
Provision for impairment		(122,420,968)	(122,420,968)
Net fertilizer receivables		(1)	(1)
Lease receivables		5,657,867	4,740,681
Provision for impairment		(4,178,277)	(4,178,277)
Net lease receivables		1,479,590	562,404
Staff receivables		17,393,274	13,927,559
Provision for impairment		(60,330)	(60,330)
Net staff receivables		17,332,944	13,867,229
Other receivables		40,840,946	232,686,457
Provision for impairment		(28,516,132)	(28,516,131)
Net other receivables		12,324,814	204,170,326
Payables with debit balances		3,517,332	-
		-	
Net carrying amount of debtors		364,310,155	218,599,958

Trade and other receivables are measured at amortized cost using the effective interest method, less any allowance for expected credit losses (ECL). The Agency applies the simplified approach under IFRS 9 for trade receivables, recognizing lifetime ECL based on historical default rates, forward-looking macroeconomic indicators, and debtor-specific risk profiles.

Trade receivables aged over 90 days are considered past due.

Carrying amount of receivables

Ageing Analysis of Receivables (Gross Basis)

2024

	Not past due ZMW	3-12 months ZMW	Over 12 months ZMW	Total ZMW
Maize receivables	-	1,275,584,338	-	1,275,584,338
Fertilizer receivables	-	122,420,967	-	122,420,967
Lease receivables	-	5,657,867	-	5,657,867
Staff receivables	-	17,393,274	-	17,393,274
Other receivables	-	40,840,946	-	40,840,946
Payables with debit balances	-	3,517,332	-	3,517,332
	-	1,465,414,725	-	1,465,414,725

2023

	Not past due ZMW	3-12 months ZMW	Over 12 months ZMW	Total ZMW
Maize receivables	-	937,464,394	-	937,464,394
Fertilizer receivables	-	122,420,967	-	122,420,967
Lease receivables	-	4,740,681	-	4,740,681
Staff receivables	-	13,927,559	-	13,927,559
Other receivables	-	232,686,457	-	232,686,457
	-	1,311,240,058	-	1,311,240,058

	Gross amount ZMW	ECL allowance ZMW	45,627 Carrying amount ZMW	Gross amount ZMW	ECL allowance ZMW	Dec-23 Carrying amount ZMW
Trade receivables	1,403,663,172	(1,072,528,108)	331,135,064	1,064,626,042	(1,064,063,638)	562,404
Staff receivables	17,393,274	(60,330)	17,332,944	13,927,559	(60,330)	13,867,229
Other receivables	40,840,946	(28,516,132)	12,324,814	232,686,457	(28,516,132)	204,170,325
Payables with debit balanc	3,517,332	-	3,517,332	-	-	-
	1,465,414,725	(1,101,104,569)	364,310,155	1,311,240,058	(1,092,640,100)	218,599,958

Movement in expected credit loss provision

ECL movement		
Opening balance	1,092,640,100	1,064,063,638
Increase in provision	8,464,469	28,576,461
Closing balance	**1,101,104,569**	**1,092,640,100**

Notes to the Financial Statements (continued)

	2024 ZMW	2023 ZMW

15 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Bank balances include operational accounts held across commercial banks and district-level branches.

Balances held at year end

Cash at bank	1,717,317,936	676,417,429
Cash in hand	-	-
	1,717,317,936	676,417,429
Cash at bank and in hand	1,717,317,936	676,417,429
	1,717,317,936	676,417,429

The ammended act allows the Agency to spend at source provided they seek authority from Secretary to the Treasury.

Composition of Cash and Bank Balances by financial institution

Financial institution		
Cash on hand (Petty cash)	-	-
Zambia National Commercial Bank Plc	621,035,907	100,101,396
Atlas Mara Bank	970,902,318	203,577,483
Zambia Indusrial and Commcercial Bank (ZICB)	39,422,069	-
Investrust Bank Plc	42,938,487	290,493,801
Stanbic Bank	6,386,390	48,698,583
ABSA/Barclays Bank Plc	9,919,332	24,736,315
Cavmont Bank	2,212,895	328,197
NATSAVE	5,030,554	4,904,987
Indo Zambia Bank	19,378,619	3,550,746
Standard Chartered Bank Plc	75,012	-
Zambia National Building Society	8,583	22,401
BancABC	3521.94	3,522
Access Bank	2,945	-
First National Bank	215	-
EcoBank	1,086	-
Total cash and bank balances	**1,717,317,936**	**676,417,429**

