Zambia AIRPORTS Corporation Limited

Annual Report 2021

Annual Report
2021

Our Vision

A leading provider of world class airport and air navigation services.

Our Mission

To develop and manage airport and air navigation infrastructure and services to international standards, meeting our stakeholders' values while profitably contributing to national economic development.

Strategic Proposition

Our strategy reflects our response plan in the short, medium and long term, by setting goals and objectives and explaining how we aim to succeed. We focused on achieving the following strategic objectives under the 2017 – 2021 Strategic Plan:

- Profitable and Sustainable Business
- Aviation Security and Safety for Airport Users
- Customer Service Excellence
- Operational Excellence

Our Core Values

- Integrity
- Reliability and sustainability
- Safety and security
- Employee engagement
- Innovativeness

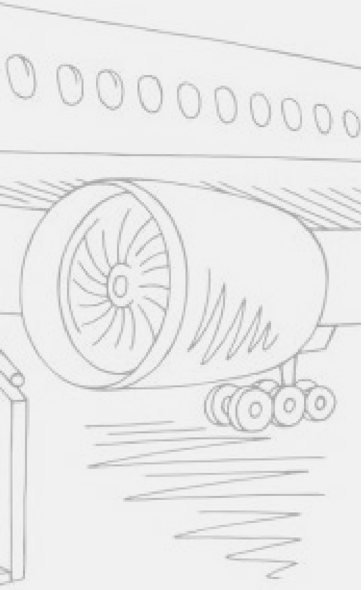


Table of Contents

Acronyms

ACI	Airport Council International
ANS	Air Navigation Services
APS	Airport Services
ASQ	Airports' Service Quality
CAA	Civil Aviation Authority
CANSO	Civil Air Navigation Services Organisation
COVID-19	Corona Virus Disease of 2019
CMA	Continuous Monitoring Approach
CSR	Corporate Social Responsibility
GRZ	Government Republic of Zambia
HMNIA	Harry Mwaanga Nkumbula International Airport
IATA	International Air Transport Association
ICAO	International Civil Association Organisation
ILS	Instrument Landing System
IPC	Infection Prevention and Control
KKIA	Kenneth Kaunda International Airport
MAPS	Million Annual Passengers
MIA	Mfuwe International Airport
MTC	Ministry of Transport and Communications
PSC	Passenger Service Charge
SABS	South Africa Bureau of Standards
SITA	Société Internationale de Télécommunications
SMKIA	Simon Mwansa Kapwepwe International Airport
USAP	Universal Security Audit Programme
WHO	World Health Organisation
ZACL	Zambia Airports Corporation Limited
7NDP	Seventh National Development Plan

A Glance at Zambia Airports Corporation Limited

Zambia Airports Corporations Limited is an airport operator providing services to scheduled and unscheduled flights.

COMMITTED TO PROVIDING CONSISTENT AND QUALITY SERVICE

4 International Airports

10 Domestic Airports

ISO9001:2015 – Quality Management Systems Certified

WE PRIDE OURSELVES IN THE FOLLOWING

- Air Navigation Services
- Airport Facilitation Services
- Ground Handling Services
- Modern Retail Space at all International Airports

Key Statistics in 2021

753,930	Passengers Safely Facilitated
33,984	Aircrafts Movements Facilitated
11,137	Overflights Facilitated
13	Scheduled Airlines
12	Scheduled Airlines Provided with Ground Handling Services

Key Statistics in the Last 5 Years

6,788,088	Passenger Movements
224,537	Aircraft Movements
77,535	Overflights

Corporation's success highly depends on its human capital

1052	Employees

Commited to ensuring safety and security to passengers and aircraft as first priority

Our Auditors
Grant Thornton

Our Bankers
Zambia National Commercial Bank
Standard Chartered Bank
Stanbic Bank
ABSA

Our Co-Operating Partners
European Union – 11th EDF (European Development Fund)

Our Suppliers of Key Airport Systems
Société Internationale de Télécommunications (SITA)
IDS AirNav

International Organisations Memberships
Airports Council International (ACI) - Africa
International Civil Aviation Organisation - ICAO
IATA Ground Handling Council – IATA GHC
Civil Air Navigation Services Organisation – CANSO

Recognitions and Awards
International Air Transport Association (IATA) Ground Handling Partnership Zambia
Corporate Social Responsibility (CSR) Responsible Business Awards

2021 Key Statistics

Operating Revenue
K396.9 million
2020: K269.7 million
47%

Non-Aeronautical Revenue
K35.9 million
2020: K31.7 million
13%

General Passengers
753,930
2020: 545,884
38%

Paying Passengers
249,642
2020:172,983
44%

Scheduled Airlines
13
2020: 11
18%

Overflights
11,137
2020: 8,971
24%

Cargo
19,643
2020: 17,907
10%

Establishment
1,052
2020: 986
7%

1 Who We Are

Zambia Airports Corporation Limited (ZACL) manages a network of four (4) international airports and ten (10) domestic airports. We provide airport facilitation and ground handling services and air navigation services across the entire Zambian airspace. We are wholly owned by the Zambian Government and our mandate is derived from the Civil Aviation Act, No.5 of 2016.

ZACL contributes to sustainable economic development and industrialization by facilitating investment, trade and tourism which in turn generate economic growth, job creation and Government tax revenue base strengthening.

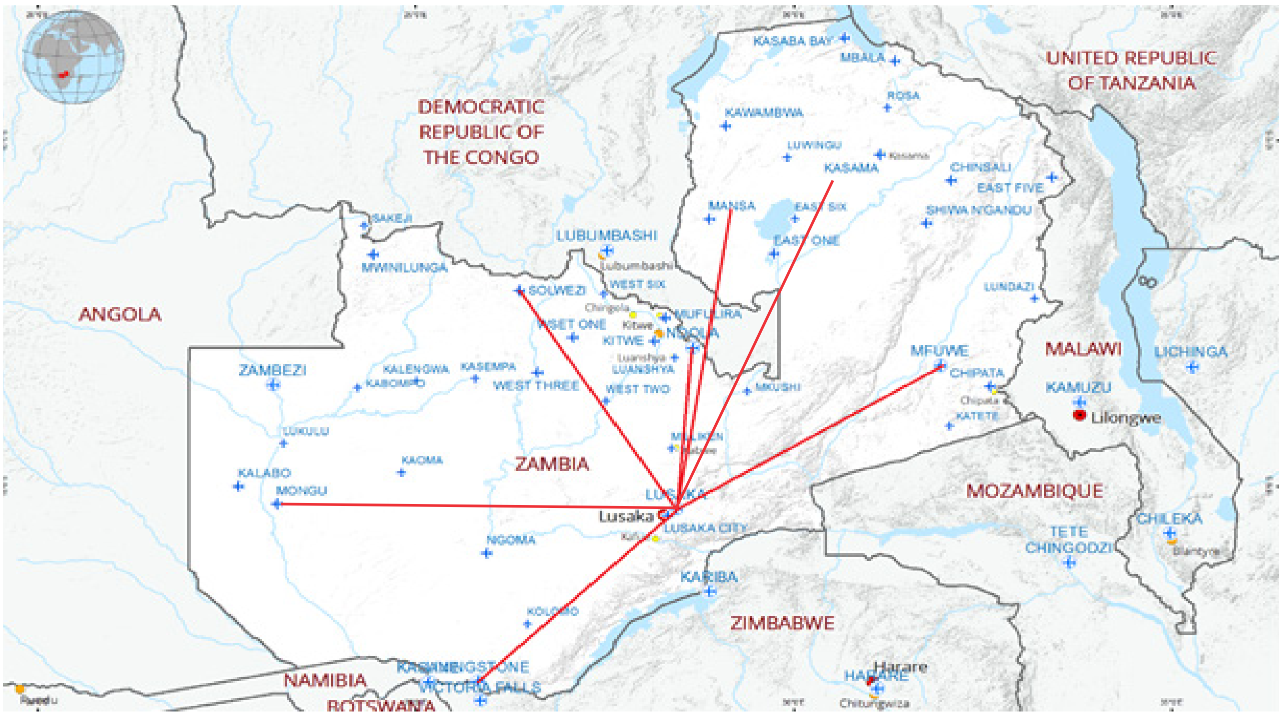
Our Four International Airports

- Kenneth Kaunda International Airport- Lusaka
  Commercial & Business Hub; & Tourism & Conferencing
- Harry Mwaanga Nkumbula International Airport- Livingstone
  Tourism & Conferencing
- Simon Mwansa Kapwepwe International Airport- Ndola
  Mining & Industrial Activities
- Mfuwe International Airport- Mfuwe
  Tourism

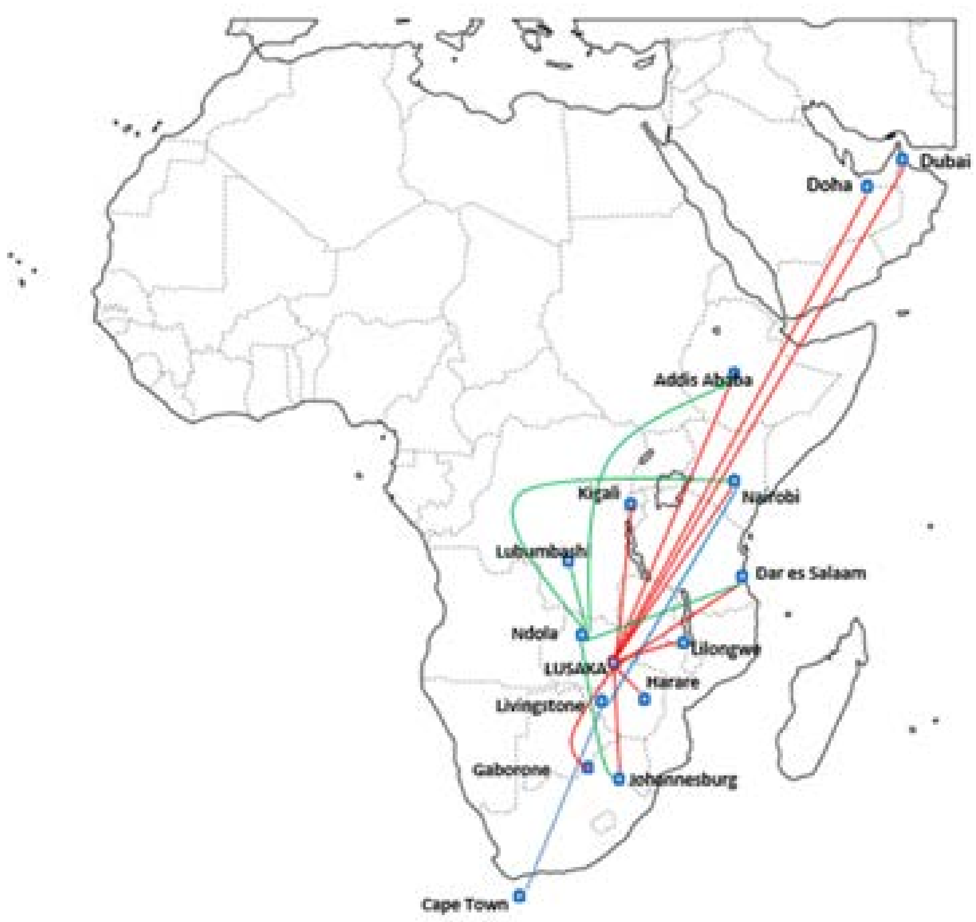
Our Ten Domestic Airports

The Corporation is structured into four Divisions namely: Corporate Head Office, Airport Services, Commercial Services, and Air Navigation Services. The Corporate Head Office consists of four departments namely, Legal and Administration, Human Resources, Finance, and Corporate Planning and Strategy.

Domestic Flights Route Map



International Flights Route Map



Airlines

2 Reflecting On Our Vision

In 2021, we saw the aviation industry recovering to 40% of the pre COVID-19 levels. While we were able to navigate through the storms, we have had to reflect on our vision going forward. As we pursue our overarching goal of transforming KKIA into a regional aviation hub in line with the National Transport Policy, differentiation will be the generic strategy. Navigating the "new normal" will go beyond cost reduction and revenue maximization. It will focus on constantly innovating our business model to adapt to the evolving operating environment and achieving operational efficiency.

We have acquired new skills following the successful operationalisation of the new KKIA Terminal and the new Simon Mwansa Kapwepwe Airport with the help of the Airports Company of South Africa (ACSA). This has marked the start of our journey towards modernization, integration and commercialisation through provision of quality facilities and services to our customers. We remain committed to supporting the Governments developmental agenda in the transport sector as echoed by His Excellency President Hakainde Hichilema in his opening speech during the ceremonial opening of the 1st session of the 13th National Assembly.

> "With regard to the air transport sub-sector, we will facilitate the modernisation, integration and commercialisation of airports to maximise returns on investment"
>
> —— H.E President Hakainde Hichilema

3 Strategic Risks and Mitigation

The Corporation is proactive in identifying, assessing and taking appropriate actions to manage risks that may impact the attainment of each of our strategic objectives. Our response to our strategic risks is shown below.

Strategic Risk	Description	Risk Level	Mitigation
COVID-19 pandemic	Continued mutations and new variants threaten the Corporation's ability to achieve strategic objectives - affecting traffic and liquidity	High	Implemented a survival & financial resilience strategy (cost control & revenue maximisation)
Inadequately diversified revenue portfolio	Inadequately diversified revenue portfolio (90% aeronautical and 10 non-aeronautical revenue) exposing the Corporation demand shifts	High	Commercial Services Department established to execute the commercial strategy and grow non-aeronautical revenue
			Developed a land use plan for airport city on 500ha land. Earmarked for investments in an agrobusiness/logistics hub, MICE and hospitality etc., through partnerships with private sector
			Developed a cargo strategy to optimize revenue from cargo operations
Inadequate air traffic demand	Air traffic – passenger and cargo – is inadequate to support planned growth of the aviation sub-sector	High	Adhered to COVID-19 prevention protocols at all our airports to build public confidence
			Partnering with Zambia Tourism Agency and tourism industry players to promote tourism in Zambia
Compromised Public Image	Reduced confidence in our business	Medium	Formulated the customer experience management (CEM) strategy and commenced implementation to grow customer satisfaction
			Implemented the online CEM feedback system to receive and address customer feedback and complaints
			Held an Aviation Stakeholders Meeting together with Civil Aviation Authority
Failure to achieve ZACL's strategic goal	Failure to transform KKIA into a SADC aviation hub by 2030	High	Development of KKIA Hub Blueprint National Aviation Strategy ANS Master Plan Land Use Plan

Board of Directors

Mr. Milingo Lungu
Chairperson

Ms. Prisca Mwansa Chikwashi
Vice Chairperson

Mr. Moonga Mumba
Member

Mr. Sunday Chanda
Member

Ms. Patricia Pakatamanja Zimba
Member

Mr. Mulele Maketo Mulele
Member

Mr. Clive Khan
Member

Mr. Paul Mulola
(Appointed in January 2021)

Mr. Fumu Mondoloka
Managing Director
(Retired September 2021)

Management

Mr. Fumu Mondoloka
Managing Director
(Retired September 2021)

Mrs. Maggie Banda Kaunda
Deputy Managing Director
(Appointed April 2021)

Mr. Azzaam Bvulani
Director Airport Services

Ms. Gillian Mazimba
Director Finance

Mr. Cosam Ngoma
Director Corporate Planning and Strategy

Mrs. Shubayi Chatora Kalumba
Corporation Secretary
(Appointed April 2021)

Mr. Ariel Phiri
Director Air Navigation Services

Dr. Martin Chasha
Director Human Resource

Mr. Brian Chintu
Director Commercial Services

Airport Managers

Mrs. Harriet N. Angetile
Kenneth Kaunda International Airport

Mr. Augustine M. Chalwe
Mfuwe International Airport

Mr. Joseph Mumbi
Simon Mwansa Kapwepwe International Airport

Mr. Vivian M. Sikanyeela
Harry Mwaanga Nkumbula International Airport

4 Messages From Leadership

Mr. Zevyanji Sinkala
Board Chairperson

(Appointed 6th September, 2022)

4.1 Statement by the Board Chairperson

Behold the New Dawn: Congratulations

I would like to begin by congratulating His Excellency the President of the Republic of Zambia Mr. Hakainde Hichilema and the United Party for National Development (UPND) for a resounding victory in the August 12, 2021 general elections. The New Dawn Government has prioritised the transport sector and this is evident by the creation of the Ministry of Transport and Logistics. Further, the Government has set specific priorities and policy direction to drive the growth of the aviation sub-sector.

Government Policy

Government's salient policy direction, anchored on Vision 2030, National Development Plans, the National Transport Master Plan 2017 and the National Transport Policy 2019, aims at integrating and commercializing airport and air navigation infrastructure. During the year under review, we commissioned and operationalized the New KKIA Terminal II for international passengers and the New SMKIA. In line with the New Dawn Governments aspirations of transforming Zambia into a regional hub, we will ensure commercialization of airports to maximise returns of investments. This will be achieved through offering of new services to clients using our modern infrastructure and ensuring their cost of doing business is reasonable. Further, the launch of the Zambian Airways in December 2021 was testament to Government's unyielding aspirations of growing the aviation sub-sector to ensure that it contributed meaningfully to economic development. A reliable and efficient transport network is vital as it is the backbone of economic development.

Key Highlights

In 2021, the Corporation facilitated a total of 753,930 general passengers compared to 545,884 recorded in 2020, representing a 38.1% increase which was significantly above projected figures.

