



**Zambia Institute of
Human Resource Management**

8.0 Audited Financial Statements

For year ended 31st December 2023

12th April 2023

Annual General Meeting

- @ Avani, Livingstone





Presentation of Financial Statements for 2023

- Opening Remarks

Outline

1. Auditors Report
2. Financial Performance





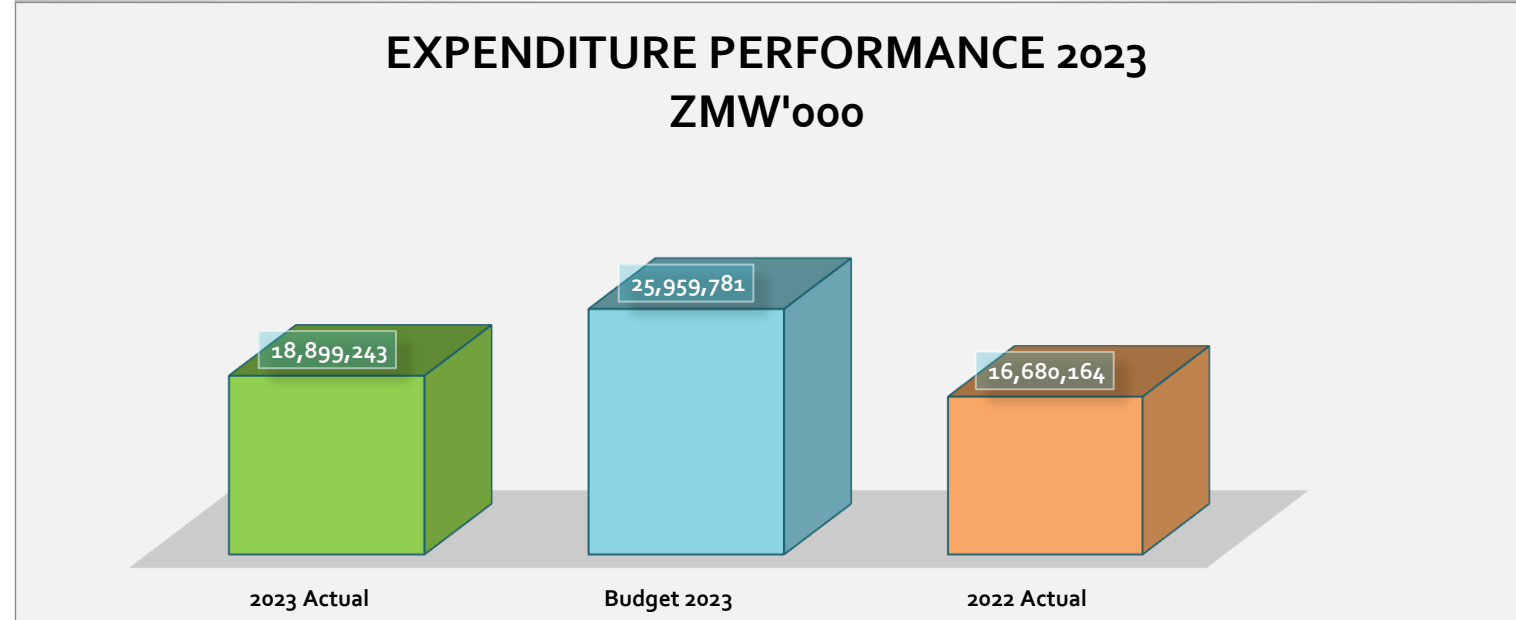
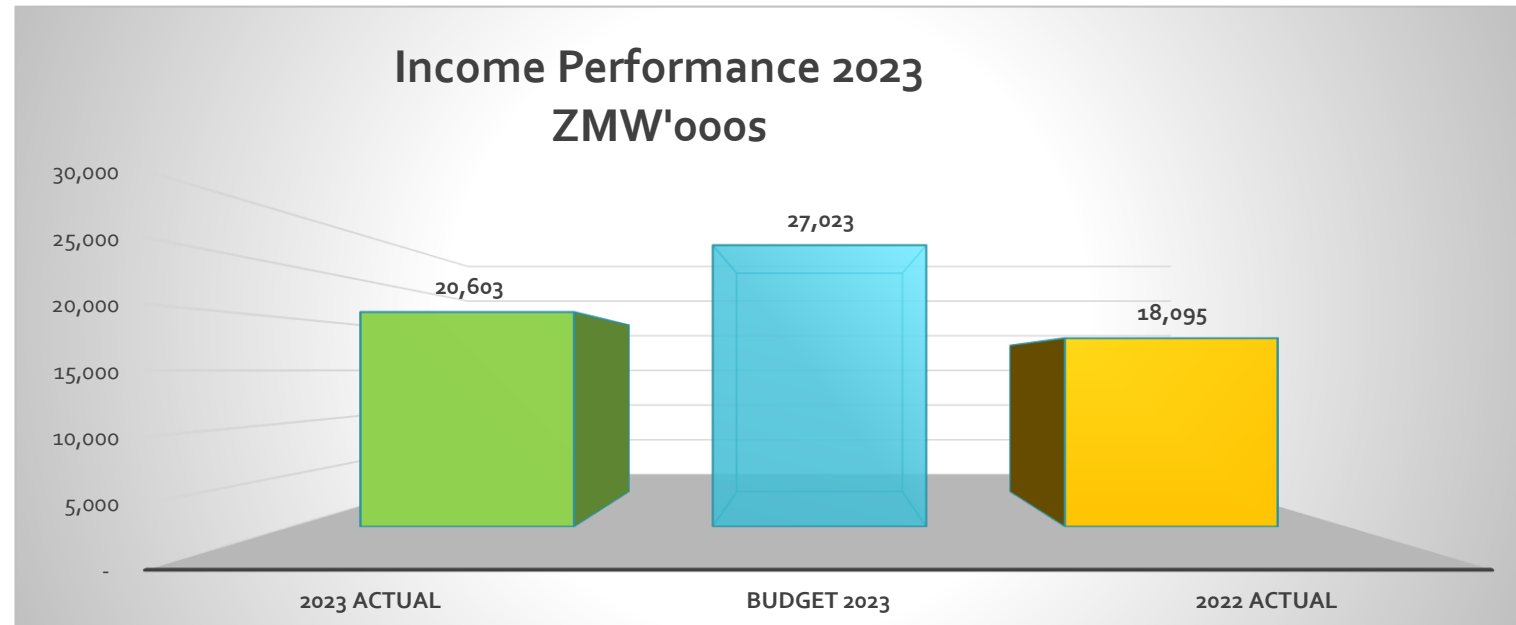
**Zambia Institute of
Human Resource Management**