Reconciliation to cash flow statement

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

Balances as above	1,717,317,936	676,417,429
Overdrawn cashbook balances	(8,369,734)	(6,050,392)
Balances per statement of cash flows	**1,708,948,203**	**670,367,037**

The carrying amounts of the Agency's cash and cash equivalents are denominated in the following currencies:

Zambian Kwacha	1,708,948,203	670,367,037
United States Dollars	-	-
	1,708,948,203	**670,367,037**

Notes to the Financial Statements (continued)

		2024 ZMW	2023 ZMW
16.	**Borrowings**		
	The borrowings are made up as follows:		
	Long term liabilities		
	Loans	-	-
	Short term liabilities		
	Bank loans	-	-
	Total borrowings	-	-
17	**Trade and other payables**		
	Trade payables		
	Third party deposits	31,451,482.96	31,451,483
	Maize creditors	-	-
	Creditor Crop Purchase	2,009.67	-
	Early Maize	-	-
	Performance bond	6,330,098.59	6,330,099
	Transportation payables	237,710,203.21	46,566,512
	Warehouse management payables	3,282,369.27	3,266,167
	Fumigation	697,038.37	907,538
	Empty grain bags payables	46,569.24	50,427
	Rental advance	3,660,499.27	3,709,459
	Bank commission payables	4,104,073.09	3,094,278
	Black sheeting payables	1,536.97	1,537
	Transportation accruals	234,198,312.52	23,015,640
	Clearing Account	386,416,987.24	-
	Crop purchase bank commissions accrual	30,501,659.86	44,943,276
	Transportation payables Importation	3,027,330.34	-
	Total	**941,430,170.60**	**163,336,416**
	Other payables		
	Sundry payables	-	5,411,819
	Retention	90,592	-
	Other		205,172,843
	Gratuity payable	-	-
	Audit fees provision	509,013	599,013
	Receivables with negative balance	15,431,853	14,745,774
	Total	16,031,458	225,929,450
	Total trade and other payables	**957,461,629**	**389,265,866**
	Statutory obligations		
	Pay As You Earn (PAYE)	-	22,078,597
	NAPSA (Current)	-	-
	NHIMA	284,063	375,354
	Withholding Tax on Rent	5,595,440	5,661,399
	Withholding Tax on Interest	21,438	11,478
	ZRA Suppliers Garnish Account	10,448,656	11,762,750
	Provision for NAPSA	93,938,757	93,987,607
	Total	**110,288,354**	**133,877,186**
	Staff payables and provisions		
	Provision for leave pay	33,481,739	25,235,448
	Provision for annual leave allowance	17,872,491	15,495,243
	Provision. gratuity	39,976,786	-
	Total	**91,331,016**	**40,730,691**
	Staff gratuity		
	Payable within one year	13,325,595	5,879,266
	Payable after one year	26,651,190	28,195,815
	Total	**39,976,786**	**34,075,081**

The carrying amounts of the Agency's trade and other payables are denominated in Zambian Kwacha.

In the opinion of the Directors, it is impracticable to assign fair values to the Agency's long-term trade and other payables.

18 Related party transactions

The Agency has a related party relationships with the holding company, fellow subsidiaries, related companies, management and the Board. During the year transactions which took place with related parties are as follows:

		2024	2023
(i)	**Related party transactions**	**ZMW**	**ZMW**
	Disaster management and mitigation unit (DMMU)	245,735,358	80,987,512
	Zambia national service (ZNS)	2,496,417,060	596,006,840
	Zambia correctional service (ZCS)	732,546,444	191,580,968
	Superior milling company limited	-	28,400,000
	Ministry of education (Home grown)	67,511,138	18,993,118
		3,542,210,000	915,968,438
(ii)	***Amounts due from related parties***		
	Disaster management and mitigation unit (DMMU)	245,735,358	80,987,512
	Zambia national service (ZNS)	711,056,078	432,338,356
	Zambia correctional service (ZCS)	186,068,003	-
		1,142,859,438	513,325,868
(iii)	***Amounts due to related parties***		
	Zambia national service (ZNS)	-	1,728,384
	Zambia correctional service (ZCS)	-	25,925,760
		-	27,654,144
(iv)	**Key management compensation**		
	Salaries and other short-term employment benefits	11,698,665	7,894,584
(v)	**Directors' remuneration**		
	Fees for services as Directors	1,495,361	1,613,211

Notes to the Financial Statements (continued)

19 Financial risk management

The Agency has exposure to the following risks from its use of financial instruments:
- credit risk
- market risk; and
- liquidity risk

Risk management framework

The Board has overall responsibility for the establishment and oversight of the Agency's risk management framework. The Agency's risk management policies are established to identify and analyse the risks faced by the Agency, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Agency's activities. The Board oversees how management monitors compliance with the Agency's risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks faced by the Agency.