The Corporation recorded K396.9million in 2021 in revenues compared to K269.7million recorded in 2020, representing growth of 47%. A robust cost control strategy was implemented to strengthen the Corporation's financial resilience.

ZACL's establishment stood at 1,052 compared to 986 in 2020. Indirectly, we supported about 4,500 jobs created by our business partners and other stakeholders working at our airports.

Recovery to 2019 Levels: Pre- COVID-19

I am glad to report that the domestic aviation industry has continued to recover to pre-COVID-19 levels at a rate faster than projected. In 2021, we facilitated a total of 753,930 general passengers through the four designated international airports and the ten provincial and strategic aerodromes. This represented a 38.1% increase when compared to 2020 which recorded 545,884 general passengers. The projected recovery rate between 2020 and 2021 was 28% with projected passengers standing at 673,741.

Cumulatively, 2021 passenger number represented a 41% recovery to pre-COVID-19 levels of 2019. It is expected that if we continue at the current pace of recovery without further COVID-19 variants and minimal travel restrictions, the aviation industry in Zambia could return to pre-COVID-19 levels by December 2024. We remain confident as a Corporation that the on-going vaccination programme in the country through the Ministry of Health will continue to provide the much-needed confidence to travellers.

Five Years On

The 2017 – 2021 Strategic Plan was anchored on airport and air navigation infrastructure development to match the projected growth in air traffic pre COVID-19 pandemic. This was Plan was revised in 2019 to maintain its dynamism in response to the changed operating landscape. The later half of its implementation was negatively impacted by the effects of COVID-19 pandemic.

Strategic Direction: 2022 – 2026

For the period 2022 - 2026, our focus will go beyond cost reduction and revenue maximization. It will also focus on constantly innovating our business model to adapt to the evolving operating environment and achieving operational excellence will be a priority. Accordingly, we will repurpose our built-up capacity and utilise existing infrastructure and equipment to maximise return on capital deployed.

Zambia's central location in the region was assessed to be one of the most important factors to be leveraged on in realizing our overall strategy of transforming KKIA into an aviation hub, as it is an ideal location for connections within the region and to the wider continent.

The Strategic Plan was developed internally through an iterative and interactive process involving engagement with our customers, the Board of Directors of ZACL, other key stakeholders, Management and staff. Specific strategic goals are:

1. To enhance financial sustainability and resilience;
2. To reimagine customer experience ;
3. To reinvent the Corporation;
4. To attain aviation safety and security leadership;
5. Positive work environment;
6. To transform KKIA into a SADC aviation hub;
7. To promote environmental sustainability

Looking Forward

The recovery out of the COVID-19 pandemic appears to be uncertain as fears of different waves and variants continue to loom. Nevertheless, given the roll out of the vaccine worldwide, we expect to continue to see moderate recovery, potentially reaching about 55% of 2019 passenger traffic by end of 2022. This partial recovery will be largely driven by domestic and regional travel – predominantly, trade and tourism. Further, the growing vaccine coverage, particularly in large economies that provide much of the base for air travel demand, along with lesser border restrictions are expected to drive air traffic recovery. While the overall outlook is positive, significant industry risks remain. Business and international travel remain key variables in the recovery of global air traffic.

Appreciation

I wish to also acknowledge all employees, customers, Ministry of Transport and Logistics, Ministry of Finance and National Planning and various stakeholders for their contributions towards making 2021 a successful year in recovering to pre- COVID-19 business activity level. The resilience, patience and commitment exhibited by all is one that deserves commendation. Our memories of the economic slowdown and cash burn out experienced in 2020 are still fresh in our minds but left us with many lessons on how to build operational and financial resilience in our business practice. The COVID-19 pandemic and its various variants continued to affect all sectors of the economy in varying degrees. Aviation remained one of the worst affected sectors of the global economy because of travel restrictions and even closure of borders in a global effort to prevent the spread of the pandemic as new variants were discovered.

The Corporation together with its staff were no exception to the ravaging impact of the COVID-19 pandemic Several of our staff fell victim to COVID-19. However, we must all do our part to ensure the global and Zambian aviation sectors recover as we forge ahead under the new normal.

The employees, however, demonstrated resilience and determination to ensure that passengers and their families were protected and facilitated in a safe manner and for this I applaud all staff.

With increasing uncertainty and unpredictability about the future, I implore all to do our part to ensure the global and Zambian aviation sectors recover as we forge ahead under the new normal.

Mr. Zevyanji Sinkala
Board Chairperson

Maggie Banda Kaunda
Acting Managing Director

4.2 Acting Managing Director's Overview

The Corporation has been on a journey towards recovery since the year began. We started out the year with expectations that 2021 would demonstrate sustained recovery largely driven by domestic and regional travel. Our strategic focus was on surviving and sustaining operations. However, the reality by quarter three proved to be very different due to the mutated variants of the COVID-19 pandemic. We witnessed travel restrictions such as suspension of traffic from Zambia by the United Arab Emirates, the United Kingdom, and other European countries as a result of the third wave of the COVID-19. This negatively impacted our traffic numbers as well as budgeted revenue and activities for the year.

On a more positive note, however, the return of South African Airways, the launch of Zambian Airways and the introduction of Qatar Airways gives us great hope for what the future holds for the Corporation. This has certainly given us a confidence boost as we undoubtedly are a destination of choice in the region and have great potential which needs to be tapped into further.

During the financial year ended 31st December 2021, passenger numbers grew by 38.1% from 545,884 in 2020 to 753,930 in 2021. Operating revenue improved by 47% from K269.7million in 2020 to K396.6million in 2021. Non-aeronautical revenue grew by 13% in 2021 from K31.7million in 2020 to K35.9million in 2021.

Infrastructure Projects

In line with its 2017– 2021 Strategic Plan, the Corporation had embarked on projects to modernize airports and increase its non-aeronautical revenue. In the period under review, Terminal 2 at Kenneth Kaunda International Airport and the new Simon Mwansa Kapwepwe International Airport were commissioned and officially opened to the public. This has placed us on the global map and put us in a better position to offer excellent customer service. It is expected that over the next few years, our investments in new infrastructure will be minimal and limited to our strategic and provincial aerodromes and maintenance of mission critical assets.

Customer Service

One of our key strategies is to better our customer service as we provide a unique and important service to our vast clientele. We are repositioning our company to be customer centric as our new infrastructure demands so. In November 2021, we launched an online customer feedback system which allows our customers to lodge queries, provide feedback whether positive or negative. This initiative was key to ensuring that we effectively utilize technology to serve our clients better and also help us to start transforming customer complaints into business insights for purposes of continuously improving our business processes and customer satisfaction.

Safety and Security

It goes without saying that safety is a number one priority in the aviation industry. We have continued to deploy x-ray equipment such as baggage screeners, walk through metal detectors and handheld metal detectors at international airports and provincial aerodromes to enhance security. Our newly launched KKIA Terminal 2 and the new SMKIA airports have also come with state-of-the-art technology to further enhance security.

Despite the financial constraints during the year as a result of the impacts of the COVID-19, we ensured that our staff working under ground handling and air navigation services underwent training in mandatory courses which included Safety Management Systems; Human Factors; First Aid Training; STP123 Basic; National Inspectors Training; CAA Screeners Certification Training; ICAO STP Supervisors Training; Dangerous Goods; Airside Safety; Airline Search and Check; Xray Screeners, Approach Control Non Radar Training; ICAO STP 123; Confined Space Breathing Apparatus, and AVSEC Screeners Refresher Training.

People

The journey towards recovery we have experienced in the period under review would not have been possible without the resilience and determination of the employees across all the airports. Our people are our greatest asset for driving success and we will continue to strive to continually improve the work environment to make the best it can possibly be.

COVID-19

As the only airport operator in Zambia, we played a pivotal role in preventing the spread of the COVID-19 pandemic and flattening the curve in the period under review. As a Corporation, we have observed COVID-19 protocol in line with the guidelines issued by regulatory bodies such as the Zambian Civil Aviation Authority, Ministry of Health which and WHO. We continued to institute various COVID-19 infection prevention and control (IPC) measures which included hand sanitizing stations for staff and passengers; temporary medical and vaccination centre at KKIA for airport staff and the airport community.

2022 Outlook

The on-going vaccination roll out programme across the globe and in Zambia gives the much-needed hope and confidence for travelers and passenger numbers are expected to continue to recover to 2019 pre COVID-19 levels. The strategic focus for the Corporation remains to be survival and sustaining operations at all four international airports while constantly innovating on the business model and operational efficiency.

In closing, I wish to thank the Ministry of Transport and Logistics for the support rendered and continued confidence in Zambia Airports Corporation. I wish to also give special gratitude and recognition to the Board for the guidance in the period under review and the entire staff and management for their hard work, commitment and resilience.

Maggie Banda Kaunda
Acting Managing Director

5 Approach to Governance

Statement on Governance

We are committed to continually enhance our corporate governance structures and processes in line with best practice in a manner that facilitates the development, maintenance and operation of airports and air navigation services for the creation of shareholders' value. Further, the Corporation aspires to be a model of public probity by providing a good return on national strategic assets and promoting high standards of integrity.

Strategy, Performance and Reporting

Our Board takes full accountability for the performance of the Corporation. In so doing, the Board supports Executive Management in setting our purpose and achieving our strategic objectives. The Board continuously monitors the macro environment, risks and opportunities and stakeholder needs, which inform our strategy.

The Corporation continuously strives to improve reporting standards through full disclosures in alignment to relevant reporting frameworks and best practice. We seek to provide investors and other stakeholders with all relevant and material information.

Governance Structures and Delegation

The Board is the focal point of and custodian for corporate governance within the Corporation. The members of the Board include eight (08) Non-executive Directors and one (01) Executive Director who is also the Managing Director, with an appropriate balance of knowledge, skills, and experience and diversity and independence. This allows our Board to discharge its governance role and responsibilities objectively and effectively. Board members are suitably qualified for their roles and have extensive experience and skills across a range of sectors, including aviation, business management, accounting and governance. Open and honest dialogue that tests decisions, brings consensus and necessitates responsibility is encouraged.

In compliance with Corporate Governance best practices, the role and responsibilities of the Nonexecutive Chairman and the Managing Director have been clearly defined and are separated to ensure checks and balances in decision making. Further, there is a clear balance of power and authority at the Board level to ensure that no one Director has unfettered powers of decision-making, as Board members draw from their diverse and vast pool of experiences for differing viewpoints.

The Board delegates certain functions to three (03) well-structured Board sub-committees without abdicating its own responsibilities. The Committees are:

1. Audit, Risk and Compliance Committee

The Committee assists the Board of Directors in fulfilling its oversight responsibilities for the strategic planning, financial reporting, risk management, systems of internal control, performance monitoring and evaluation, internal and external auditing processes, and maintenance of compliance with laws and regulations.

2. Finance and Capital Projects Committee

The Committee assists in delivering its oversight responsibilities for the budgeting process, setting financial goals, mobilizing resources, managing the capital structure, reviewing capital expenditures, investments and business development.

3. Appointments, Remuneration and Human Relations Committee

The Committee assists the Board of Directors in fulfilling its oversight responsibilities for policy direction on appointments, remuneration, human relations and consequent administrative policies.

Board Performance Evaluation

The Board reflected on its performance through an internal self-assessment, facilitated by the Director Corporate Strategy and Planning in liaison with the Corporation Secretary. This is done on an annual basis and areas requiring improvement are identified.

Stakeholder Relationships

Our Board ensures a stakeholder-inclusive approach. Our stakeholder management activities support our vision and strategic objectives of helping build coherent partnerships that are mutually beneficial for the Corporation and our stakeholders.

Board and Committee Meetings

The Board sat for three (3) out of four (4) scheduled meetings and 4 special Meetings during the year. The Board retired at the end of quarter three, i.e., on 30th September 2021. The attendance was as follows:

Name	Meetings Attended		
	Scheduled	Special	Total
Mr. Milingo Lungu - Board Chairperson	2	3	5
Ms. Prisca Mwansa Chikwashi – Vice Chairperson	3	4	7
Mr. Moonga Mumba	3	4	7
Mr. Sunday Chanda	2	2	4
Ms. Patricia Pakatamanja Zimba	3	4	7
Mr. Fumu Mondoloka – MD ZACL	3	4	7
Mr. Mulele Maketo Mulele	3	4	7
Mr. Clive Khan	3	4	7
Mr. Paul Mulola (Appointed in January 2021)	3	3	6

Audit, Risk and Compliance Committee

Membership and Attendance

The Committee sat for three (3) out of four (4) scheduled Meetings and one (1) Special Meeting during the year. The Committee dissolved at the end of quarter three, i.e., on 30th September 2021. The attendance was as follows:

Name	Meetings Attended		
	Scheduled	Special	Total
Mr. Moonga Mumba – Chairperson	3	1	4
Mr.Paul Chintu	3	1	4
Mr. Job Lusanso (Member became deceased in 2021)	1	1	2
Ms. Patricia Pakatamanja Zimba	3	1	4
Mr. Conwell Fungai Musana	3	1	4

Finance and Capital Projects Committee

Membership and Attendance

The Committee sat for three (3) out of four (4) scheduled Meetings and one (1) Special Meeting during the year. The Committee dissolved at the end of quarter three, that is 30th September 2021.

The attendance was as follows:

Name	Meetings Attended		
	Scheduled	Special	Total
Mr. Fumu Mondoloka – MD ZACL	3	1	4
Mr. Mulele Maketo Mulele-Chairperson	3	1	4
Mr. Clive Khan	3	1	4
Mr. James Chona	3	1	4
Mr. Paul Mulola	3	1	4

Appointments, Remuneration and Human Relations Committee

Membership and Attendance

The Committee sat for three (3) out of four (4) scheduled Meetings and One (1) Special Meeting during the year. The Committee dissolved at the end of quarter three, that is 30th September 2021. The attendance was as follows:

Name	Meetings Attended		
	Scheduled	Special	Total
Ms. Prisca Mwansa Chikwashi – Chairperson	3	1	4
Mr. Sunday Chanda	3	1	4
Mr. Thomas Matandala	3	1	4
Mr. Moffat Nyirenda	3	1	4
Mr. Fumu Mondoloka – MD ZACL	3	1	4

6 Economic Overview: Aviation Performance

Global Performance

The aviation industry faced one of its worst performances in recent history with the outbreak of the COVID-19 pandemic in 2020. While international travel remained far from normal in many parts of the world, global passenger traffic recovered modestly in 2021, with the latest ICAO economic impact analysis of COVID-19 on civil aviation revealing that the number of passengers worldwide was 2.3 billion, representing 49% below pre-COVID-19 levels, up from the 60% drop seen in 2020. Global airline seat capacity improved by 20% during the same period, exceeding the growth in passenger demand. The overall passenger load factors in 2021 stood at 68%, compared to 82% in 2019. According to IATA, net industry losses reduced to USD51.8 billion in 2021 from the over USD126.4 billion recorded in 2020. Further, according to ACI, the COVID-19 crisis continued to severely affect airport revenues in 2021. It estimated that, globally, airports lost more than USD83.1 billion in revenues in 2021.

However, the impact of the pandemic continued to weigh disproportionately on domestic and international travel, with the former recovering at a faster pace. Overall, domestic passenger traffic has recovered to 68% of pre-pandemic levels, while international traffic remains at just 28%.

The global aviation recovery had also been characterized by significant regional variation, with the North and Latin America and Caribbean regions showing the highest recovery rates, Europe picking up prominently during the summer travel season, and Africa and the Middle East recovering moderately, until Africa plunged again following strict IPC measures to curb the spread of COVID-19 variant - Omicron.

According to the International Monetary Fund (IMF), the global economy would continue on a recovery trajectory despite the resurgence of the pandemic in 2021. The global economy was expected to grow by 5.9% in 2021, that is, 0.1% less than the IMF forecast in July 2021. The downward revision for 2021 reflects a downgrade of the output from advanced economies partly due to supply disruptions and output from low-income developing countries, largely because of worsening underlying forces produced by the pandemic. Recovery is anticipated to be gradual and uneven because of varying impacts of the pandemic on various industries globally.

The aviation industry, on the other hand, has proven its resilience throughout the pandemic, and its recovery is also progressing, albeit modestly. Air cargo continued to show resilience as it had done throughout the pandemic and although experiencing some softening in demand by the end of 2021 due to global supply chain issues, the market remained a more stable investment climate than it had been pre-pandemic both in terms of demand and profitability. According to IATA data on global air freight markets, demand in 2021, measured in cargo tonne-kilometres (CTKs), was up by 6.9% compared to 2019 (7.4% for international operations). This was the second biggest improvement in year-on-year demand since 1990.

Regional Performance

IMF's Regional Economic Outlook for Sub-Saharan Africa estimated the region's economy to grow by 3.7% in 2021. This recovery was to be supported by favorable external conditions on trade and commodity prices. This recovery follows a sharp contraction in 2020. However, it represents the slowest growth relative to the world's other regions. While advanced economies are projected to return to their pre-crisis path by 2023, the pandemic seems to have lowered the path of real GDP in Sub-Saharan Africa. This suggests a loss of real per capita output of close to 5.5% relative to the pre-crisis path.

