THE COPPERBELT UNIVERSITY

AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE MINING

INTERNATIONAL DEVELOPMENT ASSOCIATION

DEVELOPMENT CREDIT NUMBER 5803-ZM

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018

Public Disclosure Authorized

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THE COPPERBELT UNIVERSITY
ARRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE MINING
INTERNATIONAL DEVELOPMENT ASSOCIATION
DEVELOPMENT CREDIT NUMBER 5803-ZM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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THE COPPERBELT UNIVERSITY
AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE MINING
INTERNATIONAL DEVELOPMENT ASSOCIATION
DEVELOPMENT CREDIT NUMBER 5803-ZM
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2018

The Members of the steering committee submit their report together with the audited financial statements for the year ended 31 December 2018, which disclose the state of affairs of the Project.

PRINCIPAL ACTIVITIES

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

The project consist of the following components:

Part 1: Strengthening Africa Centres of Excellence in Regional Priority Areas

Strengthen the capacity of the Africa Centres of Excellence in Eastern and Southern African Higher Education Institutions, in particular to:

(a) Build institutional capacity to provide quality post-graduate education with relevance to the labour market;
(b) Build institutional capacity to conduct high quality applied research, relevant to addressing a key development challenge or priority;
(c) Develop and enhance partnerships with other academic institutions (national, regional and international) to pursue academic excellence;
(d) Develop and enhance partnerships with industry and the private sector to generate greater impact;
(e) Improve governance and management of the institution and set up a role model for other higher education institutions; and
(f) Deliver outreach, and create an impact, to society by delivering excellent teaching and producing high quality applied research.

Part 2: Capacity-Building Support to Africa Centres of excellence through Regional Interventions

Enhance capacity-building through IUCEA for the Africa Centres of Excellence to enable them to perform better, overcome their challenges and achieve their objectives by providing:

(a) Capacity building on partnership development with the private sector; and
(b) Competitive scholarships to under programs in any of the African Centres of excellence.

Part 3: Facilitation, Coordination and Administration of Project implementation

Support IUCEA in the preparation, coordination and effective and efficient management of the project.

PROJECT RESULTS

The surplus for the year has been added to accumulated funds.

MEMBERS OF THE STEERING COMMITTEE

The members who held office during the year and to the date of this report were:

Name	Designation	Members' Representatives
Mr. Mabvuto Sakala	Chairperson	Ministry of Higher Education
Mrs. Jane M. Chinkusu	Vice-Chairperson	Ministry of Higher Education
Prof. Enala Tembo Mwase	Member	Deputy Vice Chancellor, University of Zambia
Mrs. Mirriam Chiyaba	Member	Zambia Qualification Authority
Mr. Amos Mumba	Member	Ministry of Commerce, Trade and Industry
Mr. Filipo Zulu	Member	National Science and Technology Council
Dr. Chitundu Kasase	Member	National Technology Business Centre
Prof. Naison Ngoma	Member	Vice Chancellor, Copperbelt University
Mr. Patrick Mfungo	Member	Ministry of Finance
Mrs. Khondwani Mutelekesha	Member	Ministry of Higher Education

Auditor

The auditors, Mark Daniels, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the annual general meeting.

By order of the Board

SECRETARY

_____ 2019

THE COPPERBELT UNIVERSITY
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INTERNATIONAL DEVELOPMENT ASSOCIATION
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FOR THE YEAR ENDED 31 DECEMBER 2018

The Project Grant requires the Council Members to prepare Financial Statements for each Financial Year that give a true and fair view of the state of affairs of the Project as at the end of the Financial Year and of its Statement of Financial Position. It also requires the Council Members to ensure that the Project keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Project. The Council Members are also responsible for safeguarding the assets of the Project.

The Council Members accept responsibility for the annual Financial Statements, which have been prepared using appropriate accounting policies, in conformity with International Public Sector Accounting Standards and the requirements of the Generally Accepted Accounting Principles (GAAP). The Council Members are of the opinion that the Financial Statements give a true and fair view of the state of the financial affairs of the Project. The Council Members are also responsible for such internal control, as they determine necessary to enable the preparation of Financial Statements that are free from material misstatements, whether due to fraud or error.

Nothing has come to the attention of the Council Members to indicate that the project will not remain a going concern for at least twelve months from the date of the statement of financial position.