Categories of financial instruments

The carrying amount of the Agency's financial instruments by classification is as follows:

		2024	2023
Financial assets		ZMW	ZMW
	Note		
Maize receivables	14	1,275,584,338	937,464,394
Fertilizer receivables	14	122,420,967	122,420,967
Lease receivables	14	5,657,867	4,740,681
Staff receivables	14	17,393,274	13,927,559
Other receivables	14	40,840,946	355,790,673
Payables with debit balances	14	3,517,332	-
Cash and cash equivalents	15	1,717,317,936	676,417,429
		3,182,732,661	**2,110,761,703**
Financial liabilities			
Trade payables	17	941,430,171	163,336,416
Other payables	17	16,031,458	21,727,134
Statutory obligations	17	110,288,354	133,877,186
Staff payables and provisions	17	91,331,016	40,730,691
Staff gratuity	17	39,976,786	34,075,081
Overdrawn cashbook balance	15	8,369,734	6,050,392
		1,207,427,517	**399,796,899**

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligation resulting in financial loss to the Agency. The Agency has adopted a policy of only dealing with creditworthy counterparties and obtaining an advance payment, where appropriate, as a means of mitigating the risk of financial loss from defaults. Financial assets which potentially subject the Agency to concentrations of credit risk, consist principally of trade receivables and cash balances.

The Agency holds no colateral over its financial assets in respect of receivables from employees. The receivables from employees in respect of material loans are recoverable from source through payroll by the Agency over a period of 24 months for management and the rest of the employees.

No collateral is required in respect of financial assets. Management has a policy in place and the exposure to credit risks is monitored on an on-going basis.

The Agency holds security over its financial assets in respect of receivables from employees. The receivables from employees in respect of material loans are recoverable from source through payroll by the Agency over a period of 36 months for management and 48 months for the rest of the employees.

The Agency establishes an allowance for doubtful debts on a specific basis which represents its estimate of expected losses in respect of trade and other receivables. The Agency is not exposed to any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics. Based on historical information about default rates, management considers the credit quality of trade receivables that are not past due or impaired to be good. Financial assets which potentially subject the Agency to concentrations of credit risk, consist principally of trade receivables and cash balances.

Exposure to credit risk

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

	Note	2024 ZMW	2023 ZMW
Cash and cash equivalents	15	1,717,317,936	676,417,429
Maize receivables	14	1,275,584,338	937,464,394
Fertilizer receivables	14	122,420,967	122,420,967
Lease receivables	14	5,657,867	4,740,681
Staff receivables	14	17,393,274	13,927,559
Other receivables	14	40,840,946	355,790,673
Payables with debit balances	14	3,517,332	-
		3,182,732,661	**2,110,761,703**

Notes to the Financial Statements (continued)

(ii) Impairment losses

The aging of trade receivables at the reporting date was:

31 December 2024	Note	Not past due	3 to 12 months	Over 12 months	Total
		ZMW	ZMW	ZMW	ZMW
Maize receivables	14	-	1,275,584,338	-	1,275,584,338
Fertilizer receivables	14	-	122,420,967	-	122,420,967
Lease receivables	14	-	5,657,867	-	5,657,867
Staff receivables	14	-	17,393,274	-	17,393,274
Other receivables	14	-	40,840,946	-	40,840,946
Payables with debit balances	14	-	3,517,332	-	3,517,332
Gross trade receivable		-	1,465,414,725	-	1,465,414,725
31 December 2023					
Maize receivables	14	-	937,464,393	-	937,464,393
Fertilizer receivables	14	-	122,420,967	-	122,420,967
Lease receivables	14	-	4,740,681	-	4,740,681
Staff receivables	14	-	13,927,559	-	13,927,559
Other receivables	14	-	40,840,946	-	40,840,946
Payables with debit balances	14	-	-	-	-
Gross trade receivable		-	1,119,394,546	-	1,119,394,546

Market risk

The Agency's activities expose it primarily to the financial risk of changes in foreign currency exchange rates (see below). The Agency does not trade any derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including forward foreign exchange contracts to hedge the exchange rate risk.