Regional performance of the aviation industry with close connectivity with Africa and having an impact on Zambia's aviation sector for the period under review, is analysed below:

a. European carriers saw a 67.6% traffic decline in 2021 compared to 2019. Capacity fell by 57.4% and load factor decreased 20.6 percentage points to 65.0%. For the month of December, traffic slid 41.5% compared to December 2019, an improvement over the 43.5% year-to-year decline in November.

b. Middle Eastern airlines' annual passenger volumes in 2021 were 71.6% below 2019. Annual capacity fell by 57.7% and load factors dropped 25.1 percentage points to 51.1%. December's traffic was down 51.2% compared to December 2019, a solid pick-up from a 54.3% drop in November.

c. African airlines' international traffic fell 65.2% in 2021 compared to 2019, which was the best performance among regions. Capacity dropped 56.7%, and load factors sank 14.1 percentage points to 57.3%. Demand for the month of December was 60.5% below the 2019 period, a deterioration from the 56.5% decline in November, owing to the impact of government travel restrictions in response to Omicron.

Domestic Performance

The domestic economy was projected to grow by 3.3% in 2021 against contraction of 2.8% in 2020. This was underpinned by recovery in the mining, tourism, and manufacturing sectors. However, uncertainty surrounds the growth prospects due to the COVID-19 third and fourth waves coupled with a narrow fiscal space.

Overall air travel demand in Zambia strengthened in 2021. That trend continued into December despite travel restrictions in the face of "Omicron" which led to some passenger airlines such as Emirates and Qatar Airlines to temporarily suspend flights. On the other hand, South African Airways returned but with reduced frequencies and smaller aircrafts to match reduced passenger numbers. The recovery of international travel remained muted as a number of countries-imposed restrictions on international travel at the end of 2021 in reaction to the outbreak of "Omicron".

Africa's largest airline Ethiopian Airlines, in a joint venture with Industrial Development Corporation Limited (IDC) launched Zambia's national carrier. The brand-new Zambia Airways inaugurate flight was a domestic flight from Lusaka to Ndola on December 1, 2021. This added to the two local carriers, Proflight and Royal Air Charters which continued to dominate the domestic market. This addition boosted local travel passenger numbers significantly. Global reduction in passenger numbers however continued to adversely affect the domestic market.

7 Performance Overview

Aeronautical Business

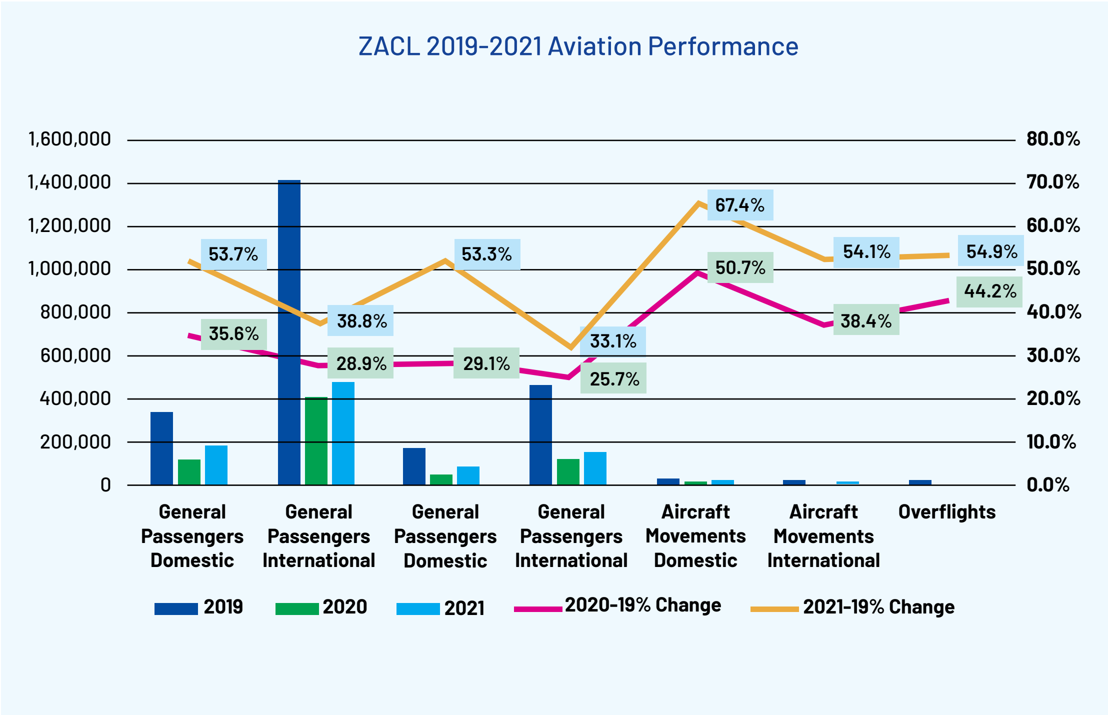
Our key statistics to measure aeronautical business performance are shown in the table below:

Table 1: 5 Year Aeronautical Perfromance

	Consolidated						
	General Passengers		Paying Passengers		Aircraft Movements		Overflights
Year	Domestic	International	Domestic	International	Domestic	International	
2017	305,115	1,443,085	145,071	467,204	28,312	25,375	17,884
2018	374,479	1,557,348	188,521	492,444	31,132	25,463	19,239
2019	347,690	1,460,557	170,913	478,979	30,741	24,518	20,304
2020	123,818	422,066	49,713	123,270	15,597	9,415	8,971
2021	186,791	567,139	91,078	158,564	20,710	13,274	11,137

General passengers, paying passengers and aircraft movements had been on an upward trajectory between 2017 and 2018. However, from 2019 to 2020, passenger numbers and aircraft movements drastically reduced and this is attributed to the effects of the COVID-19 on the aviation sector. Despite these effects and the frequent inclusion of Southern African countries including Zambia on travel red lists by various European countries, 2021 saw an upward trajectory mainly due to the relaxation COVID-19 restrictions by many countries brought about by the increased rollout of COVID-19 vaccination programme.

The table below shows performance of the corporation for the years 2019 to 2021, picking 2019 as a pre-Covid 19 performance baseline.



In 2021, the Corporation outperformed the 2020 performance in all key areas. For example, general passenger domestic movements in 2020 were at 35.6% of 2019 levels where as in 2021 were at 53.7% of 2019 levels. This shows an upward movement of 18.1% towards recovering to pre-COVID-19 levels. Generally, domestic travel traffic had performed better in comparison to international travel traffic, and this is attributed to internal COVID-19 relaxation, while closure of borders affected the long overhaul international traffic.

Scheduled Airlines

A total of 14 scheduled airlines operated at the four international airports and provincial aerodromes in the period under review and this included both passenger and cargo operations. We provided ground handling services to 12 of the passenger airlines giving us ground handling market share of 92% for scheduled airlines in the period under review. Qatar Airways commenced operations in August 2021 on the Lusaka to Doha route via Harare. Zambia Airways launched operations in December 2021 on the Lusaka to Ndola and Livingstone route. South African Airways resumed flights into Lusaka from Johannesburg in August 2021. The following airlines operated in the period under review:

Table 2: Airlines that Operated in 2021

Airlines	Routes	J	F	M	A	M	J	J	A	S	O	N	D
Air Tanzania	DAR/LUN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Airlink	NLA/LUN/JNB	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ethiopian Airlines PAX	HRE/ADD/LUN/NLA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Ethiopian Airlines Cargo	HRE/ADD/LUN/NLA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kenya Airways PAX	HRE/NBO/LLW/LUN/LVI/NLA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Kenya Airways Cargo	HRE/NBO/LLW/LUN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Proflight Dom	NLA/LVI/SLI/MFU/LUN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Proflight Int	JNB/LUN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Royal Air Charters	SOL/LUN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Royal Zambia Airlines	JNB/LUN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
World Cargo	LGG/JNB/LUN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Emirates	DXB/HRE/LUN	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
RwandAir	KGL/LUN	✓	✓	×	×	✓	✓	✓	✓	✓	✓	✓	✓
Mahogany	LUN/NLA	✓	✓	✓	✓	✓	✓	✓	✓	×	×	×	×
Malawian	LLW/LUN	×	×	×	×	×	✓	✓	✓	✓	✓	✓	✓
Emirates Cargo	DXB/HRE/LUN	✓	✓	×	✓	✓	✓	×	×	×	×	×	×
Qatar Airways	DOH/LUN/HRE	×	×	×	×	×	×	×	✓	✓	✓	✓	✓
South African Airways	JNB/LUN	×	×	×	×	×	×	×	×	✓	✓	✓	✓
Proflight Int - Cargo	JNB/LUN	×	✓	✓	×	✓	×	×	×	×	×	×	×
Turkish Airlines/ Freighter	TUK/LUN/DAR	×	×	×	×	✓	✓	✓	×	×	×	×	×
Zambia Airways – Dom	LVI/NLA/LUN	×	×	×	×	×	×	×	×	×	×	×	✓

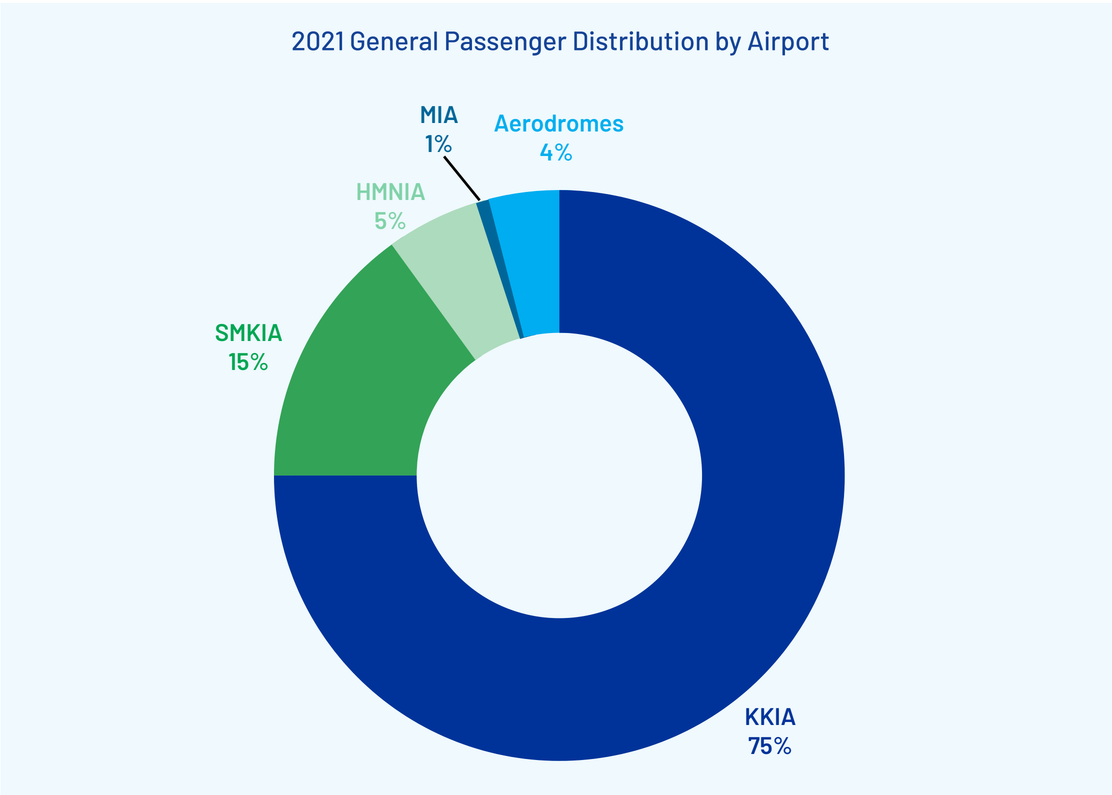
General Passengers

We facilitated a total of 753,930 general passengers throughout our airport network. This represents a 38.1% increase compared to 2020 which recorded 545,884 general passengers. General passengers include domestic and international passengers that arrived at, departed from, and transitted through our airports. Domestic passenger movements increased by 50.9% from 123,818 passengers in 2020 to 186,791 in 2021. Similarly, international passenger movements increased by 34.4%, 567,139 passengers in 2021 compared to 422,066 in 2020. The general passengers for all international airports and the strategic and provincial aerodromes are depicted in the table and graph below:

Table 3: General Passengers Per Airport

Airport	International	Domestic	Total	% Share
KKIA	472,097	93,082	565,179	75.0
SMKIA	70,014	39,371	109,385	14.5
HMNIA	24,821	14,918	39,739	5.3
MIA	207	10,572	10,779	1.4
Aerodromes	-	28,848	28,848	3.8
Total	567,139	186,791	753,930	100

Kenneth Kaunda International Airport accounted for 75% of total general passenger movements. Simon Mwansa Kapwepwe International Airport, Harry Mwaanga Nkumbula International Airport, and Mfuwe International Airport accounted for 15%, 5% and 1%, respectively. The provincial and strategic aerodromes accounted for the remaining 4%.



On-Time Performance

Our on-time performance in the year 2021 was as follows:

Table 4: Average OTP Per Airport

	Airlines Station Average OTP - 2021				
	STN Target	**KKIA**	**HMNIA**	**SMKIA**	**MFU**
Kenya Airways	100%	96%	84%	100%	
Ethiopian Airlines	98%	92%		98%	
Royal Zambian Airlines	97%	98%			
Airlink	87%	97%	64%	98%	
Rwandair	87%	95%			
Proflight Domestic	90%	99%	94%	100%	90%
Proflight International	90%	99%			
Royal Air Charters	97%	98%			
Air Tanzania	95%	95%		16%	
Qatar	98%	97%			
South African Airways	87%	73%			
Zambia Airways	98%	68%	75%	100%	
Malawi Airlines	99%	96%			
Average OTP		**92%**	**79%**	**85%**	**90%**

Paying Passengers

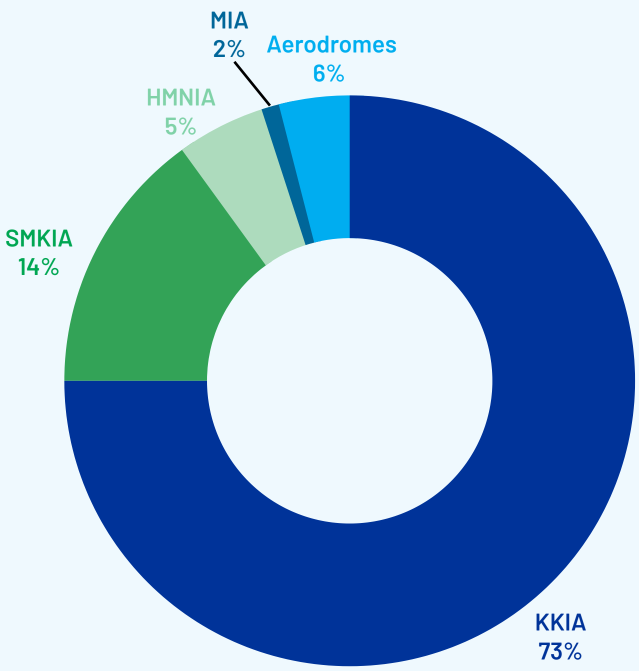
The Corporation recorded 249,642 in total paying passengers in 2021 compared to 172,983 in 2020, representing a 44.3% increase. The paying passengers for all international airports and the strategic and provincial aerodromes are depicted in the table and graph below:

Table 5: Paying Passengers Per Airport

Airport	International	Domestic	Total	% Share
KKIA	137,497	45,198	182,695	73.2%
SMKIA	14,885	19,577	34,462	13.8%
HMNIA	5,366	7,371	12,737	5.1%
MIA	816	4,440	5,256	2.1%
Aerodromes	-	14,492	14,492	5.8%
Total	**158,564**	**91,078**	**249,642**	**100%**

Kenneth Kaunda International Airport accounted for 73% of paying passengers. Simon Mwansa Kapwepwe, Harry Mwaanga Nkumbula and Mfuwe International Airports accounted for 14%, 5% and 2%, respectively. The provincial and strategic aerodromes accounted for the remaining 6%.

2021 Paying Passenger Distribution by Airport



Aircraft Movements

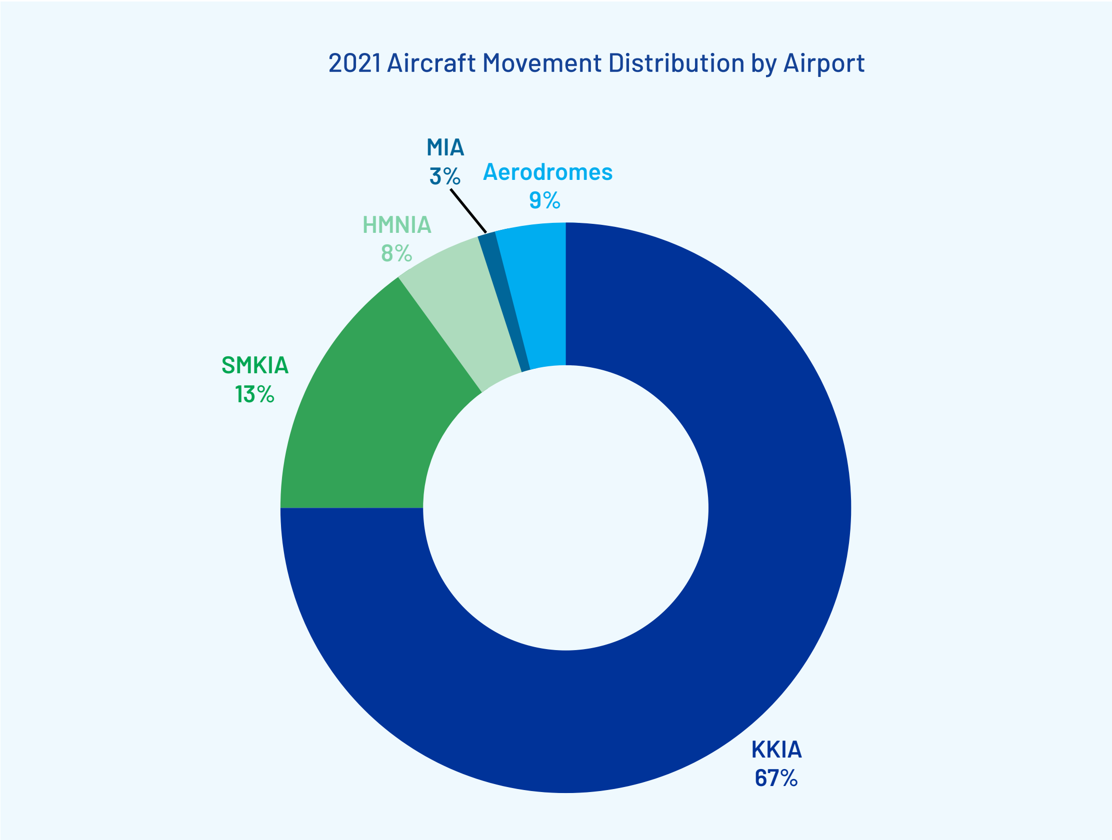
ZACL recorded a total of 33,984 aircraft movements in 2021. When compared to 2020 with 25,012 movements, this represented a 35.9% increase.