Independent Auditor's Opinion on the Financial Statement for year ended 2023 By Reeds Business Solutions



2023 Income & Expenditure Summary

1. Actual income was ZMW 20.6m compared to ZMW18.1m in 2022. This was 14% increase compared to 2022.
2. Income was below budget of ZMW27.0m by 24% due to suspension of key revenue activities.
3. Actual Expenditure was ZMW 18.9m compared ZMW 16.7m in 2022. This was more by 13%.
4. Expenditure was below Budget of ZMW25.9m by 27%.
4. Ukraine/Israel War effect, fuel prices, kwacha depreciation resulting in inflationary pressures and interest rates upwards.

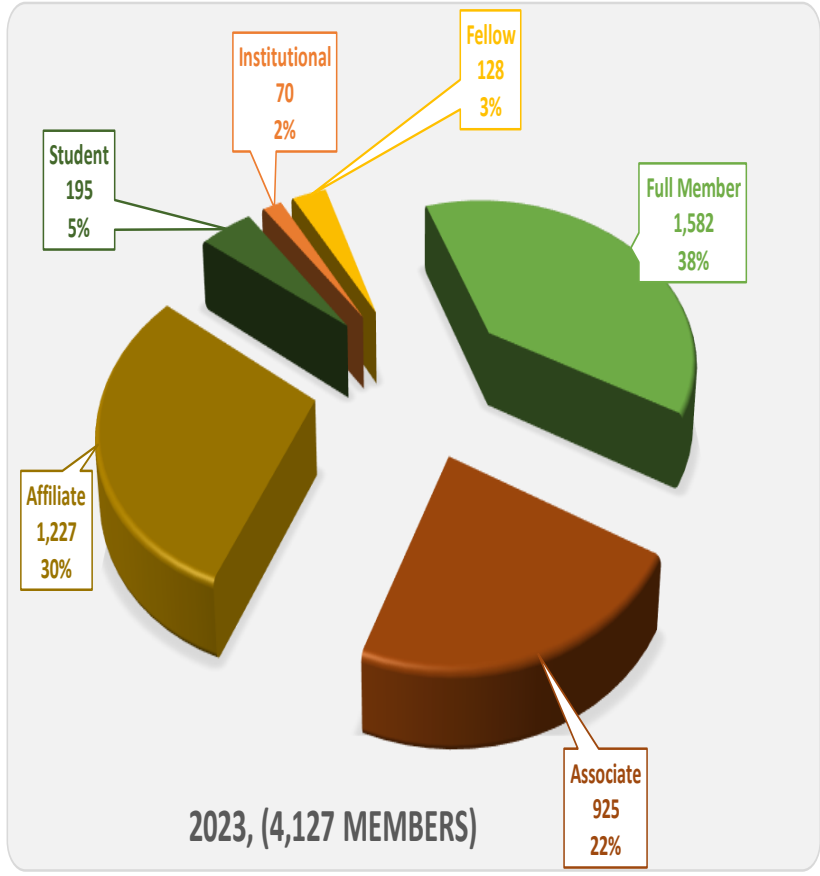
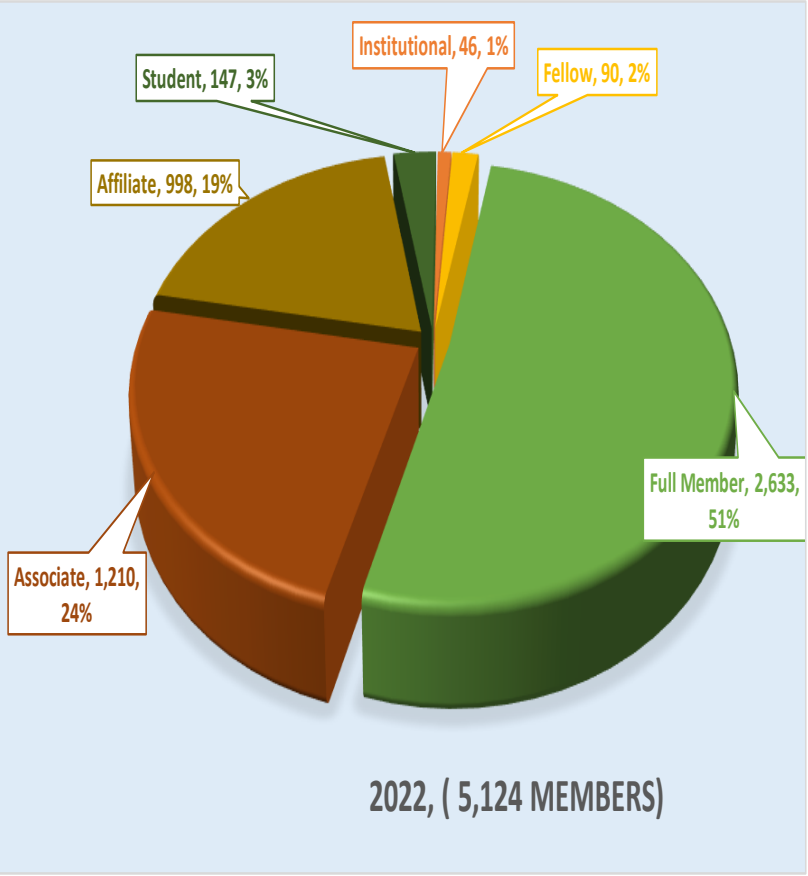




Member Statistics

- 1. Member retention was 81% (4127) compared to 100% (5124) for 2022.
- 2. Compliant register reduced by 19% (997) compared with 1,155 in 2022.
- 3. Reduction attributed to Associate and Full members due to GRZ /Large parastatals renewals.