There has been no change to the Agency's exposure to market risks or the manner in which it manages and measures the risk.

Foreign currency risk management

The Agency undertakes certain transactions dominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board.

Exposure to currency risk

The Agency incurs currency risk as a result of transactions in USD, EUR and GBP. The Agency ensures that the net exposure is kept to an acceptable level by transacting in foreign currencies at spot rate where necessary to address short term imbalances. The currency risk expressed in Kwacha at reporting date was as follows:

2024	Note	ZMW	USD exposure	Euro exposure	ZMW Total
Financial assets					
Maize receivables	14	1,239,221,365	36,362,973	-	1,275,584,338
Fertilizer receivables	14	122,420,967	-	-	122,420,967
Lease receivables	14	5,657,867	-	-	5,657,867
Staff receivables	14	17,393,274	-	-	17,393,274
Other receivables	14	40,840,946	-	-	40,840,946
Cash and cash equivalents	15	1,717,317,936	-	-	1,717,317,936
Total financial assets		**3,142,852,356**	**36,362,973**	-	**3,179,215,329**
Financial liabilities					
Trade payables	17	892,738,557.73	48,691,613	-	941,430,171
Other payables	17	15,265,114	766,344	-	16,031,458
Statutory obligations	17	110,288,354	-	-	110,288,354
Staff payables and provisions	17	91,331,016	-	-	91,331,016
Staff gratuity	17	39,976,786	-	-	39,976,786
Overdrawn cashbook balance	15	8,369,734	-	-	8,369,734
Total financial liabilities		**1,157,969,560**	**49,457,957**	-	**1,207,427,517**
Net exposure		**1,984,882,796**	**(13,094,984)**	-	**1,971,787,812**

Notes to the Financial Statements (continued)

2023	Note	ZMW	USD exposure	Pound exposure	Euro exposure	ZMW Total
Financial assets						
Maize receivables	14	805,611,335	131,853,059	-	-	937,464,394
Fertilizer receivables	14	122,420,967	-	-	-	122,420,967
Lease receivables	14	4,740,681	-	-	-	4,740,681
Staff receivables	14	13,927,559	-	-	-	13,927,559
Other receivables	14	112,761,813	119,924,644	-	-	232,686,457
Cash and cash equivalents	15	676,417,429	-	-	-	676,417,429
Total financial assets		**1,735,879,784**	**251,777,703**	**-**	**-**	**1,987,657,487**
Financial liabilities						
Trade payables	17	163,336,416	-	-	-	163,336,416
Statutory obligations	17	213,440,890	12,488,560	-	-	225,929,450
Staff payables and provisions	17	133,877,186	-	-	-	133,877,186
Other payables	17	40,730,691	-	-	-	40,730,691
Borrowings	16	34,075,081	-	-	-	34,075,081
Overdrawn cashbook balance	15	6,050,392	-	-	-	6,050,392
Total financial liabilities		**591,510,654**	**12,488,560**	**-**	**-**	**603,999,214**
Net exposure		**1,144,369,130**	**239,289,143**	**-**	**-**	**1,383,658,273**

The following significant exchange rates applied during the year:-

Exchange rates

	Average rate			
	2024 ZMW	2023 ZMW	2024 ZMW	2023 ZMW
USD1.00 to ZMW	27.88	25.72		27.91

Sensitivity analysis

A 10 per cent strengthening of the US Dollar against Kwacha at 31 December would have increased/(decreased) funds and total comprehensive income by similar amounts. This analysis assumes that all other variables, in particular interest rates remain constant. This analysis is performed on the same basis for 2023.

Interest rate risk

The Agency is not exposed to interest rate risk on its bank accounts and does not hold any interest bearing financial instruments.

Interest rate risk management

The exposure to interest rate risk is reviewed regularly by management to align with interest rate reviews and defined risk appetite, by either positioning the statement of financial position or protecting interest expense through different interest rate cycles.

The Agency's exposure to interest rate is low as they do not have interest bearing borrowings and invest in fixed interest bearing investments.

Liquidity risk management

Liquidity risk is the risk that the Agency will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Agency`s approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Agency`s reputation.