Domestic aircraft movements increased by 32.8% from 15,597 in 2020 to 20,710 movements in 2021. Similarly, international aircraft movements increased by 41.0% to 13,274 movements in 2021 from 9,415 in 2021.

The aircraft movements for all international airports and the strategic and provincial aerodromes are depicted in the table and graph below:

Table 6: Aircraft Movements Per Airport

Airport	International	Domestic	Total	% Share
KKIA	10,069	12,714	22,783	67.0%
SMKIA	1,781	2,558	4,339	12.8%
HMNIA	1,322	1,290	2,612	7.7%
MIA	102	1,121	1,223	3.6%
Aerodromes	-	3,027	3,027	8.9%
Total	**158,564**	**20,710**	**33,984**	**100.0%**



Kenneth Kaunda International Airport handled the largest number of aircraft movements. The airport handled 67% of total aircraft movements. Simon Mwansa Kapwepwe, Harry Mwaanga Nkumbula, and Mfuwe International Airports handled 13%, 8% and 3% respectively while provincial and strategic aerodromes accounted for 9%. HMNIA and MIA contributed the least to aircraft movements due to their dependence on tourism related travel and the slow recovery experienced in 2021.

Overflights

Overflights increased from 8,971 in 2020 to 11,137 in 2021, representing a 24.1% increase. Further, most operators that flew in the Zambian airspace used smaller aircrafts as opposed to larger aircrafts due to fewer number of passengers flying.

Cargo Movements

A total of 19,462,999.37 kilograms of cargo and mail were recorded in 2021 compared to 17,906,705.09 kilograms recorded in 2020, representing a 10% increase.

Table 7: 2017 - 2021 Cargo Movements

Year	Cargo (KGs)	Mail (KGs)	Total	% Movement
2017	18,743,384.55	343,902.00	19,087,286.55	0.01%
2018	20,610,538.20	249,527.00	20,860,065.20	9%
2019	21,861,125.35	185,291.00	22,046,416.35	6%
2020	17,790,401.20	116,303.89	17,906,705.09	(19%)
2021	19,345,631.37	117,368.00	19,462,999.37	10%

Airlines uplifting this cargo from Kenneth Kaunda International Airport were Emirates Airlines, World Cargo, Ethiopian Airlines Cargo and Kenya Airways Cargo.

Non-Aeronautical Business

Developing our non-aeronautical business is one of the strategic objectives we have pursued and is driven by the aspirations to diversify and rebalance our revenue portfolio thereby building financial resilience. Our commercial strategy to diversify and rebalance our revenue portfolio focuses on commercialising the airport infrastructure including aerodromes, KKIA hotel, cargo terminal, shopping mall and implementation of the phase 1 of the land use plan which covers a total land area of 550ha.

In as much as the whole aviation sector was negatively impacted by the COVID-19 pandemic, the air cargo business remained relatively strong, demonstrating that air cargo was predominantly not a vector for COVID-19. The Corporation will implement a robust cargo strategy to grow its revenue from the cargo business.

Our non-aeronautical revenue was mainly generated from retail, advertising, car parks and concessions.

8 Financial Performance

The Corporation recorded a loss after tax of K328.96million, deteriorating by 36% when compared to the loss of K241.8million recorded in the previous year. This loss is driven by the higher depreciation expense recorded in the financial year following the revaluation of assets. Specifically, the following are the highlights on our financial performance.

Revenue

Revenue increased by 47% from K269.7million to K396.6million for the year ending 31st December 2021.

Aeronautical revenue increased by 52% to K361million from K238.1million recorded in the previous year and accounted for 91% of total revenue. The increase in aeronautical revenue was driven by an increase in paying passenger traffic and the number of aircrafts that landed at our airports.

Non-aeronautical revenue increased by 13% to K35.9million from K31.7million recorded in the previous year and accounted for 9% of total revenue. Growth of 43% was recorded for fuel throughput, 14% from the car park and this was attributed to the increase in paying i.e., departing passengers. Revenue from rental income recorded the least growth of 10% due to slower recovery of retail businesses during the financial year.

Employee Costs

Employee costs increased by 3.5% to K305.3million from K294.9million in the previous year. This was mainly attributed to the operationalization of the SMKIA which needed additional staff as required by the regulations promulgated by Civil Aviation Authority.

Other Operating Expenditure

Other operating expenditure decreased by 17% from K176.3million in the previous year to K145.6million. The reduction in costs is driven by the cost control strategy we implemented to strengthen the Corporations financial resilience.

Our cost containment strategy focused on discretionary costs such as travel, printing, and stationery.

Trade and Other Receivables

Trade and other receivables significantly reduced by 61% from K102.8million in the previous year to K40.04million.The reduction is due to the movements in the exchange rates during the period which resulted in the debtor's balances being translated at a lower rate compared to the previous period. The other contributing factor is the high provision for bad debts passed on Proflight and Mahogany debts during the year.

Trade Payables and Other Creditors

Trade payables and other creditors increased by 135% from K69.7million in the previous year to K164.05million. The increase is attributed to amounts owed to Zambia Revenue Authority for Pay As You Earn (PAYE) and other staff allowances that were outstanding in the financial year. The Corporation entered a time-to- pay agreement with ZRA to allow for payment of PAYE tax over an agreed period. The aim is to settle the outstanding liability over a period of time as the financial situation of the Corporation improves. Worth noting is that most of the allowances owed to staff were subsequently paid in 2022.

Capital Expenditure

As the Corporation was faced with financial constraints because of the COVID-19 pandemic, most capital related expenditure was suspended, leaving only the critical procurements. The Corporation invested a total of K77million on capital items in the year 2021.

9 Safety and Security

As an airport operating company, safety and security are a top priority for us.

Security Screening and Patrols

We have continued to deploy x-ray equipment such as baggage screeners, walk through metal detectors and handheld metal detectors at international airports and provincial aerodromes to enhance security. Our newly launched KKIA Terminal 2 and the new SMKIA airports have also come with state-of-the-art technology to further enhance security. We have ensured 100% screening of all passengers and periodic security patrols around the entire airport security fencing and reported any unlawful interference against civil aviation.

Rescue and Fire Services

In the period under review, we undertook the following activities specific to rescue and fire services:

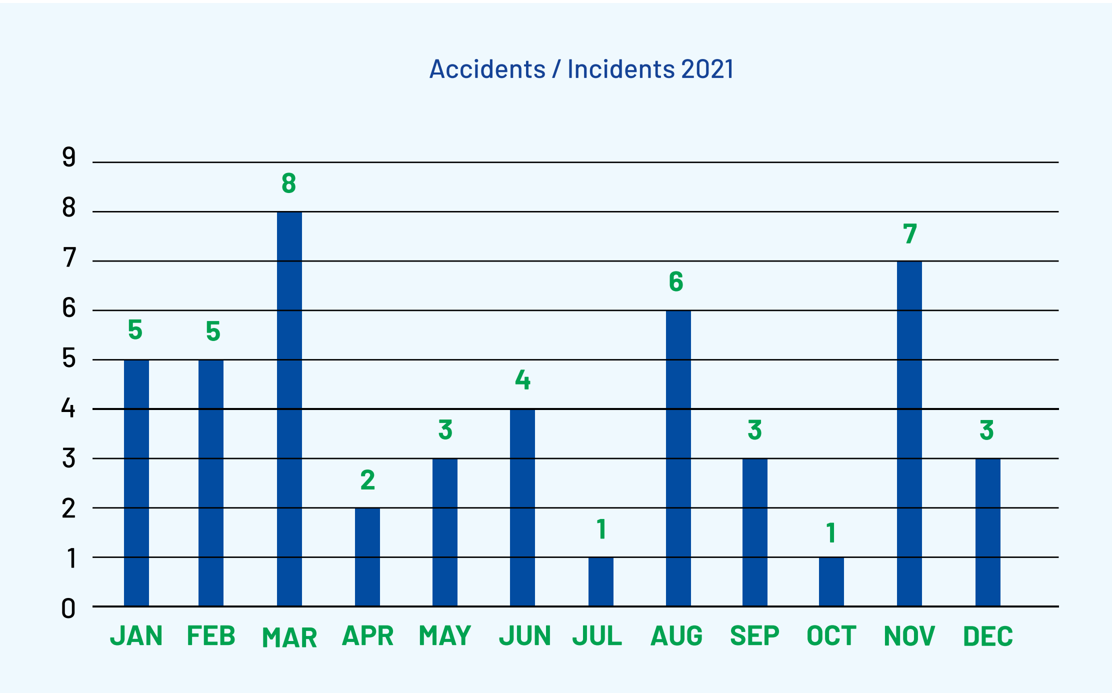
- We provided uninterrupted fire cover to the Airmen at all our airports
- We maintained serviceable fire extinguishers at all our airports.
- We conducted emergency full mock exercise in accordance with ICAO/ CAA at KKIA, HMNIA and Solwezi.
- We maintained fire engines at all airports in line with airport category requirements.
- SMKIA was fire safety compliant, and CAA issued the certificate of operation.
- Wildlife control programs were enhanced through out to ensure safety of aircrafts.

Equipment and Infrastructure Maintenance

The status of our mission critical equipment used in the provision of services such as air navigation, ground handling services and passenger facilitation are key for us as an airport operating company. We undertook periodic maintenance of the runway, apron, maintained main and standby for all air navigation equipment, and proactively conducted internal safety assessments.

Safety Incidences and Accidents

Enhancement of aviation security and safety at all airports is not only one of the Corporation's strategic priorities but also a core value. To this end, the Corporation remains committed to ensuring safety and security to passengers and aircraft as priority.



Wildlife Strike Incidents

It is a recognisable fact that airports are located in areas which are a natural habitat for wildlife. As such, we strive balance between maintaining the environment and commercial imperatives by keeping wildlife strike incidences at the barest minimum demonstrating our deep respect for nature.

10 Quality Assurance and Aerodrome Certification

The Corporation places quality at the core of its operations by ensuring we meet international standards and attain the various required certifications. In February 2021, SABS conducted a surveillance audit of our ISO9001:2015 Certification and our certification was maintained. All our aerodromes remained certified in the period under review.

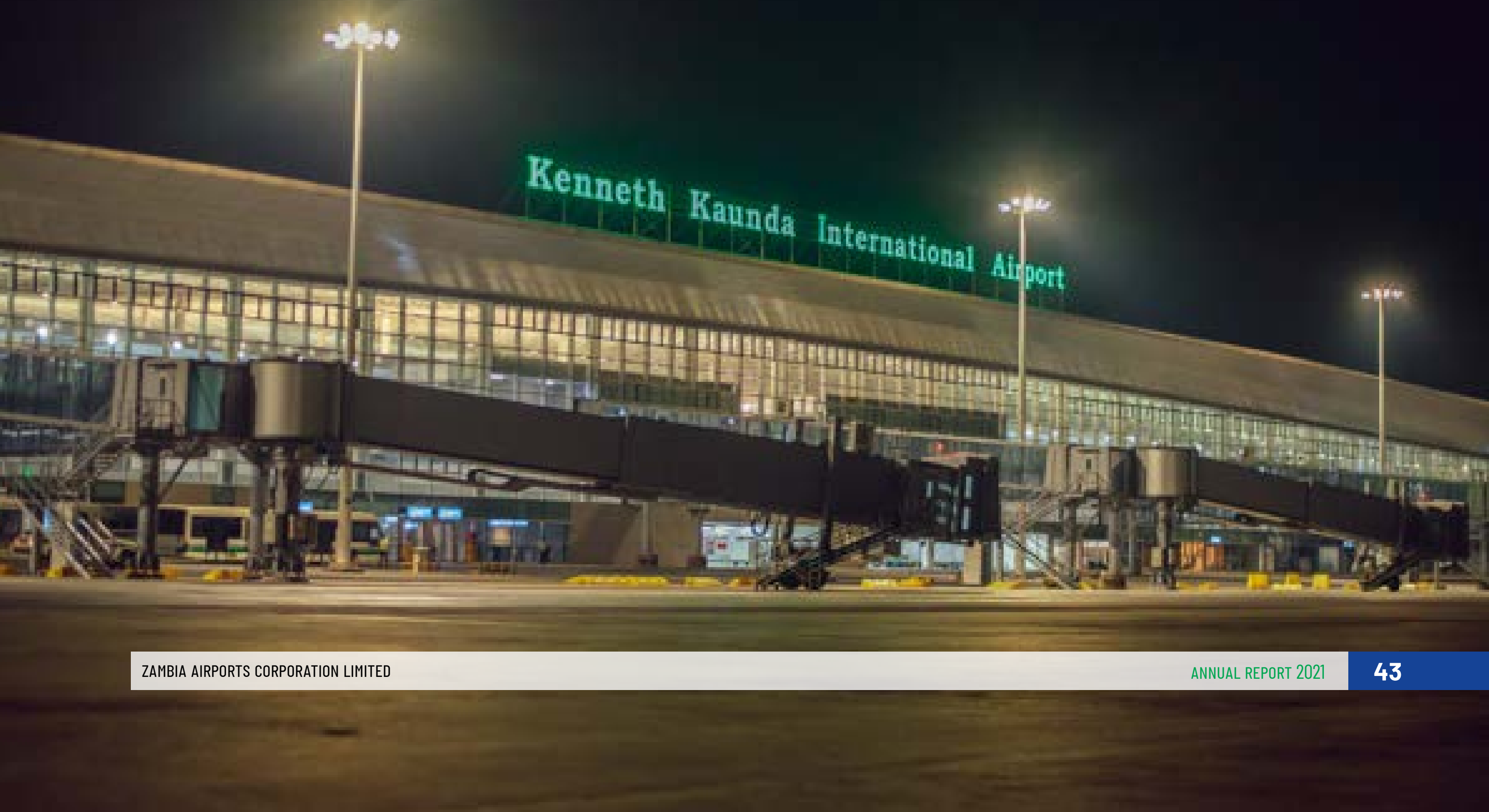
11 Infrastructure Projects

The Corporation embarked on infrastructure development and upgrades in the aviation sub-sector to expand capacity to enable the Country handle higher volumes of traffic. In 2021, we had two key projects:

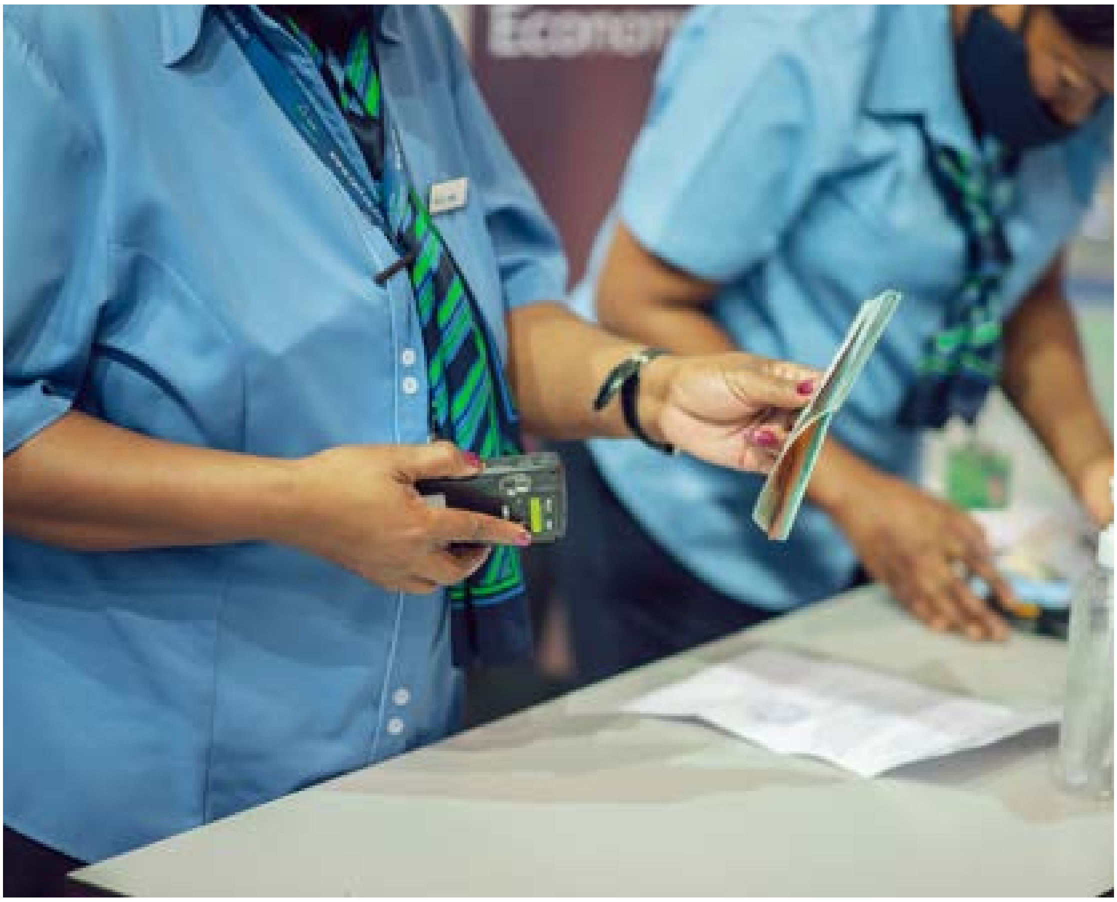
i. KKIA Terminal II, Cargo Terminal, ATC Tower, Presidential pavilion, RFS Station, Hotel, New Airport Office Park, and related infrastructure. The overall project is valued at US$360million. Overall project progress at end December 2021 was 97%. The new Terminal at KKIA was commissioned on 9th August 2021 and operating as an international passenger terminal. The new terminal has a capacity of 4 million annual passengers (MAPs) and brings total capacity at KKIA to 6 MAPs. KKIA is the main international hub and has a 3,962m runway.

ii. New SMKIA Terminal Building, ATC Tower, Pavements, RFS Station, Fuel Farm, Hotel, Business Complex, and related infrastructure. The overall project is valued at US$397million. The overall project progress at end December was at 90.45%. The airport became operational on 7th October 2021. The new airport has a capacity of 1 MAPs and a runway size of 3,500m.