Lt.Col. Prof. Naison Ngoma
Vice Chancellor

Mr. Friday C Ndhlovu
Chairperson of Council

10.09. 2019

**REPORT OF THE INDEPENDENT AUDITOR
TO THE SHAREHOLDERS OF AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE MINING OF THE COPPERBELT UNIVERSITY**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the International Development Association Credit Number 5803-ZM, which comprise the statement of financial position as at 31 December 2018,and statement of financial performance, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the financial statements give a true and fair view of the Financial Position of International Development Association Credit Number 5803-ZM as at 31 December 2018 and of its financial performance and cash flows for the year ended and have been properly prepared in accordance with the International Public Sector Accounting Standards

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the International Development Association Credit Number 5803-ZM in accordance with the International Ethics Standards Board for Accountants' Code of Ethics (IESBA Code), and we have fulfilled our other ethical responsibilities' in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. 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. 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.

Responsibilities of Management and those charged with Governance for the Financial Statements

Management are responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, 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 International Development Association Credit Number 5803-ZM 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 decides to cease operations, or have no realistic alternative but to do so. Those charged with Governance are responsible for overseeing the International Development Association Credit Number 5803-ZM reporting process.

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Auditor's Responsibility 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. 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism 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 Project's internal control.

- 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 International Development Association Credit Number 5803-ZM ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the International Development Association Credit Number 5803-ZM to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the International Development Association Credit Agreement Number 5803-ZM to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the International Development Association Credit Number 5803-ZM audit. We remain solely responsible for our audit opinion.

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.

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE MINING OF THE COPPERBELT UNIVERSITY

Report on other Legal and Regulatory Requirements

i) All IDA Funds have been used in accordance with the relevant financing agreements.

ii) Goods and services financed have been procured in accordance with the relevant financing agreement.

iii) All necessary supporting documents, records and accounts have been kept in respect of all Project activities, including expenditures reported using the summary Statements of Expenditure (SOEs) and all information and explanations necessary for the purpose of the audit have been obtained.

iv) The summary of SOEs submitted during the period can be relied upon to support the related withdrawal applications.

Mark Daniels

Chartered Accountants
Lusaka

30/9/ **2019**

WKKKKasongo
Winston Kasongo AUD/F003127
Partner signing on behalf of the firm

THE COPPERBELT UNIVERSITY
AFRICA CENTRE OF EXCELLENCE FOR SUSTAINABLE MINING
INTERNATIONAL DEVELOPMENT ASSOCIATION
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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

Statement of Financial Performance

	Notes	Year ended 31 December 2018 ZMW	Year ended 31 December 2018 US$
Income			
Funds from International Development Association	4	**5,837,374**	599,985
Other income	5	**16,272**	1,526
Total income		**5,853,646**	601,511
Expenditure			
Achieve learning excellence		**(678,402)**	(64,573)
Quality assurance		**(60,000)**	(5,814)
Attract Academic Staff and Students from Region		**(67,954)**	(6,406)
National and Regional Sector Partners		**(310,844)**	(30,036)
Management and Governance		**(89,253)**	(7,171)
Monitoring and Evaluation		**(260,494)**	(23,870)
		(1,466,947)	(137,870)
Audit fee		**(119,971)**	(9,590)
Bank charges		**(7,957)**	(760)
Depreciation		**(76,658)**	(7,430)
Amortisation		**(2,117)**	(180)
Total expenditure for the period		**(1,673,650)**	(155,830)
Exchange gain/(loss) on translation to presentation currency		**750,660**	(21,740)
Surplus as at 31 December 2018		**4,930,656**	423,941

The notes on pages 11 to 15 form part of these financial statements.

Statement of Financial Position

	Notes	31 December 2018 ZMW	31 December 2018 US$
Assets			
Non-current assets			
Property and equipment	6	**901,552**	84,483
Intangible assets	7	**61,387**	5,220
		962,939	89,703
Current assets			
Trade and other receivables	8	**37,800**	3,163
Cash and cash equivalents	9	**4,049,888**	340,665
		4,087,688	343,828
Total assets		**5,050,627**	433,531
Accumulated Funds and Liabilities			
Accumulated Surplus		**4,930,656**	423,941
Total reserves		**4,930,657**	423,941
Other payables	12	**119,971**	9,590
Total Liabilities		**119,971**	9,560
Total Accumulated Funds and liabilities		**5,050,627**	**433,531**

The Financial Statements on 7-15 were approved by the Copperbelt University on .....and were signed on its behalf by:

.....
Lt.Col. Prof. Naison Ngoma
Vice Chancellor

.....
Mr. Friday C Ndhlovu
Chairperson of Council

The notes on pages 11 to 15 form part of these financial statements.