The Agency aims to maintain a sufficient level of liquidity to meet its contractual repayments.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Agency's short, medium and long-term funding and liquidity management requirements. The Agency manages liquidity risk by maintaining adequate reserves, banking facilities, continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

The following table details the Agency's remaining period for contractual maturity of its non-derivative financial assets and liabilities. The table below has been drawn up based on the contractual maturities of the financial assets and

2024

	Notes	1 to 3 months	3 months to 1 year	More than 1 year	Total
		ZMW	ZMW	ZMW	ZMW
Financial liabilities					
Trade payables	17	-	941,430,171	-	941,430,171
Other payables	17	-	16,031,458	-	16,031,458
Statutory obligations	17	-	110,288,354	-	110,288,354
Staff payables and provisions	17	-	91,331,016	-	91,331,016
Staff gratuity	17	-	-	39,976,786	39,976,786
Overdrawn cashbook balance	15	-	8,369,734	-	8,369,734
Total financial liabilities		-	1,167,450,732	39,976,786	1,207,427,517
Financial assets					
Maize receivables	14	-	1,275,584,338	-	1,275,584,338
Fertilizer receivables	14	-	122,420,967	-	122,420,967
Lease receivables	14	-	5,657,867		5,657,867
Staff receivables	14	-	17,393,274	-	17,393,274
Other receivables	14	-	40,840,946	-	40,840,946
Cash and cash equivalents	15	-	1,717,317,936	-	1,717,317,936
Total financial assets		-	3,179,215,329	-	3,179,215,329
Net exposure		-	**(2,011,764,597)**	**39,976,786**	**(1,971,787,812)**

Notes to the Financial Statements (continued)

2023

	Notes	1 to 3 months ZMW	3 months to 1 year ZMW	More than 1 year ZMW	Total ZMW
Financial liabilities					
Trade payables	17	-	251,263,316	-	251,263,316
Other payables	17	-	1,242,336,109	-	1,242,336,109
Statutory obligations	17	-	133,877,186	-	133,877,186
Staff payables and obligations	17	-	40,730,691	-	40,730,691
Staff gratuity	17	-	5,879,266	28,195,814	34,075,080
Overdrawn cashbook balance	15	-	6,050,392	-	6,050,392
Total financial liabilities		-	1,680,136,960	28,195,814	1,708,332,774
Financial assets					
Trade receivables	14	-	937,464,393	-	937,464,393
Fertilizer receivables	14	-	122,420,967	-	122,420,967
Lease receivables	14	-	4,740,681	-	4,740,681
Staff receivables	14	-	13,927,559	-	13,927,559
Other receivables	14	-	232,686,457	-	232,686,457
Cash and cash equivalents	15	-	676,417,429	-	676,417,429
Total financial assets		-	1,987,657,486	-	1,987,657,486
Net exposure		-	(307,520,526)	28,195,814	(279,324,712)

Fair value measurements

The information set out below provides information about how the Agency determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Lusaka Stock Exchange).
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 — Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Agency considers relevant and observable market prices in its valuations where possible.

Notes to the Financial Statements (continued)

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period. The Members consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

	Notes	2024 Carrying amount	Fair value	2023 Carrying amount	Fair value
		ZMW	ZMW	ZMW	ZMW
Financial liabilities					
Trade payables	17	892,738,558	892,738,558	163,336,416	163,336,416
Other payables	17	15,265,114	15,265,114	225,929,450	225,929,450
Statutory obligations	17	110,288,354	110,288,354	133,877,186	133,877,186
Staff payables and provisions	17	91,331,016	91,331,016	40,730,691	40,730,691
Staff gratuity	17	-	-	34,075,081	34,075,081
Overdrawn cashbook balance	15	8,369,734	8,369,734	6,050,392	6,050,392
Total financial liabilities		**1,117,992,774**	**1,117,992,774**	**603,999,216**	**603,999,216**
Financial assets					
Maize receivables	14	1,275,584,338	1,267,119,868	937,464,394	937,464,394
Fertilizer receivables	14	122,420,967	122,381,654	122,420,967	122,420,967
Lease receivables	14	5,657,867	5,657,867	4,740,681	4,740,681
Staff receivables	14	17,393,274	16,059,708	13,927,559	13,927,559
Other receivables	14	40,840,946	994,037	232,686,458	232,686,458
Cash and cash equivalents	15	-	1717317936	676,417,429	676,417,429
Total financial assets		1,461,897,393	3,129,531,070	1,987,657,488	1,987,657,488
Net exposure		**(343,904,618)**	**(2,011,538,296)**	**(1,383,658,272)**	**(1,383,658,272)**

20 Capital commitments

There were no capital commitments entered into at the year end (2023-Knil).

21 Contingent liabilities

The contingent liabilities as at the period-end were ZMW 49,495,562 (2023: ZMW41,983,529)

22 Events after the reporting period

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