The two projects increased the combined airport capacity to 10MAPS.



12 Our People – Our Assets



As a Corporation, we realise that our staff are our greatest asset and staff satisfaction is at the top of the list. Highlights of related to our human capital are as follows;

Staff Compliment

The staff head count for the period ending 31st December 2021 was 1052 against the Approved Establishment of 1,235.

A total number of eighty (80) new employees were engaged during the year to fill up the vacant positions in critical areas of operations necessary to meet the Civil Aviation Authority's regulatory requirements. Sixty-two (62) employees were engaged on Permanent and Pensionable terms and Eighteen (18) employees on Fixed Term Contract basis.

Labour Turnover

We recorded thirty-three (33) separations during the year under review which included eleven (11) resignations, seven (07) normal retirements, three (03) deaths, five (05) dismissals, one (01) discharge, and five (05) expiration of contracts.

The employment category for the leavers were: - Management four (04) and others twenty-nine (29). The annualised turnover rate for 2021 was 2.53%.

Staff Training and Development

We provided staff training and development in the continued effort to maintain a skilled, competent, and motivated workforce and ensure provision of high-quality service to customers. The Corporation continued to support employees to attain higher qualifications and skills at colleges and universities in relevant areas of the business operation. The Corporation availed various training programs to employees locally in key technical and operational areas.

Industrial Relations

The Corporation generally enjoyed relatively good and harmonious industrial relations during the year under review. Management has continued to foster dialogue with employees, employees' representatives as well as professional associations to enhance morale and continued good working relationships.

2022 Management/Union Negotiations

Collective Bargaining for the improved 2022 Conditions of Service for Unionised employees were held from 27th December 2021 and successfully concluded on 21st January 2022. The result was an improvement in the terms and conditions of service for represented staff to ensure that, despite financial challenges, the work environment provided by ZACL is as positive as it can be.

Promotions

The Corporation continued to boost employee morale and keep productivity high by filling most of the vacant positions internally. In the year under review thirty-five (35) employees were promoted to various positions of seniority in both Management and Non-Management categories.

13 Corporate Social Responsibility

As a corporation who's brand stretches across the nation, we have a vested interest in the many communities we operate in, as a responsible corporate citizen we endeavour to leave an indelible mark as we carry out our corporate social investments in the areas of health through access to sanitation and clean water, orphans and vulnerable children, education and cultural heritage.

2021 was a year like no other as the COVID-19 cases escalated resulting in the contraction of the global economy which negatively affected our industry and our planned CSR activities. However, ZACL continued to support its community's country wide.

Education

At ZACL, we place education at the center of our hearts as we believe in every child irrespective of gender deserves an equal opportunity to access education and ensure they have a brighter future.

Orphans and Vulnerable Children

ZACL takes great pride in empowering the underprivileged in our society and has made concerted efforts to make a difference in the lives of children who live under disparaging circumstances. Orphans and Vulnerable Children have unique needs and challenges as they negotiate their way throug h the hardships of the world and find themselves a place in society.

Cultural Heritage

The Corporation continues to be a champion of cultural preservation through sponsorship of numerous Zambian traditional ceremonies. We recognise the importance of ensuring our cultural practices continue and are passed on from generation to generation.

14 Environmental Stewardship

Climate change has continued to be a global challenge and reducing it is critical. At Zambia Airports Corporation Limited, we strive to ensure that we reduce our impact on the environment through the effective management of oil spillages on the apron, bird strikes, water, electricity and fuel usage. As we strive for growth in contribution to national economic development, our impact on the natural environment increases, raising the significance of this matter for us and our stakeholders.

Protection of the environment through the implementation of environmental management systems, is a key focus area under the 2022 – 2026 Strategic Plan. In 2021, ZACL commenced preparatory works to attain certification in **ISO 14001:2015 – Environmental Management System (EMS).** The Corporation's environmental response plan complies with ICAO Annex 16 - Environmental Protection and United Nation's Sustainable Development Goal (SDG) 13 – Climate Action and is aimed at meeting shareholder's and stakeholders' expectations as well as holding ourselves to the highest international standards.

15 Customer Experience Management

We established the Customer Service section under the Communications and Brand Unit in November 2020. Its sole purpose is to meet customer needs and expectations. As ZACL, we recognise the importance and key role that quality service plays and will continue to make concerted efforts in ensuring client and stakeholder satisfaction through positive interactions as well as problem-solving solutions.

In the quest to improve customer feedback and in line with the evolving technology the Corporation developed a responsive customer feedback mechanism, the Customer Experience Management System (CEM). The system was launched in November 2021 and is now providing customers with a platform to lodge-in complaints as well as provide feedback. Its primary purpose is to collate and transform customer feedback into business insights to enable strengthening of core processes and satisfying our customers.

Some of the key benefits from the system include:

1. Customer satisfaction enhancement
2. Positive customer experience
3. Improvement of services
4. Improvement of policies and procedures
5. Boosting customer communication
6. Positive impact on brand image

About Zambia

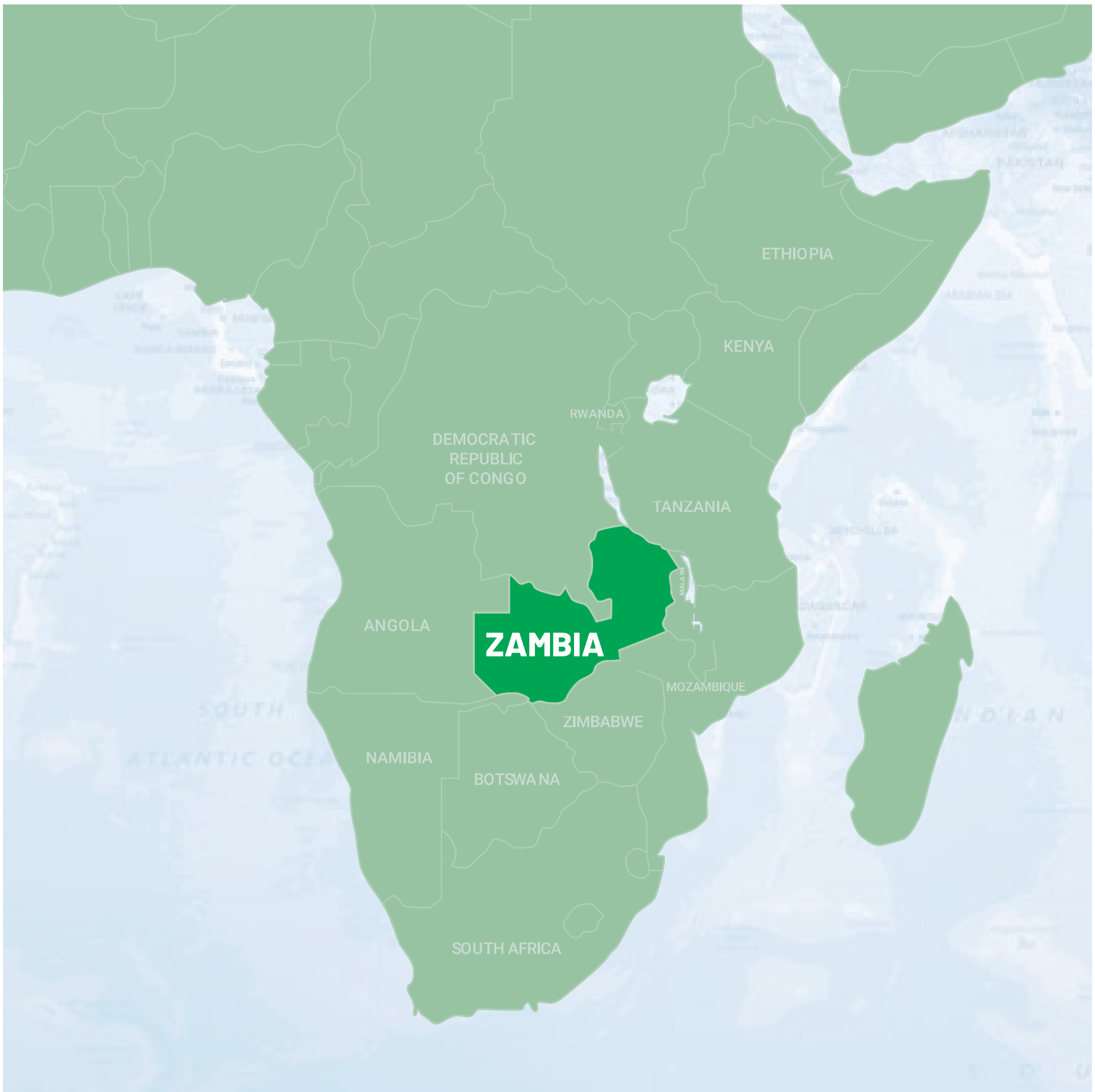
Zambia is one of the 26 Member States of the COMESA-SADC-EAC Tripartite Free Trade Area (TFTA) Agreement with more than 600 million people and is surrounded by eight (8) neighbouring countries – Angola, Botswana, Democratic Republic of Congo, Malawi, Mozambique, Namibia, Tanzania, and Zimbabwe.

Our value proposition:

1. Abundant natural resources;
2. Availability of human capital;
3. A positive and investor friendly environment;
4. Repatriation of 100% of profits and no exchange controls;
5. Stable political system;
6. Progressive banking, legal, and insurance services;
7. Thriving private sector; and
8. Good place to work and live.

Zambia rankings

Rank	Description	Source
4th	In Africa-Safety & Security	Global Peace Index
20th	In Africa-most competitive economy	Global Competitiveness Index
44th	Globally-Safety & Security	Global Peace Index
4th	In SSA-most attractive destination	Global Peace Index
16th	In SSA- most competitive	Global Competitiveness Index



Geo-economics advantages of Zambia:

1. Zambia's strategic location-surrounded by 8 countries.
2. Potential centre of Tourism and trade in the region.
3. Access to wider markets of SADC, COMESA, EAC & AFCFTA – access to raw materials, finished products, labour and capital
4. Establish KKIA as a regional aviation hub for passenger and air cargo

Grant Thornton

Zambia Airports Corporation Limited Financial Statements for the year ended 31 December 2021

Table of Contents

Report of the Directors

The Directors submit their report and audited financial statements for the year ended 31 December, 2021.

1. Status of the Corporation

The Corporation commenced its operations on 11 September 1989 and operates under the supervision of the Ministry of Finance and functionally under the Ministry of Transport and Logistics.

2. Principal activities

The Corporation's principal activity is the provision of airport facilities and services at designated international airports, namely Kenneth Kaunda (KKIA), Simon Mwansa Kapwepwe (SMKIA), Harry Mwaanga Nkumbula (HMMKIA) and Mfuwe as well as provision of air navigation services throughout Zambia. The Corporation is also in charge of six provincial and three strategic aerodromes.

3. Share capital

The Corporation's authorised, issued and fully paid up share capital comprises 16,458,500 ordinary shares of K1 each.

4. Results

The Corporation's results are as follows:

	2021 K	Restated 2020 K
Operating revenue	396,936,610	269,736,479
Profit before tax	(306,710,942)	(255,239,624)
Income tax expense	(22,245,185)	13,457,743
Profit after tax	(328,956,128)	(241,781,881)

The Corporation achieved revenue of K396 million during the twelve months to 31 December 2021 compared to K270 million for the previous 12 months. Operating costs during the period amounted to K729 million (2020 – K555 million) resulting into a loss before tax of K 306 million (2020 –K255 million) after taking into account other charges.

5. Dividends

The Corporation made a loss after tax of K329 million for the year ended 31 December 2021 (2020: loss K242 million). The Directors do not recommend a dividend for the year ended 31 December 2021. The Corporation is currently working on measures to improve the revenue base according to Airport Council International (ACI) recovery in the aviation sector is expected between 2024 to 2025.

6. Directors and Secretary

The Directors and the Secretary who served during the year and resigned at the date of this report were as follows:

Mr. Milingo Lungu	-	Chairperson
Ms. Prisca Mwansa Chikwashi	-	Vice Chairperson
Mr. Moonga Mumba	-	Member
Mr. Sunday Chanda	-	Member
Ms. Patricia Pakatamanja Zimba	-	Member
Mr. Fumu Mondoloka	-	Member
Mr Clive Khan	-	Member
Mr Mulele Muketo	-	Member
Mr Paul Mulola	-	Member appointed January 2021

The Secretary is:

Mrs. Shabuyi Chatora Kalumba
Zambia Airports Corporation Limited
Kenneth Kaunda International Airport
PO Box 30175
LUSAKA

The corporation awaits the appointment of a new Board as the above Board was dissolved on 30 September 2021.

7. Industrial relations

The Corporation enjoyed industrial harmony throughout the year.

8. Employees

The Corporation had 1,052 full time employees at 31 December 2021 (31 December 2020 – 986) and total salaries and wages paid were K305 million for the year ended 31 December 2021 (December 2020 – K295 million). The increase in the number was mainly due to the operationalisation of the new Simon Mwansa Kapwepwe International Airport in Ndola which required additional staff as required by the Civil Aviation Authority (CAA). The average number of employees in each month for the year was:

January 2021	1,029
February 2021	1,027
March 2021	1,024
April 2021	1,022
May 2021	1,022
June 2021	1,027
July 2021	1,034
August 2021	1,034
September 2021	1,031
October 2021	1,036
November 2021	1,036
December 2021	1,052

9. Gifts and donations

The Corporation made donations of K7,568 during the year (2020 – K388,395).

10. Property, plant and equipment

Additions to property, plant and equipment totaling K77 million were made during the year (2020 – K78 million).

11. Other material facts, circumstances and events

The Corporation's performance has improved when compared to the previous year. The passenger numbers have slightly improved from 545,884 in 2020 to 753,930 in 2021 due to uptake of COVID -19 vaccines by travelling passengers coupled with relaxation of travel restrictions across the globe. All the major scheduled airlines have resumed operations. From the domestic front, the National Airline took to the skies on 1st December 2021. The commencement of Zambia Airways has brought competition among domestic Operators which is likely to push the domestic air fares down.

There no major material facts or events that may adversely affect the operations of the Corporation.

12. Financial statements

The financial statements set out on pages 9 to 48 have been approved by the Directors.

13. Auditors

The Corporation auditors Grant Thornton retires at the forth coming Annual General Meeting and have expressed willingness to continue in office, a resolution proposing their reappointment and authorising the Directors to fix their remuneration will be put to the Annual General Meeting.

By order of the Board

Mrs. Shubayi Kalumba Chatora
Corporation Secretary
Lusaka
Date:

Statement of Directors' Responsibilities

Section 265 of the Zambian Companies Act 2017 requires the directors to prepare financial statements for each financial year which give a true and fair view of the financial position of Zambia Airports Corporation Limited and of its financial performance and its cash flows for the year then ended. In preparing such financial statements, the directors are responsible for

- designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the applicable financial reporting framework, and on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2017. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirm that in their opinion

a. the financial statements give a true and fair view of the financial position of Zambia Airports Corporation Limited as of 31 December 2021, and of its financial performance and its cash flows for the year then ended;

b. at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when these fall due; and

c. the financial statements are drawn up in accordance with the provisions of the Companies Act 2017 and International Financial Reporting Standards.

This statement is made in accordance with a resolution of the directors.