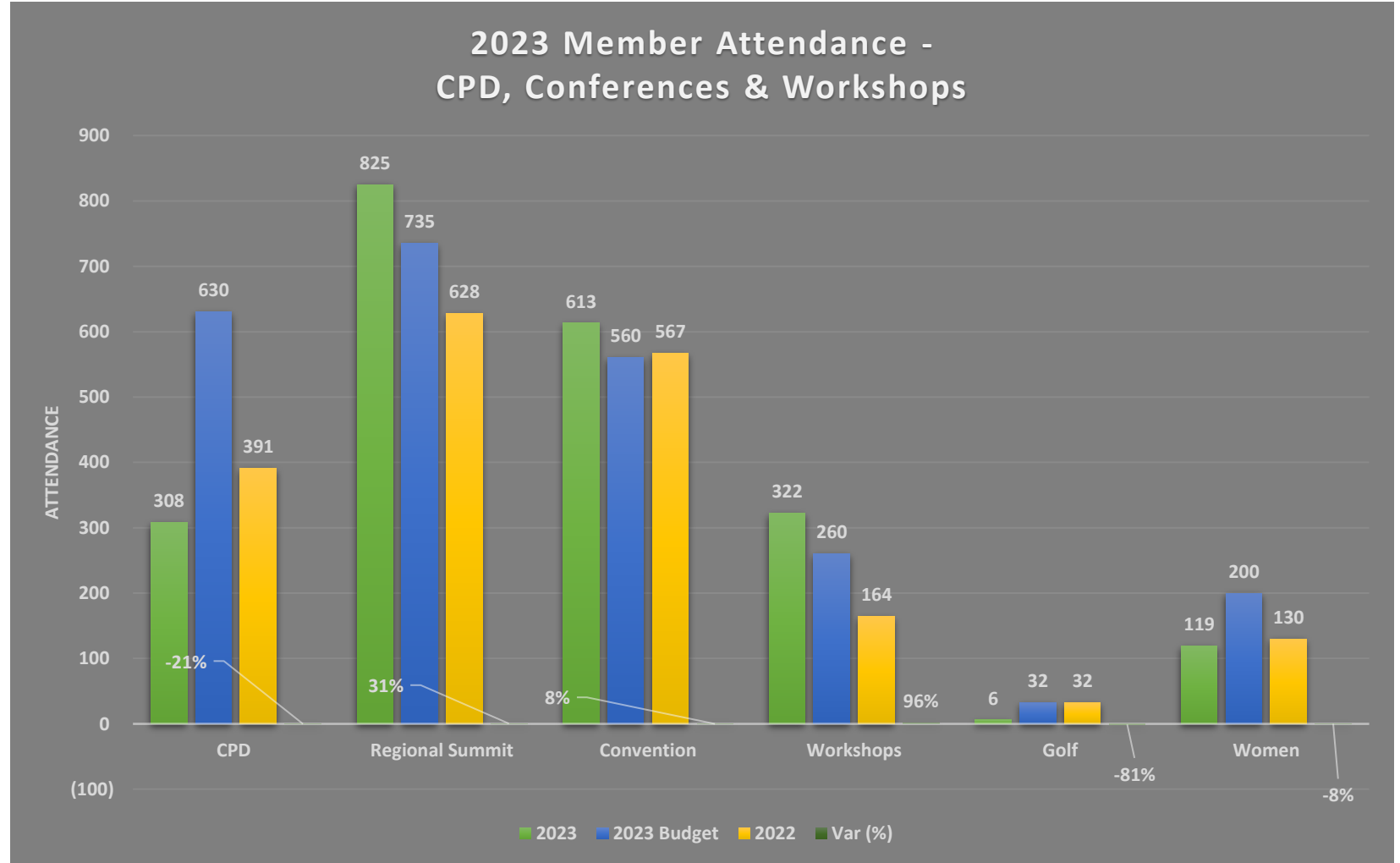
Membership Performance





Events Attendance

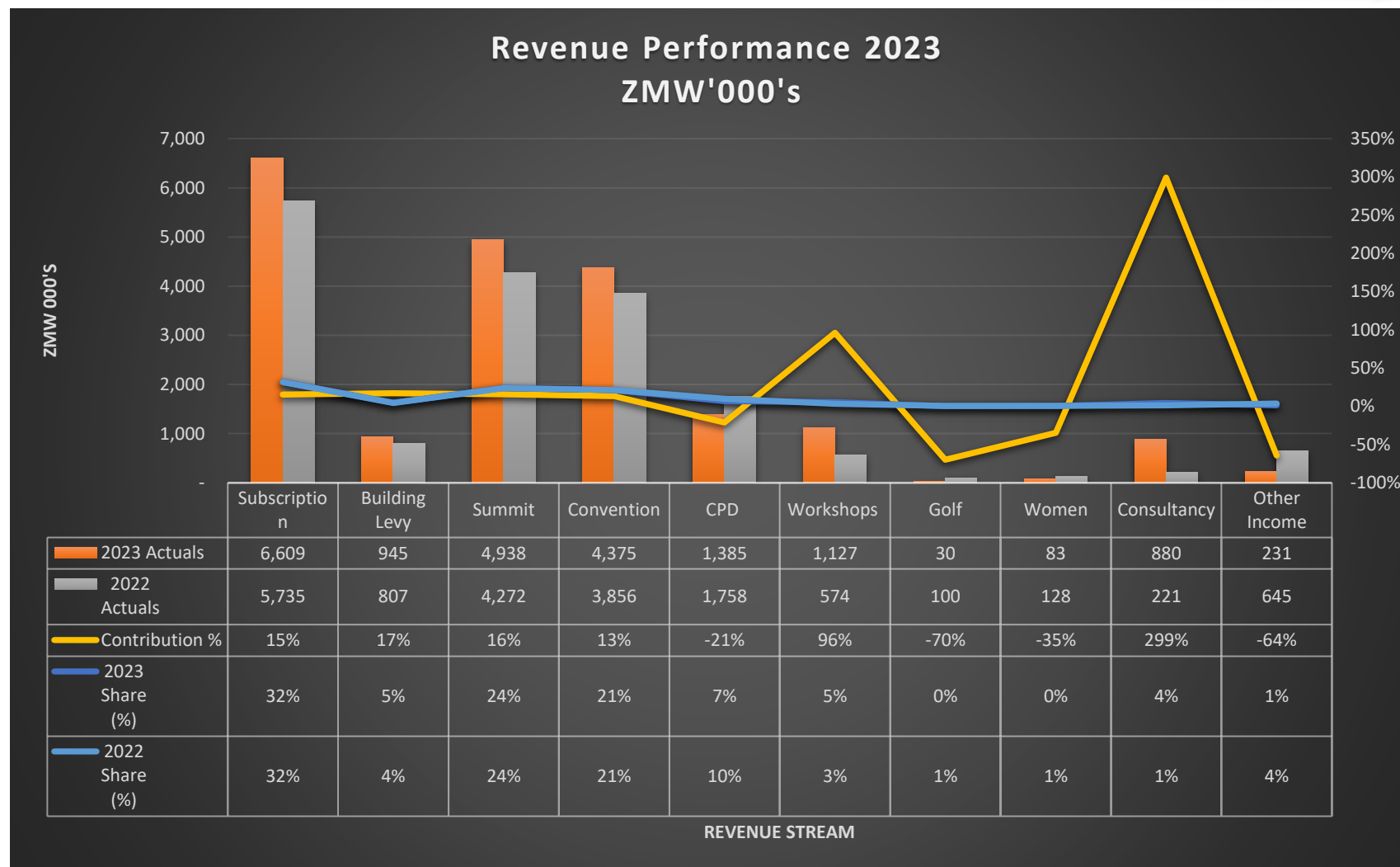
1. CPD reduced by 21% (308) compared to 391 in 2022.
2. CPD reduction attributed to low subscription of Levels 3 and 4.
3. A record attendance at Regional summit and elective AGM up by 31% (825) compared to 735 in 2022.
4. Annual Convention was up by 8% (613) compared with 567 in 2022.
5. Workshop up by 96% (322) due to high attendance compared to 164 in 2022.
6. Golf and Women conference recorded low attendance due to crowded golf scheduling (81%) and low women attendance (8%) respectively.