Statement of Changes in Fund-2018

	Capital Grant ZMW	Total ZMW	Capital Grant US$	Total US$
Balance - 1 January 2018	-	-	-	-
Additions to Accumulated Funds	4,930,656	4,930,656	423,941	423,941
Balance - 31 December 2018	**4,930,656**	**4,930,656**	**423,941**	**423,941**

The notes on pages 11 to 15 form part of these financial statements.

Statement of Cash Flows

	Notes	Year ended 31 December 2018 ZMW	Year ended 31 December 2018 US$
Cash flows from operating activities			
Surplus for the Year		**4,930,656**	**423,941**
Adjustments for:			
Depreciation		**76,658**	**7,430**
Amortisation		**2,117**	**180**
Increase in receivables		**(37,800)**	**(3,163)**
Increase in payables		**119,971**	**9,590**
Net cash inflow from operating activities		**5,091,602**	**437,978**
Cash flows from investing activities			
Purchase of equipment	6	**(978,210)**	**(91,913)**
Purchase of intangible asset	7	**(63,504)**	**(5,400)**
Net cash used in investing activities		**(1,041,714)**	**(97,313)**
Net Increase in cash and cash equivalents		**4,049,888**	**340,665**
Cash and cash equivalents at beginning of the Period		**-**	**-**
Cash and Cash equivalents at end of the Period		**4,049,888**	**340,665**

The notes on pages 11 to 15 form part of these financial statements.

Notes

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

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

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

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

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

2. Statement of Compliance and Basis of Preparation – IPSAS 1

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

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

3. Summary of significant accounting policies

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

(a) Funds

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

(b) Expenditure Recognition

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

Notes (Continued)

3. Summary of significant accounting policies (continued)

(c) Foreign currencies

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

4. Income

	Year ended 31 December 2018 ZMW	Year ended 31 December 2018 US$
Grant Income	5,837,374	599,985

5. Other income

	Year ended 31 December 2018 ZMW	Year ended 31 December 2018 US$
Interest received from forex account	16,272	1,526

Notes (Continued)

6. Property and equipment

	Motor Vehicles ZMW	Office Equipment ZMW	Furniture & fittings ZMW	Total ZMW
Cost				
At 1 January 2018	-	-	-	-
Additions	588,434	326,506	63,270	978,210
At 31 December 2018	**588,434**	**326,506**	**63,270**	**978,210**
Depreciation				
At 1 January 2018	-	-	-	-
Depreciation Charge	**58,843**	**15,179**	**2,636**	**76,658**
At 31 December 2018	**58,843**	**15,179**	**2,636**	**76,658**
Net Book value				
At 31 December 2018	**529,591**	**311,327**	**60,634**	**901,552**

Property, Plant & Equipment – US$

	Motor Vehicles US$	Office Equipment US$	Furniture & fittings US$	Total US$
Cost				
At 1 January 2018	-	-	-	-
Additions	59,558	27,060	5,295	91,913
At 31 December 2018	**59,558**	**27,060**	**5,295**	**91,913**
Depreciation				
At 1 January 2018	-	-	-	-
Depreciation Charge	**5,956**	**1,253**	**221**	**7,430**
At 31 December 2018	**5,956**	**1,253**	**221**	**7,430**
Net Book value				
At 31 December 2018	**53,602**	**25,807**	**5,074**	**84,483**

Notes (Continued)

7. Intangible asset

	2018 ZMW	2018 US$
At start of year	-	-
Additions	63,504	5,400
Amortisation	(2,117)	(180)
At end of year	61,387	5,220

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

8. Trade and other receivables

	2018 ZMW	2018 US$
Other receivables-Bank error	37,800	3,163

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

9. Cash and cash equivalents

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

	2018 ZMW	2018 US$
Cash and cash equivalents	4,049,888	340,665

The breakdown of this amount per source is shown below:

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

Notes (Continued)

10. Audit fees

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

11. Taxation

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

12. Trade and other payables

	31 December 2018 ZMW	31 December 2018 US$
2018 Audit fee	119,971	9,590
	119,971	9,590

Appendix I – Comparison of actual against budget analysis

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

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