Signed at Lusaka on .

Zevyanji Sinkala
Chairperson

Maggie Banda Kaunda
Director

Report of the Independent Auditor

To The Members of Zambia Airports Corporation Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Zambia Airports Corporation Limited ("the Corporation"), which comprise the statement of financial position as at 31 December 2021, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Corporation's financial statements give a true and fair view of the financial position of the Corporation as at 31 December, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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 Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA), and we have fulfilled our other ethical responsibilities in accordance with IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

We draw attention to note 4 in the financial statements which indicates that at the reporting date the corporation incurred a loss of K328,956,127 (2020: loss K241,781,881) during the year to 31 December 2021 and at the reporting date its current liabilities exceeded its current assets by K192,343,406 (2020: K1,340,698) and at that date, the corporation had accumulated losses of K72,261,630. The condition indicates the existence of a material uncertainty which may cast doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Key Audit Matter *Measurement of financial assets*	How the matter was addressed in our report
Due to the complex and subjective nature of judgements made in the assumptions by the Directors over the measurement of financial assets this was considered a key audit matter. • The Directors are required to apply the forward-looking approach to	Our procedures included but were not limited to the following: • Assessing the design and implementation of the impairment model adopted with focus on compliance with the requirements of IFRS9: "Financial Instruments".

recognize expected credit losses based on IFRS 9's impairment requirements. • Further, in assessing the fair value of financial assets, the Directors use a variety of valuation methods based on the classification of assets and make assumptions that are based on market conditions and other relevant valuation data existing at each reporting date.	• Reviewing management's evaluation of possible outcomes and the probability of occurrence. • Checking the reasonableness of the information and ensuring the information was supported with reference to past events, current conditions as well as forecast of the future. • We obtained the analysis prepared by management in calculating the fair value of the assets. • We evaluated management's valuation assumptions and changes in assumptions to ensure they were reasonable and consistent with market information and other relevant valuation data. • Performed audit procedures over the valuation and accounting of investments in financial assets, to ensure that the valuation inputs applied to various valuation techniques were reasonable.

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 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 Corporation'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 entity or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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. 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 based on these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment 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 Corporation'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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation 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.

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.

Other Information

The Directors are responsible for the other information included in the annual report. Our opinion on the financial statements does not cover other information and we do not express an audit opinion thereon. Our responsibility is to read the other information and consider whether the information therein is materially consistent with the financial statements. If based on our work, we conclude that there is a material misstatement we are required to report to that fact. We have nothing to report in this regard.

Report on Other Legal and Regulatory Requirements

The Zambia Companies Act of 2017 requires that in carrying out our audit of the Corporation, we are required to report on whether:

i. There is a relationship, interest or debt which us, as the Company's auditor, have in the Company; and

ii. There are serious breaches by the Company's directors, of corporate governance principles or practices contained in part VII's sections 82 to 122 of the Zambia Companies Act of 2017.

In respect of the foregoing requirements, we have no matter to report.

Grant Thornton

Chartered Accountants

Christopher Mulenga (AUD/F000178)

Name of Partner signing on behalf of the Firm

Lusaka

Date:

Statement of Other Comprehensive Income for the Year Ended 31 December 2021

	NOTE	2021 K	2020 K
Revenue	9	396,936,610	269,736,479
Expenditure			
Depreciation	12 (a) and 12(b)	(237,863,763)	(81,061,871)
Employee costs	Appendix 1	(305,302,125)	(294,953,577)
Other operating expenses	Appendix 1	(145,597,013)	(176,306,664)
		(291,826,291)	(282,585,633)
Other income	Appendix 1	25,330,186	30,118,301
(Loss)/profit from operations		(266,496,105)	(252,467,332)
Net finance income and costs	10	(40,214,837)	(2,536,550)
Loss on disposal		-	(235,742)
Loss before tax		(306,710,942)	(255,239,624)
Income tax expense	11(a)	(22,245,185)	13,457,743
Loss profit after tax		(328,956,127)	(241,781,881)
Other comprehensive income		-	-
Total comprehensive loss for the year		(328,956,127)	(241,781,881)

Statement of Financial Position as at 31 December 2021

	NOTE	2021 K	2020 K
Non-Current Assets			
Property, plant and equipment	12(a)	7,951,206,894	8,106,666,876
Right- of -use assets	12(b)	2,884,592	8,580,036
Financial assets at fair value through profit or loss	13	3,645,912	3,645,912
Deferred tax asset	11(c)	-	14,162,448
		7,957,737,398	8,133,055,272
Current Assets			
Inventories	14	2,381,344	4,060,721
Trade and other receivables	15	40,038,087	102,781,249
Financial assets at amortised cost	16(a)	18,671,962	8,376,514
Financial assets at fair value through profit or loss	16(b)	2,611,158	2,611,158
Cash and cash equivalents	17(a)	10,111,065	48,990,695
		73,813,616	166,820,337
Total Assets		8,031,551,014	8,299,875,609
Equity			
Share capital	18	16,458,500	16,458,500

Statement of Financial Position as at 31 December 2021 - Continued

Amounts received awaiting allotment of shares	18	13,928,678	13,928,678
Revaluation reserves		7,315,921,974	7,529,129,567
Accumulated profit		(72,261,630)	43,486,904
		7,274,047,522	7,603,003,649
Non-Current Liabilities			
Capital grants	19	222,652,412	233,085,566
Long-term loans	20	190,899,095	208,291,688
Obligations under finance leases	21	-	7,118,308
Deferred liability	22	77,794,963	80,215,363
		491,346,470	528,710,925
Current Liabilities			
Short term portion of long-term loans	20	72,726,200	81,893,239
Obligations under finance leases	21	413,790	-
Trade and other payables	23	164,047,352	69,721,347
Income tax payable	11(b)	19,062,957	11,970,220
Bank overdraft	17	56,723	76,229
Deferred liability	22	9,850,000	4,500,000
		266,157,022	168,161,035
Total Equity and Liabilities		8,031,551,014	8,299,875,609

The financial statements set out on pages 9 to 48, which have been prepared on a going concern basis, were approved by the Board of Directors on .... and were signed on its behalf by:

Zevyanji Sinkala
Chairperson

Maggie Banda Kaunda
Managing Director (ag)

Statement of Changes in Equity

	Share capital K	Amount received awaiting allotment of shares K	Revaluation reserves K	Accumulated Profit K	Total K
As at 1 January 2020	16,458,500	13,928,678	217,512,762	277,628,305	525,528,245
Loss for the year	-	-	-	(241,781,881)	(241,781,881)
Total comprehensive Income	-	-	-	-	-
Revaluation	-	-	7,319,257,285	-	7,319,257,285
Transfer	-	-	(7,640,480)	7,640,480	-
At 31 December 2020	16,458,500	13,928,678	7,529,129,567	43,486,904	7,603,003,649
Loss for the year	-	-	-	(328,956,127)	(328,956,127)
Total comprehensive Income	-	-	-	-	-
Revaluation	-	-	-	-	-
Transfer	-	-	(213,207,593)	213,207,593	-
At 31 December 2021	16,458,500	13,928,678	7,315,921,974	(72,261,630)	7,274,047,522

Revaluation reserves
Revaluation reserves represent non-distributable reserves which arise from the revaluation surplus on land and buildings.

Accumulated profit
The accumulated profit represents accumulated retained earnings from the operations of the Corporation.

Amount received pending allotment of shares
The amount received awaiting allotment represents funds held pending allotment of shares.

Statement of Cash Flows

	NOTE	2021 K	2020 K
Cash flow statement - December 2021			
Loss before tax		(306,710,942)	(255,239,624)
Profit on disposal of property, plant and equipment		-	235,742
Interest paid	10	34,384,401	21,224,818
Interest received	10	(2,823,243)	(5,712,745)
Unrealised exchange (gain)/losses on long term loans		(40,440,039)	775,413
Depreciation	12	237,863,763	81,061,871
Amortisation of capital grants	19	(10,433,154)	(18,186,549)
(Increase) in inventories		1,679,377	902,949
Decrease/(increase) in trade and other receivables		62,743,162	51,521,003
(Decrease)/increase in trade and other payables		94,326,005	17,547,988
(Increase)/Decrease in assets at amortised cost		(10,295,448)	24,222,046
(Decrease)/increase in deferred liability		2,929,600	(1,154,337)
Revenue Grants received - GRZ		-	(7,798,574)
Net cash flows from on operating activities		63,223,482	(90,599,999)
Returns on investments and servicing of finance			
Interest received	10	2,823,243	5,712,745
Interest paid	10	(34,384,401)	(21,224,818)
Net cash flows from/(used on) returns on investments and servicing of finance		(31,561,158)	(15,512,073)
Income tax paid	11(c)	(990,000)	(2,510,119)
Provisional tax			
Investing activities			
Purchase of property, plant and equipment	12	(76,708,337)	(78,913,911)
Proceeds on disposal of property, plant and equipment		-	316,843
Net cash flows used on investing activities		(76,708,337)	(79,230,754)
Financing activities			
Revenue Grants received	19	-	7,798,574
Long-term loan received	20	105,920,827	178,220,334
Finance lease repaid		(6,704,518)	(4,658,227)
Repayment of loans	20	(92,040,420)	(35,308,671)
Net cash flows from financing activities		7,175,889	146,052,010
Movement in cash and cash equivalents			
Net cash flow		(38,860,124)	(41,167,249
Cash and cash equivalents at beginning of the year		48,914,466	90,081,715
Cash and cash equivalents at end of the year		10,054,342	48,914,466

Notes to the Financial Statements for the Year Ended 31 December 2021

1. Status of the Corporation

The Corporation commenced its operations on 11 September 1989 and operates under the supervision of The Ministry of Finance and functionally under the Ministry of Transport and Communications.

2. Principal activities

The Corporation's principal activity is the provision of airport facilities and services at designated international airports, namely Kenneth Kaunda International Airport, Simon Mwansa Kapwepwe, Harry Mwaaga Nkumbula and Mfuwe International Airports as well as provision of air navigation services throughout Zambia. The Corporation is also in charge of six provincial and three strategic aerodromes.

3. Basis of preparation and accounting policies

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRs). The financial statements have been prepared on a historical cost basis, except for the following items (refer to individual accounting policies for details):

- Financial instruments – fair value through profit or loss
- Financial instruments – fair value through other comprehensive income
- Contingent consideration
- Revalued property, plant and equipment

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings plant and equipment and certain financial assets and liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation`s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 7.0.

4. Going concern

During the year, the Corporation recorded a loss before tax of K328 million (2020: loss of K255 million) and its current liabilities exceeded current assets by K192 million(2020: K1.34million) and had accumulated losses of K72 million as at the financial position date. The Corporation meets its day to day working capital requirements from its own generation of funds through the collection of various fees and bank borrowing.

The financial statements have been prepared on a going concern basis which assumes that the Corporation will continue in operational existence for the foreseeable future.

The validity of this assumption depends on future profitable operations.

If the Corporation were unable to continue in operational existence, adjustments would have to be made to reduce the statement of financial position values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify property, plant and equipment as current assets.

The Directors have reviewed the effects of the matters mentioned above and believe that it is appropriate for the financial statements to be prepared on a going concern basis.

5. New Standards and amendments that are effective at 1 January 2021 and are applicable to the Corporation

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the Company's statement of changes in net assets available for benefits and net assets statement.

a. Other Standards and amendments that are effective for the first time in 2021 and could be applicable to the Scheme are:

- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Amendments to Refences to the Conceptual Framework (Various Standards)
- COVID-19 Rent Related Concessions (Amendments to IFRS 16)

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

b. Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, Amendments or Interpretations have been adopted early by the Scheme.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations neither adopted nor listed below have not been disclosed as they are not expected to have a material impact on the Scheme's financial statements.

Other standards and amendments that are not yet effective and have not been adopted early by the Company include:

- References to the Conceptual Framework
- Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41)
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company's financial statements

5.2 Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Corporation

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Corporation's financial statements.

6. Significant accounting policies

The principal accounting policies applied by the Corporation 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.

6.1 Revenue recognition

i. Sales of services are recognised in the period in which the services are rendered, by reference to completion of the specific transaction and closure of the related file.

Revenue represents the fair value of the consideration receivable for sales of goods and services. To determine whether to recognise revenue, the Corporation follows a 5-step process:

b. Identifying the contract with a customer

c. Identifying the performance obligations

d. Determining the transaction price

e. Allocating the transaction price to the performance obligations

f. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue from rendering of services is currently recognised as the related services are performed. Revenue is recognised either at a point in time or over time, when (or as) the corporation satisfies performance obligations by transferring the services to its customers. The Corporation recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in its statement of financial position Similarly, if the Corporation satisfies a performance obligation before it receives the consideration, the Corporation recognises either a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

ii. Interest income and expense:

Interest income and expense are recognised in the income statement for all interest bearing instruments measured at amortised cost using the effective yield method based on the actual purchase price. Interest income includes coupons earned on fixed income investments.

iii. Fees and commissions

Fees and commissions are generally recognised on an accruals basis when the service has been provided.

6.2 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 recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increase in the carrying amount arising from revaluation of property, plant and equipment are credited to the revaluation surplus in shareholders' equity. Decreases that offset previous increases of the same assets are charged against revaluation reserves in equity; all other decreases are charged to the statement of comprehensive income. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation surplus to retained earnings.

Depreciation is calculated to write off the cost of property 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:

Item	Rate
Airport terminals, runways, taxiways and aprons	2.5%
Other leasehold buildings	2.5%
Motor vehicles, furniture and equipment	20%
Specialised plant and equipment	6.67 -15%

Assets are depreciated in full in the year of purchase and nil in year of disposal.

Capital work in progress is not depreciated until the capital project has been completed and the assets brought into use.

Expenditure on assets under construction is initially shown as capital work in progress and transferred to the relevant class of assets when commissioned.

Borrowing costs, being interest payable on loans are added to the carrying amounts of the related capital works in progress.

The assets' residual values and useful lives are reviewed at each reporting 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 statement of comprehensive income in the other operating income.

When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to the retained earnings.

6.3 Leases

The Company 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 consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company 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 Company 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 estimated useful lives of the assets, as follows:

- Furniture, fixtures and equipment -5 years
- Motor vehicles - 4 years
- Rental lease-period of lease

If ownership of the leased asset transfers to the Company 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. The right-of-use assets are also subject to impairment.

ii. Lease liabilities

At the commencement date of the lease, the Company 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 Company and payments of penalties for terminating the lease, if the lease term reflects the Company 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 payment occurs. In calculating the present value of lease payments, the Company 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 Company applies the short-term lease recognition exemption to its short-term leases of property and machinery and equipment (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.

Company as a lessor

Leases in which the Company 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 profit or loss 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.

6.4 Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

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

Classification and initial measurement of financial assets

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

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

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented the entity does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

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

Subsequent measurement of financial assets

Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Corporation's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

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

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

The category also contains equity investments. The Corporation accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in listed equity securities at fair value through other comprehensive income (FVOCI). In the current financial year, the fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

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

Financial assets at Fair Value through Other Comprehensive Income (FVOCI)

Financial assets are designated as being at FVOCI if the assets meet the following conditions:

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

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Corporation considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Corporation considers evidence of impairment for trade and other receivables as well as investments.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

Interest on the impaired assets continues to be recognised through the unwinding of the discount. When an event occurring after the impairment was recognised causes the impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Classification and measurement of financial liabilities

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

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Financial liability at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

6.5 Inventories

Inventory is stated at the lower of cost and net realizable value. In general, cost is determined on a weighted average basis and includes transport and handling costs. Net realizable value is the price at which the stock can be realized in the normal course of the business allowing for costs of realization. Provision is made for obsolete, slow-moving and defective stock.

6.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments and balances held with banks.

6.7 Borrowing costs

Borrowing costs, being interest payable on loans, are accounted for on an accruals basis. Transaction costs arising on arranging a new financial liability are debited to the liability and amortized over the life of that liability. Borrowing costs are charged to the statement of comprehensive income for the year in which they are incurred.

6.8 Grants

Grant income represents funds received from the Government of the Republic of Zambia during the year. Income from the Government is recognised in the statement of income and expenditure when there is reasonable assurance that it will be received and the Company will comply with the conditions associated with the grant.

Grants that compensate the Company for expenses incurred are recognised in comprehensive income on a systematic basis in the same periods in which the expenses are recognised.

Grants that compensate the Company for the cost of an asset are recognised in comprehensive income on a systematic basis over the useful life of the asset.

6.9 Short term and long term loans

Short term loans include all amounts expected to be repayable within twelve months from the reporting date, including installments due on loans of longer duration. Long term loans represent all amounts repayable more than twelve months from the reporting date.

6.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Tax currently payable is based on the results for the year as adjusted for items which are non-assessable or disallowed for tax purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Temporary differences can arise from the recognition for tax purposes of items of income or expense in a different accounting period from that in which they are recognized for financial accounting purposes. The tax effect of these temporary timing differences is computed by applying enacted statutory tax rates to any differences between carrying values per financial statements and their tax base, and accounted for as deferred tax.

Deferred taxation assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

6.11 Foreign currencies

i. Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Corporation operates (the 'functional currency'). The financial statements are presented in Zambian Kwacha, which is the Corporation's presentation and functional currency.

ii. Transactions and balances

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the date of transactions. Foreign exchange gains and losses resulting from such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.

Translation differences on monetary items, such as equity at fair value through income, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as assets at fair value through other comprehensive income, are included in fair value reserve in equity.