Income Streams

1. The major revenue per stream compared with 2022 remained Subscriptions, CPD, Workshops and Conferences and which accounted for over 80% of total revenue due to high attendance on Conferences and workshops.
2. CPD income dropped due to low uptake of level 3 and 4.
3. Consultancy is up largely by partnering with local /international networks.
4. The share of income is even in both years except consultancy.





Expenditure – Revenue Centres

- Revenue generating expenditure whose costs are variable

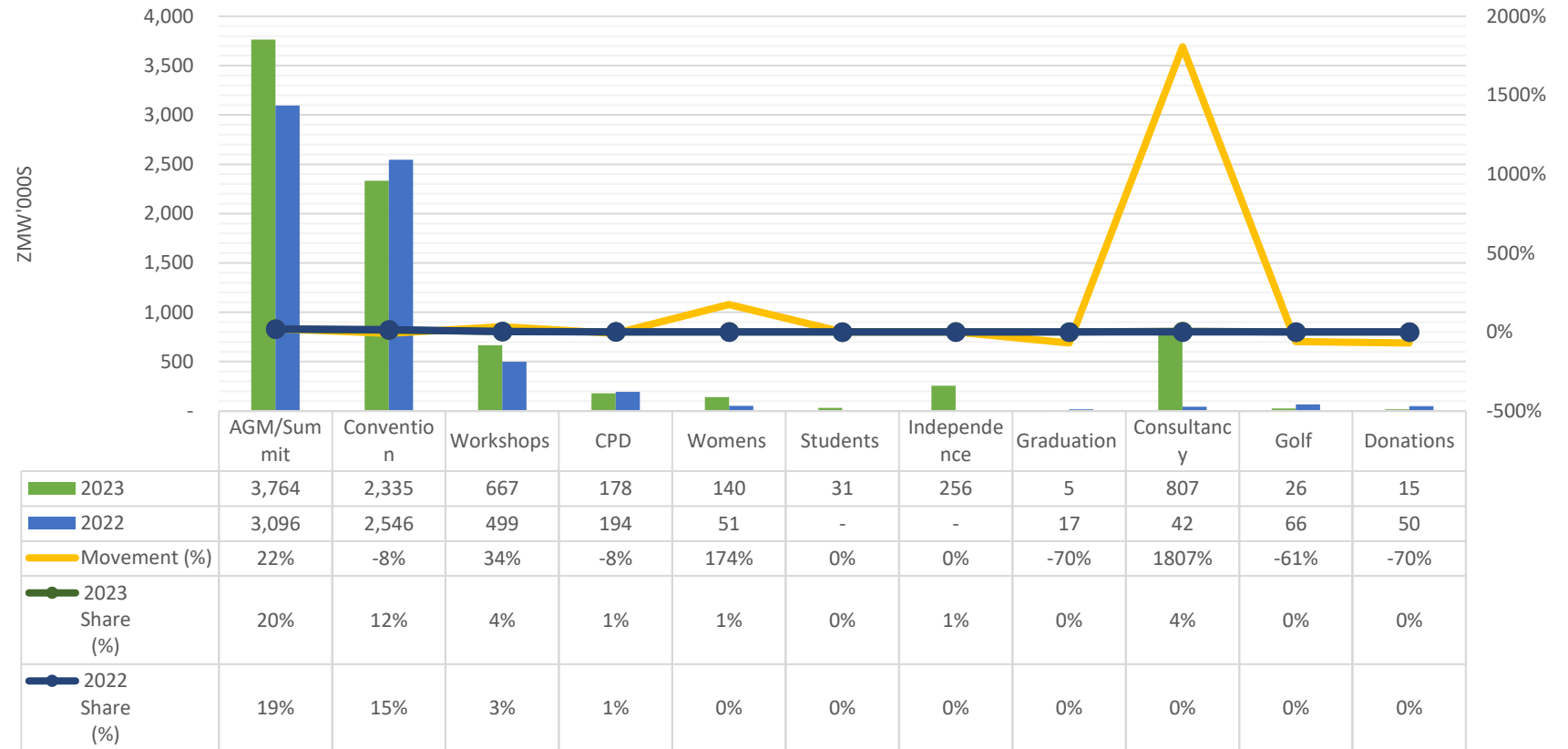
1. This expenditure contributed 44% (ZMW8.2m) compared 39% (ZMW6.6m) in 2022 but more 24% due to high attendance on Conferences and workshops.