6.12 Employee benefits

i. Pension obligations

The Corporation has a plan with National Pension Scheme Authority (NAPSA) where the Corporation pays an amount equal to the employee's contributions. Employees contribute 5% of their gross earnings up to the statutory limit.

ii. Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Corporation recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

iii. Gratuity

For fixed term contract employees, a gratuity is payable at the end of the contract. Contract periods range from 2-3 years. Gratuity is expensed to profit or loss account in the period the service is rendered.

6.13 Provisions

Restructuring costs and legal claims

Provisions for restructuring costs and legal claims are recognised when: the Corporation has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

6.14 Dividend distribution

Dividend distribution to the Corporation's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Corporation's shareholders.

7. Critical accounting estimates and judgement in applying accounting policies

The Corporation makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Business model assessment

Classification and measurement of financial assets depends on the results of the Solely Payment of Principal and Interest (SPPI) and the business model test. The Corporation determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Corporation monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Corporation's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Impairment losses on receivables

When measuring expected credit loss the Corporation uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Impairment of assets other than receivables

The carrying amounts of the Corporation's assets other than receivables are reviewed at each reporting date to determine whether there is an indication of impairment. If any such exists, the asset's recoverable amount is estimated. This estimation requires significant judgement.

An impairment loss is recognized in the income statement whenever the carrying amount exceeds the recoverable amount.

Fair value measurement

The carrying amounts of financial assets and liabilities are representative of the Corporation's position at 31 December 2021 and are in the opinion of the Directors not significantly different from their respective fair values due to generally short periods to maturity dates. The significant classes of financial assets and liabilities are as disclosed in the statement of financial position. As far as possible market prices are applied in determining fair values.

Fair value hierarchy

The Corporation uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- **Level 1:** quoted (unadjusted) prices in active markets for identical assets or liabilities;
- **Level 2:** other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- **Level 3:** techniques which use inputs which have a significant effect on the recorded amounts; and
- Fair values that are not based on observable market data.

Financial assets and liabilities measured using a valuation technique based on assumptions that are supported by prices from observable current market transactions are assets and liabilities for which pricing is obtained via pricing services, but where prices have not been determined in an active market, financial assets with fair values based on broker quotes, investments in private equity funds with fair values obtained via fund managers and assets that are valued using the Corporation's own models whereby the majority of assumptions are market observable.

Non market observable inputs means that fair values are determined, in whole or in part, using a valuation technique (model) based on assumptions that are neither supported by prices from observable current market transactions in the same instrument, nor are they based on available market data. The main asset classes in this category are unlisted equity investments and debt instruments. Valuation techniques are used to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

There were no financial assets and liabilities transferred between levels.

8. Management of financial risk

8.1 Financial risk

The Corporation is exposed to a range of financial risks through its financial assets and financial liabilities (borrowings). The most important components of this financial risk are interest rate risk and credit risk. These risks arise from open positions in interest rate and business environments, all of which are exposed to general and specific market movements. The Corporation manages these positions with a framework that has been developed to monitor its customers and return on its investments.

8.2 Credit risk

The Corporation has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. The key area where the Corporation is exposed to credit risk is amounts due from customers.

8.3 Capital management

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company sets the amount of capital in proportion to its overall financing structure. The Company manages the capital structure and makes adjustments to it in the light of the economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of the dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

9. Revenue

	2021 K	2020 K
Over flight fees	46,884,732	35,760,047
Air Navigation fees	20,935,055	13,487,364
Passenger service charges	87,537,409	53,997,331
Security charges	19,627,222	12,384,931
Cute and Cuss	6,783,907	4,074,073
Landing fees	66,115,037	42,602,636
Parking fees	3,357,635	2,300,841
Fuel through put fees	4,617,508	3,218,113
Car park	1,873,662	1,644,696
Ground handling	72,124,273	49,409,898
Rentals	29,449,102	26,818,611
Aviation infrastructure fees	37,631,068	24,037,938
	396,936,610	269,736,479

10. Net finance income and costs

	2021 K	2020 K
Interest on loans	(34,384,401)	(21,224,818)
Interest on short term investments	2,823,243	5,712,745
Net exchange gain/(loss)	(8,653,679)	12,975,523
	(40,214,837)	(2,536,550)

11. Income Tax Expense

		2021 K	2020 K
(a) Recognised in the statement of Comprehensive Income			
Charge for the year			
Income tax on normal income		-	-
Income tax on taxable other income		8,082,737	7,096,654
Deferred tax		14,162,448	(20,548,405)
		22,245,185	13,451,751
Current tax is subject to agreement with the Zambia Revenue Authority.			
(a)	**Reconciliation of the tax charge**		
	Loss before taxation	(306,710,943)	(255,239,624)
	Taxation at current rate on accounting profit	(107,231,881)	(89,333,869)
	Interest	988,135	1,944,167
	Rent	2,193,797	1,941,904
	Other income	4,900,805	3,210,583
	Permanent differences:		
	Disallowable expenses	18,289,652	38,927,950
	Timing differences:		
	Capital allowances and depreciation	43,515,136	(10,366,556)
	Allowable expenses	(7,284,302)	(13,636,226)
	Other income	(13,567,230)	(11,951,414)
	(Over)/under provision in prior year	-	-
	Loss b/f	(86,360,114)	-
	Loss c/f	152,755,688	86,360,115
	Deferred tax	14,162,448	(20,554,397)
	Tax expense	22,245,185	(13,457,743)
(b)	**Movement in taxation payable account**	-	
	At the beginning of the period	11,970,220	7,383,685
	Charge for the period	8,082,737	7,096,654
	Payments during the period	(990,000)	(2,510,119)
	At end of the period	19,062,957	11,970,220
(c)	**Deferred taxation**		
	This represents:		
	Accelerated tax allowances	(14,162,448)	(14,156,456)
	Analysis movement:		
	At 1 January 2020	(14,162,448)	6,391,949
	Provision/credit made during the year	14,162,448	(20,554,397)
	At 31 December 2020	-	(14,162,448)

The deferred tax asset has been derecognised as it is not probable that future taxable profit will be available against which the unused tax losses can be utilised.

11. Income Tax Expense (continued)

(d) Income tax returns have been filed with the Zambia Revenue Authority for all the years up to 31 December 2020. Quarterly tax returns for the period ended 31 December 2021 were made on the due dates during the year.

(e) Deferred income tax

	1 January K	Charged to profit & loss K	Not charged to profit & loss K	Charged to equity K	31 December K
Deferred income tax liability					
Property plant and equipment - revaluation	(2,635,195,349)	2,635,195,349	4,916,334,082	-	-
Property plant and equipment – cost	2,702,851,583	(2,702,851,583)	(4,897,628,175)	-	-
Exchange (losses)/gains	4,541,433	(4,541,433)	(10,261,943)	-	-
Loss c/f	(86,360,115)	86,360,115	(27,587,842)	-	-
	(14,162,448)	14,162,448	(19,143,878)	-	-

12. (a) Property, plant and equipment

	Airport terminal runways Taxiways and aprons K	Motor vehicles K	Equipment and furniture K	Capital K	Total K
Cost					
At 1 January 2020	599,353,378	16,272,274	474,441,149	86,892,022	1,176,958,823
Transfer from right of use assets	-	3,801,926	3,590,766	-	7,392,692
Additions	-	4,724,858	8,868,892	65,320,161	78,913,911
Revaluation	7,319,257,285	-	-	-	7,319,257,285
Capitalised	2,156,751	-	-	(2,156,751)	-
Disposal	(789,000)	(1,335,554)	-	-	(2,124,554)
At 31 December 2020	7,919,978,414	23,463,504	486,900,807	150,055,432	8,580,398,157
Transfer from right of use assets	-	1,236,177	8,334,712	-	9,570,889
Additions	136,048	1,241,420	15,895,004	59,435,865	76,708,337
Capitalised	-	-	113,003,875	(113,003,875)	-
Disposal	-	(1,172,582)	-	-	(1,172,582)
At 31 December 2021	7,920,114,462	24,768,519	624,134,398	96,487,422	8,665,504,801
Depreciation					
At 1 January 2020	149,282,385	13,736,151	228,270,826	-	391,289,362
Transfer from right of use assets	-	2,735,497	2,872,615	-	5,608,112
Charge for the year	44,994,587	2,453,981	30,957,207	-	78,405,775
Disposal	(255,801)	(1,316,167)	-	-	(1,571,968)
At 31 December 2020	194,021,171	17,609,462	262,100,647	-	473,731,281
Transfer from right of use assets	-	829,284	5,702,257	-	6,531,541
Charge for the year	197,994,142	1,644,875	35,568,650	-	235,207,667

Disposal	-	(1,172,582)	-	-	(1,172,582)
At 31 December 2021	392,015,313	18,911,039	303,371,555	-	714,297,907
Net book value					
At 31 December 2021	7,528,099,149	5,857,480	320,762,843	96,487,422	7,951,206,894
At 31 December 2020	7,725,957,243	5,854,042	224,800,159	150,055,432	8,106,666,876

i. The Corporation's airport terminals, runways, taxiways and aprons were revalued at 30th April 2020 by Registered Valuation Surveyors, on the basis of market value. The valuer's opinion on Market Value was primarily derived using both the depreciated replacement cost (DRC) approach, for the specialized part of the property because the specialized nature of the use means that there are no market transactions of this type of property except as part of the business or entity, and the sales comparison approach for the surplus land.

ii. The Corporation acquired certain property, plant and equipment from the Government of the Republic of Zambia, which were the assets of the Department of Civil Aviation. These financial statements include only the value of the assets transferred from the Department of Civil Aviation, which were with the Government based on a valuation carried out by the Government Valuation Department and a letter from the Ministry of Transport and Communications. Title to Harry Mwaanga Nkumbula and Simon Mwansa Kapwepwe airports is in the name of Zambia Airports Corporation Limited whilst title for Mfuwe airport has not been issued. Title for Kenneth Kaunda International Airport is in the name of the Department of Civil Aviation. However, title to Kenneth Kaunda will revert to Zambia Airports Corporation Limited. This process to change ownership of title to the airports is in progress.

iii. Included in property, plant and equipment are fully depreciated assets with a total cost of K187,029,148 (2020: K169,750,295).

12. (b) Right –of- Use assets

	Motor Vehicles K	Equipment K	Total K
At cost			
Recognised at 1 January 2020	8,158,736	13,691,470	21,850,206
Transfer to property, plant and equipment	(3,801,925)	(3,590,766)	(7,392,691)
At 1 January	4,356,811	10,100,704	14,457,515
Transfer to property, plant and equipment	(1,236,177)	(8,334,712)	(9,570,889)
At 31 December 2021	3,120,634	1,765,992	4,886,626
Accumulated depreciation			
Recognised at 1 January 2020	3,509,980	5,319,515	8,829,495
Charge for the year	871,362	1,784,734.00	2,656,096
Transfer to property, plant and equipment	(2,735,497)	(2,872,615)	(5,608,112)
At 31 December 2020	1,645,845	4,231,634	5,877,479
Charge for the year	871,362	1,784,734.00	2,656,096
Transfer to property, plant and equipment	(829,284)	(5,702,257)	(6,531,541)
	1,687,923	314,111	2,002,034
Carrying amount			
At 31 December 2021	1,432,711	1,451,881	2,884,592
At 31 December 2020	2,710,966	5,869,070	8,580,036

The Company leases motor vehicles and equipment on a three-year lease.

The maturity analysis of lease liabilities is presented in note 21

		2021 K	2020 K
12	**Amounts recognized in profit or loss**		
	Depreciation expense on right-of-use assets	2,656,096	2,656,096
	Interest expense on lease liabilities	797,943	2,012,567
	The total cash outflow for the leases amount to K3,454,039 (2020: K4,668,663).		
13	**Financial assets at fair value through profit or loss**		
	ZEGA Limited - 10% interest	3,645,912	3,645,912
14	**Inventories**		
	Consumable stores	3,173,274	4,060,721
	Less provision obsolete stock	(791,930)	-
		2,381,344	4,060,721
15	**Trade and other receivables**		
	Trade debtors	189,096,704	222,924,016
	Less: provision for impairment losses	(154,220,560)	(127,337,222)
		34,876,144	95,586,794
	Sundry creditors in debit	2,393,960	1,766,087
	Staff loans and advances	646,964	2,404,300
	Deposits and prepayments	2,121,019	3,024,068
	Interest receivable	-	-
		40,038,087	102,781,249
16 (a)	**Financial assets at amortised cost**		
	Zambia Industrial Commercial Bank	7,553,841	7,215,635
	Atlasmara Bank	10,992,221	1,034,980
	Finance Building Society	125,899	125,899
		18,671,961	8,376,514
	180 days fixed term deposits	125,899	125,899
	91 days fixed term deposits	18,546,062	8,250,615
		18,671,962	8,376,514
16 (b)	**Financial assets at fair value through profit or loss**		
	Madison Unit Trust	2,611,158	2,611,158
		2,611,158	2,611,158
17	**Cash and cash equivalents**	10,111,065	48,990,695
	Cash in hand and at bank (note (a))	(56,723)	(76,229)
	Bank overdrafts	10,054,342	48,914,466
	(a) Cash in hand and at bank	10,044,311	48,972,790
	Bank balances	10,031	17,905
	Cash in hand	10,054,342	48,990,965

		2021 K	2020 K
18	**Share capital**		
	Authorised, issued and fully paid	16,458,500	16,458,500
	16,458,500 ordinary shares at K1 each		

The Government of the Republic of Zambia has agreed to convert the Belgian state to state loan of K28.9 million (EURO 5.2 million) due from the Corporation into share capital. As at statement of financial date K14,988,322 had been allotted and the balance of K13,928,678 is held awaiting allotment of shares.

		2021 K	2020 K
19	**Capital grants**		
	At beginning of the year	233,085,566	251,272,115
	Amortisation during the year	(10,433,154)	(18,186,549)
		222,652,412	233,085,566

Capital grants represent the balance of funds received for the improvement of airport facilities that has not been amortised.

		2021 K	2020 K
20	**Long-term loans**		
	Zambia National Commercial Bank Plc		
	At beginning of the year	290,184,927	147,273,264
	Additions during the year	105,920,827	178,220,334
	Repayments during the year	(92,040,420)	(35,308,671)
	Unrealised exchange gains	(40,440,039)	
	Balance at the year end	263,625,295	290,184,927
	Portion repayable within next 12 months	72,726,200	81,893,239
	Portion repayable after 12 months	190,899,095	208,291,688
		263,625,295	290,184,927

The ZANACO facilities represent US$30,000,000 loans bearing interest at 9% The facility which was to be repayable by June 2022, was structured in September 2021, USD10,000,000 at 10% and the ZMW120 million Covid relief loan. The loans are secured by the assignment of foreign currency receivables from IATA.

21	**Obligations under finance leases**		
	At beginning of the year	7,118,308	11,776,535
	Additions during the year	-	-
	Cancelled lease		-
	Repayments during the year	(6,704,518)	(4,658,227)
	At end of year	413,790	7,118,308
	Repayable within next 12 months	413,790	-
	Repayable between 2 to 5 years	-	7,118,308
		413,790	7,118,308

21. Obligations under finance leases (continued)

The lease was obtained from Stanbic Bank Zambia Ltd for procurement of operational equipment and motor vehicles.

With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Corporation sales) are excluded from the initial measurement of the lease liability and asset. The Corporation classifies its right-of-use assets in a consistent manner to its property, plant and equipment.

Each lease generally imposes a restriction that, unless there is a contractual right for the Corporation to sublet the asset to another party, the right-of-use asset can only be used by the Corporation. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee.

Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Corporation is prohibited from selling or pledging the underlying leased assets as security. For leases over commercial premises, the Corporation must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Corporation must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term (months)	Average remaining lease term (months)	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Motor vehicles	4	3	3	-	-	-	-
Equipment	1	3	3		-	-	-

The Corporation has leases for K 413,789.93. The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2021 were as follows:

	Minimum lease payments due						
	Within 1 year K'	1-2 years K'	2-3 years K'	3-4 years K	4-5 years K	After 5 years K	Total K
31 December 2021							
Lease payments	379,958	-	-	-	-	-	379,958
Finance charges	33,832	-	-	-	-	-	33,832
Net present values	413,790	-	-	-	-	-	413,790
30 December 2020							
Lease payments	6,466,293	440,687	-	-	-	-	6,906,980
Finance charges	184,841	26,487	-	-	-	-	211,328
Net present values	6,651,134	461,173	-	-	-	-	7,118,308

21. Obligations under finance leases (continued)

Lease payments not recognised as a liability

The Corporation has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	31 December 2021 K	31 December 2020 K
Short-term leases	-	-
Leases of low value assets	-	-
Variable lease payments	-	-
Total	-	-

22. Deferred liability

Deferred liability relates to provision for terminal benefits amounting to K84.7 million (2019:K85.8 million) inclusive of 12% interest. The deferred liability relates to accrued terminal benefits due to staff at 1 April 2008 arising from long service gratuity. The liability was frozen at that date and is payable to eligible staff upon separation from the Corporation.

	2021 K	2020 K
At the beginning of the year	84,715,363	85,869,700
Interest	11,158,534	10,390,306
Payments	(8,228,934)	(11,544,643)
	87,644,963	84,715,363
Repayable within next 12 months	9,850,000	4,500,000
Repayable after 12 months	77,794,963	80,215,363
	87,644,963	84,715,363

On 1 April 2008, the Corporation converted the unfunded long service gratuity benefit scheme to a defined contribution scheme. The liability is expected to be completely transferred to pension managers over the next 5 years and attracts interest at 12% per annum.

For the new defined contribution scheme, the Corporation contributes 10% of basic salary whilst employees contribute 5%.

The total charge to income is as follows:

		2021 K	2020 K
	Current year contribution on defined contribution scheme	9,879,411	8,906,426
	Interest on discontinued long service gratuity.	9,284,905	10,390,306
		19,164,316	19,296,732
23	**Trade and other payables**		
	Trade creditors (note i)	57,775,289	23,646,401
	Leave pay	24,089,439	14,667,863
	Gratuity	17,548,260	11,390,068
	Accruals	2,790,637	12,405,183
	Other creditors and provisions	61,843,727	7,611,832
		164,047,352	69,721,347
	Note (i)		
	Current	59,873,612	6,366,567
	Past due-1-90 days	104,173,740	17,279,834
		1164,047,352	23,646,401

24. Financial instruments-risk management

Capital management

The Board manages the Corporation`s capital to ensure that the Corporation will be able to continue as a going concern while optimizing the return to the stakeholders through the optimisation of returns on investments made.

Gearing ratio

The Corporation reviews the capital structure on an ongoing basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Corporation has a 3.8% gearing ratio (2019: 28%).

24. Financial instruments-risk management (continued)

Categories of financial instruments

Financial assets

	NOTE	2021 K	2020 K
Cash and bank balances	17 (a)	10,054,342	48,914,466
Staff loans and advances	15	646,964	2,404,300
Deposits and prepayments	15	2,121,019	3,024,068
Trade receivables	15	34,876,144	95,586,794
Financial assets at amortised cost	16(a)	18,671,962	8,376,514
Financial assets at fair value	16(b)	6,257,070	2,611,158
Sundry creditors in debit	15	2,393,960	1,766,087
		75,021,461	166,329,299
Financial liabilities held at amortised cost or fair value			
Trade creditors	23	57,775,280	23,646,401
Leave pay	23	24,089,439	14,667,863
Gratuity	23	17,548,260	11,390,068
Accruals	23	2,790,637	12,405,183
Other payables and provisions	23	61,843,727	7,611,832
Zambia National Commercial Bank Plc-long-term loans	20	263,625,295	290,184,927
Stanbic Bank Zambia Limited-finance leases	21	413,790	7,118,308
Employee terminal benefits	22	87,644,963	84,715,363
		515,731,391	451,739,945

Financial risk management objectives

Management co-ordinates access to domestic markets, monitors and manages the financial risks related to the operations of the Corporation. These risks include market risk (including currency risk), credit risk, liquidity risk and cash flow interest rate risk.

Market risk

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

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

Foreign currency risk management

The Corporation` 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.

The carrying amount of the Corporation's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

Currency	Asset/liabilities		
US Dollars	Trade creditors	(775,314)	(1,117,822)
US Dollars	Bank balances		2,315,907
		683,672	
US Dollars	Receivables	10,001,160	10,538,150
US Dollars	ZANACO loans	(6,270,295)	(13,717,733)
US Dollars	Stanbic finance leases	(24,843)	(336,499)

The Corporation is exposed to foreign exchange risk arising primarily from importation of goods, services and receivables denominated in foreign currency.

	Mid-market exchange rates as at 31 Dec 2021	Mid-market exchange rates as at 31 Dec 2020	Average currency depreciation during the year
US Dollars	16.6565	21.1540	21.26%

As at 31 December 2021, Kwacha appreciated by 21% when compared to December 2020.

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.

Credit management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation. The Corporation 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.

Exposure to credit risk

The Corporation's maximum exposure to credit risk is analysed below:

	NOTE	2021 K	2020 K
Trade receivables	15	34,876,144	95,586,784
Sundry creditors in debit	15	2,393,960	1,766,087
Staff loans and advances	15	646,964	2,404,300
Deposits and prepayments	15	2,121,019	3,024,068
Interest receivable	15	-	-
Financial assets at amortised cost	16(a)	18,671,962	8,376,514
Financial assets at fair value through profit or loss	16(b)	6,257,070	6,257,070
Cash and bank balances	17(a)	10,054,342	48,914,466
		75,021,461	166,329,299

24. Financial instruments-risk management (continued)

Liquidity risk management

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 Corporation`s short, medium and long-term funding and liquidity management requirements. The Corporation manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following table details the Corporation's remaining period for contractual maturity of it's non—derivate financial assets and liabilities. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities.

	Note	1 to 3 months K	3 months to 1 year K	More than 1 year K	Total K
31 December 2021					
Liabilities					
Trade payables	23	57,775,289	-	-	57,775,289
Leave pay	23	24,089,439	-	-	24,089,439
Gratuity	23	17,548,260	-	-	17,548,260
Accruals	23	2,790,637	-	-	2,790,637
Other creditors and provisions	23	61,843,727	-	-	61,843,727
Zambia National Commercial Bank loans	20	20,473,310	61,419,929	181,732,057	263,625,296
Stanbic bank Zambia Limited-leases	21	413,790	-	-	413,790
Deferred liability	22	2,929,600	4,500,000	80,215,363	87,644,963
		187,864,052	65,919,929	261,947,420	515,731,391
Assets					
Bank and cash balances	17(a)	10,054,342	-		10,054,342
Financial assets at amortised cost	16(a)	18,671,962	-		18,671,962
Staff loans and advances	15	646,964	-		646,964
Deposits and prepayments	15	2,121,019	-		2,121,019
Trade receivables	15	34,876,144	-		34,876,144
Financial assets at fair value through profit or loss	16(b)	6,257,070	-	6,257,070	6,257,070
		75,021,461	-	6,257,070	75,021,461

24. Financial instruments-risk management (continued)

	Note	1 to 3 months K	3 months to 1 year K	More than 1 year K	Total K
31 December 2020					
Liabilities					
Trade payables	23	23,646,401	-	-	23,646,401
Leave pay	23	-	14,667,863	-	14,667,863
Gratuity	23	-	11,390,068	-	11,390,068
Accruals	23	12,405,183	-	-	12,405,183
Other creditors and provisions	23	7,611,832	-	-	7,611,832
Zambia National Commercial Bank loans	20	-	81,893,239	208,291,688	290,184,927
Stanbic bank Zambia Limited-leases	21	-	7,118,308	-	7,118,308
Deferred liability	22	-	4,500,000	80,215,363	84,715,363
		43,663,416	119,569,478	288,507,051	451,739,945
Assets					
Bank and cash balances	17(a)	48,914,466	-	-	48,914,466
Financial assets at amortised cost	16(a)	8,253,250	123,264	-	8,376,514
Staff loans and advances	15	617,294	829,922	957,084	2,404,300
Deposits and prepayments	15	3,024,068	-	-	3,024,068
Trade receivables	15	95,586,794	-	-	95,586,794
Financial assets at fair value through	15	1,766,087	-	-	1,766,087
profit or loss	16(b)	-	6,257,070	-	6,257,070
		158,161,949	7,210,056	957,084	166,329,299

Fair value measurements

The information set out below provides information about how the Corporation 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 assets or liabilities 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 Corporation considers relevant and observable market prices in its valuations where possible.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

		2021		2020	
	Note	Carrying amount K	Fair value K	Carrying amount K	Fair value K
Financial assets					
Bank and cash balance	17(a)	10,054,342	10,054,342	48,914,406	48,914,466
Financial assets at amortised cost	16(a)	18,671,962	18,671,962	8,376,514	8,376,514
Trade receivables	15	34,876,144	34,876,144	95,586,784	95,586,784
Receivables from employees	15	646,964	646,964	2,404,300	2,404,300
Deposits and prepayments	15	2,121,019	2,121,019	3,024,068	3,024,068
Sundry creditors in debit	15	2,393,960	2,393,960	1,766,087	1,766,087
Financial assets at fair value through profit or loss	16(b)	6,257,070	6,257,070	6,257,070	6,257,070
		166,329,299	166,329,299	166,329,299	166,329,299
Financial liabilities					
Trade payables	23	57,775,289	57,775,289	23,646,401	23,646,401
Deferred liability	22	87,644,963	87,644,963	84,715,363	84,715,363
Other payables and provisions	23	61,843,727	61,843,727	7,611,832	7,611,832
Leave pay	23	24,089,439	24,089,439	14,667,863	14,667,863
Gratuity	23	17,548,260	17,548,260	11,390,068	11,390,068
Accruals	23	2,790,637	2,790,637	12,405,183	12,405,183
Zambia National Commercial Bank	20	263,625,296	263,625,296	290,184,927	290,184,927
		515,731,391	515,731,391	451,739,945	451,739,945

Credit risk-trade debtors analysis

	2021			2020		
	Gross K	Impairment K	Net K	Gross K	Impairment K	Net K
Current	39,689,642	(24,832,019)	14,857,623	27,187,554	(3,351,873)	23,835,681
Past due 0 -30 days	28,723,786	(15,466,314)	13,257,472	22,758,841	(2,348,808)	20,410,033
Past due 31-90 days	3,689,458	(71,575)	3,617,883	6,676,550	(202,382)	6,474,168
Past due 91-120days	3,196,873	(53,707)	3,143,166	1,199,913	(6,529)	1,193,384
Past due 121-180 days	113,796,945	(113,796,945)	-	165,101,158	(121,427,630)	43,673,528
	189,096,704	(154,220,560)	34,876,144	222,924,016	(127,337,222)	95,586,794

Impairment losses

	2021 K	2020 K
Movement in impairment provision		
At beginning of the year	127,337,222	72,129,745
Charge during the year	26,883,338	55,207,477
At year end	154,220,560	127,337,222

25. Related party transactions

a. Identification of related parties

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

In the context of the Corporation related party transactions include any transactions carried out with any of the following:

- Government ministries and parastatals;
- Board members; and
- Key management personnel

The transactions to be reported are those that affect the Corporation in making financial and operating decisions.

b. Transactions with related parties

	2021 K	2020 K
i. Key management compensation		
Salaries and other short term employee benefits	4,718,116	8,906,425
Termination benefits	6,704,517	6,511,335
ii. Directors fees	1,632,258	2,325,473
iii. Surveillance radar system-GRZ	-	-
iv. Aerodrome support-GRZ	2,331,786	3,335,202

c. Balances due from related parties

Executive Directors and key management		
i. Loans and advances	437,500	957,083

The Directors are of the opinion that all these related party transactions were conducted on arms length basis and commercial terms.

26 . Dividend

	2021 K	2020 K
The proposed dividend (K0.243 per share)	-	-

The Directors do not recommend a dividend for the year ended 31 December 2019 due to the post effects of the coronavirus pandemic. A cash buffer is required to sustain the operations of the Corporation.

27 Contingent liabilities

	2021 K	2020 K
	-	-

Court cases

Certain legal cases are pending against the Corporation in the courts of law. In the opinion of the Directors and the Corporation's lawyers, none of these cases will result in any material loss to the Corporation for which provision is required

28 Capital commitments

	2021 K	2020 K
Approved by the Board but not contracted	-	-

29 Effects of Covid -19

In December 2019, a novel strain of coronavirus was reported in China. Subsequently the virus has spread across the world resulting in major disruption to economic activities across the world including Zambia. According to International Monetary Fund (IMF), the virus outbreak will slow global economic growth this year, but the extent of the drop remains unclear. Economic effects of the COVID-19 are two-fold namely through economic channels on the supply side such as factory closures, reduced work hours, cutbacks in service provision and supply chain disruption. On the demand side, reduced private consumption, cancellation of business and tourism travels and education and entertainment services. Currently the containment measures around the world are quarantine, travel bans and restrictions, lockdowns and closure of public places. Airport Council International (ACI) estimates above US$46 billion total airport industry losses for 2020. Passenger traffic is expected to decline between 20% to 50% between March and June depending on how the situation will evolve.

The travel bans across the globe has negatively impacted the aviation industry. From the perspective, Zambia Airports Corporation Limited, three international airports namely SMKIA, HMNIA and Mfuwe have been closed for international flights in order to effectively manage the spread of the coronavirus. In March the Corporation received notification of suspension of flights from all the major carriers up to end of May, however, lifting up of the suspension will be subject to how the COVID-19 will evolve across the globe.

From the Corporation financial perspective, this has eroded the aviation revenue as 90% of the operating revenue accounts for aeronautical income.

To mitigate the loss in revenue, the management has put up stringent measures to manage the costs during this lean period which includes revising operating hours for all airports, suspending recruitments, suspending granting of staff advances, loans and also allowed staff to take up their leave to reduce the cost to the Corporation. Most capital projects have been deferred to next financial year.

Management has further engaged the Company's lenders on deferment of payment of the principal portion of loans and leases and rescheduling of FX Forward obligations from April to August 2020.

As the COVID-19 pandemic is complex and rapidly evolving, the Company's plans as described above may change. At this point, management cannot reasonably estimate the duration and severity of this pandemic, nor can management estimate the full impact on the business, results of operations, financial position and cash flows.

30 Events after the reporting date

There were no significant events after the reporting date requiring disclosure or adjustment to the financial statements.

Appendix 1: Detailed Statements of Comprehensive Income

	2021 K	2020 K
Revenue	396,936,610	269,736,479
Other income		
Capital grants amortised	10,433,154	18,186,549
Revenue grant received-GRZ	10,379,138	7,798,574
Sundry income	4,517,894	4,133,177
Total other income	25,330,186	30,118,301
Loss on disposal	-	(235,742)
Finance costs		
Interest on loans	(34,384,401)	(21,224,818)
Interest income on short term investments	2,823,243	5,712,745
Net exchange (loss)/gain	(8,653,679)	12,975,523
Net finance costs	(40,214,837)	(2,536,550
Less:		
Expenditure		
Depreciation	(237,863,763)	(81,061,869)
Employee costs		
Salaries and wages	(249,943,886)	(248,236,281)
Other staff costs	(55,358,239)	(46,717,296)
	(305,302,125)	(294,953,577)
Other operating expenses (note 33)	(145,597,013)	(176,306,664)
Loss before tax	(306,710,942	(255,239,624)
Income tax (charge)/credit	(22,245,185)	13,457,743
Loss after tax	(328,956,127)	(253,844,453)

Appendix 2: Other Operating Expenses

	2021 K	2020 K
Printing and stationary	3,216,727	4,060,744
Books and periodicals	319,582	419,893
Subscriptions-Corporation	1,288,551	1,984,315
Office expenses	306,437	363,659
Postage	1,072,414	147,704
Telephone and internet	2,562,030	2,310,871
Cleaning expenses	2,912,648	2,264,444
Travel expenses – local	2,962,943	3,256,830
Travel expenses-foreign	27,431	350,120
Electricity	5,256,877	7,376,220
Water	129,244	256,577
Land rates	15,168,969	5,821,363
Hire of transport	9,535,614	7,235,758
Aviation security	1,167,636	2,707,337
Security expenses	2,345,321	2,721,949
Cargo and mail	5,968,134	5,889,954
Cleaning services	1,839,388	1,902,342
SITA charges	14,347,028	14,705,414
Insurance	2,085,404	1,362,211
Staff uniforms	-	148,961
Protective clothing	237,140	1,463,102
Firefighting form	427,655	462,857
Motor vehicle expenses	5,279,747	4,401,276
Repairs and maintenance	13,642,873	19,134,370
Consultancy	2,333,382	10,748,390
Legal fees	5,854	84,797
External audit	546,337	434,536
Directors` fees and expenses	1,632,258	2,325,473
Balance carried forward	96,617,624	104,341,467

Other operating expenses (continued)

	2021 K	2020 K
Balance Brought forward	96,617,624	104,341,466
Entertainment	118,756	56,755
Marketing	11,660	56,500
Corprate Promo & Advertising	664,577	1,740,605
Donations	7,568	388,395
Tender Evaluation Expenses	132,239	269,955
Licencing	1,793,397	645,889
MCT/DCA/MET	2,929,749	1,706,308
VAT expenses	(334,187)	(716,595)
IT Expenses	122,978	-
Sundry expenses	356,523	34,374
Beverages	495,110	678,432
Bank charges	6,789,238	1,892,684
IATA charges	5,927,359	4,806,223
Bad debts provision	26,883,338	55,207,477
Greenfield expenses	43,788	398,185
Mulungushi VIP	39,138	285,741
Aerodrome's Support	2,998,158	3,335,202
ERP expenses	-	693,490
Foreign exchangelosses	-	439,678
Total operating expenses	145,597,013	176,360,765

KENNETH KAUNDA
INTERNATIONAL AIRPORT,
P.O. Box 30175, Lusaka,
Tel: +260 211 271 313 | +260 211 271 044,
Email: zacl@zacl.aero

SIMON MWANSA KAPWEPWE
INTERNATIONAL AIRPORT,
P.O. Box 70095, Ndola,
Tel: +260 212 614 226 | +260 212 611 193-5,
Fax: +260 212 612 635,
Email: zaclndapm@zacl.aero

HARRY MWAANGA NKUMBULA
INTERNATIONAL AIRPORT,
P.O.Box 60199, Linvingstone,
Tel: +260 213 321 153,
Fax: +260 213 324 235,
Email: zaclliv@zacl.aero

MFUWE
INTERNATIONAL AIRPORT,
P.O. Box 2, Mfuwe,
Tel: +260 216 245 006,
Fax: +260 216 245 029,
Email: zaclmf@zacl.aero