2. Independence cost with low attendance.

3. Consultancy costs largely borne by consultants with a profit share.

4. The share of expenditure to total cost is even in both years except consultancy.

Key Expenditure Stream - Revenue Centres





Expenditure – Other

- Non revenue generating expenditure largely operating costs;

1. This expenditure contributed 56% (ZMW10.7m) compared 61% (ZMW10.2m) in 2022 but more 5% of total expenditure.

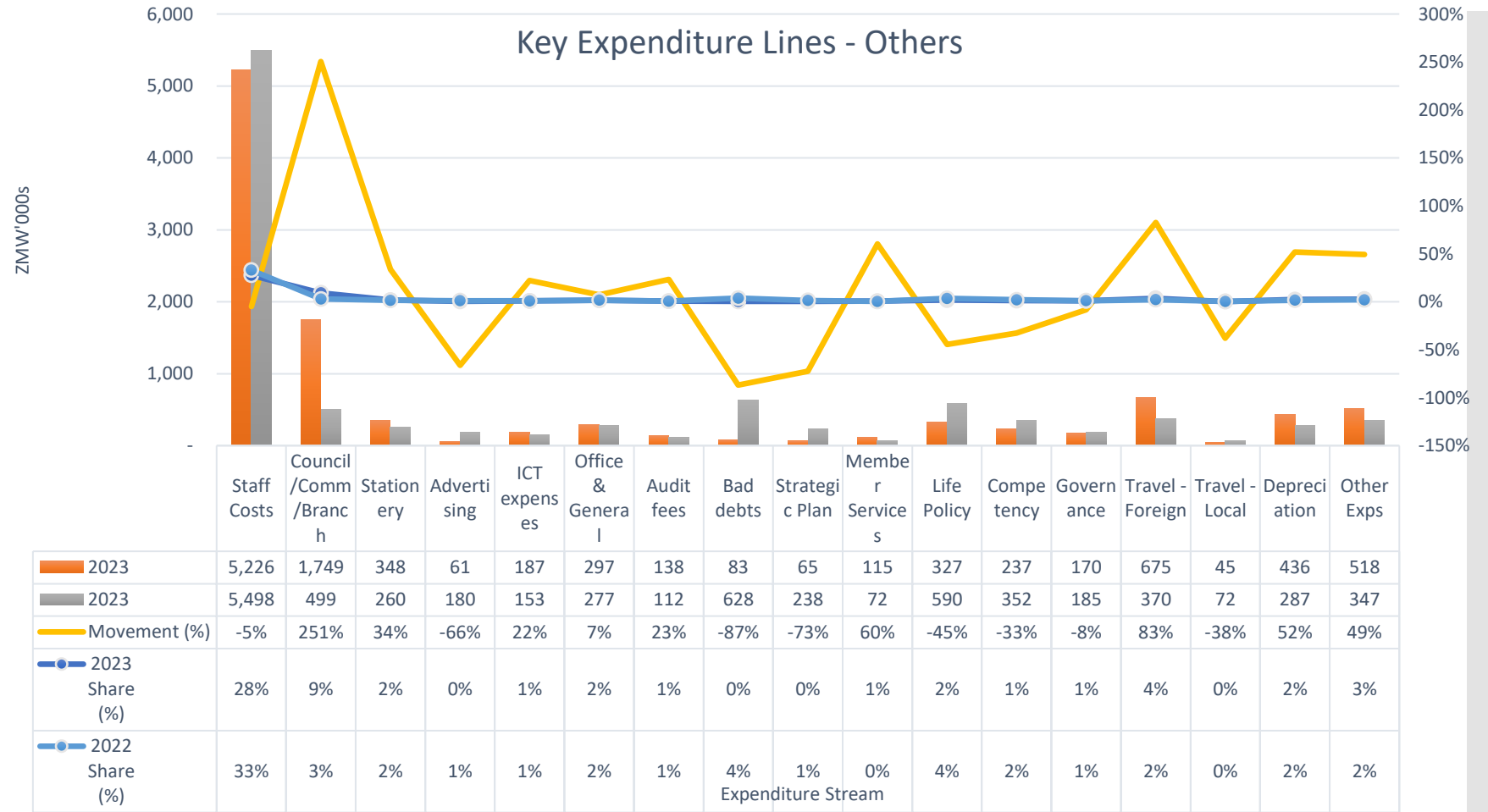
2. Reduction in Staff costs , Strat plan, Life policy, Local Travel, Bad debts .

3. Life policy reduced – non remittance (See breakdown below)

4. Foreign travel increased due to 2 trips undertaken RSA and Geneva ILO. (See breakdown below).

5. Council, Committees and branches opening was up due to transitions activities. (See Breakdown below);

6. The share of expenditure to total cost is even in both years except on Corporate governance , foreign travel.



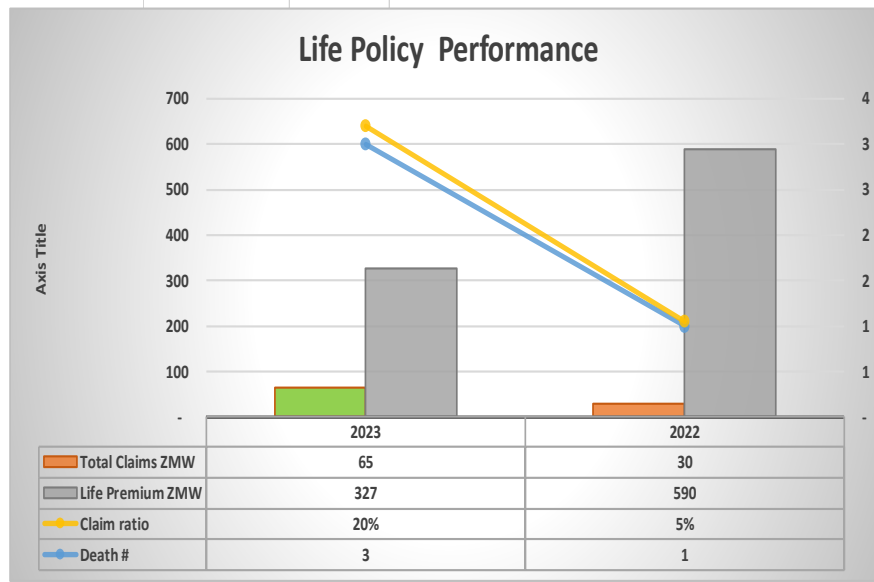


Breakdown Expenditure – Others

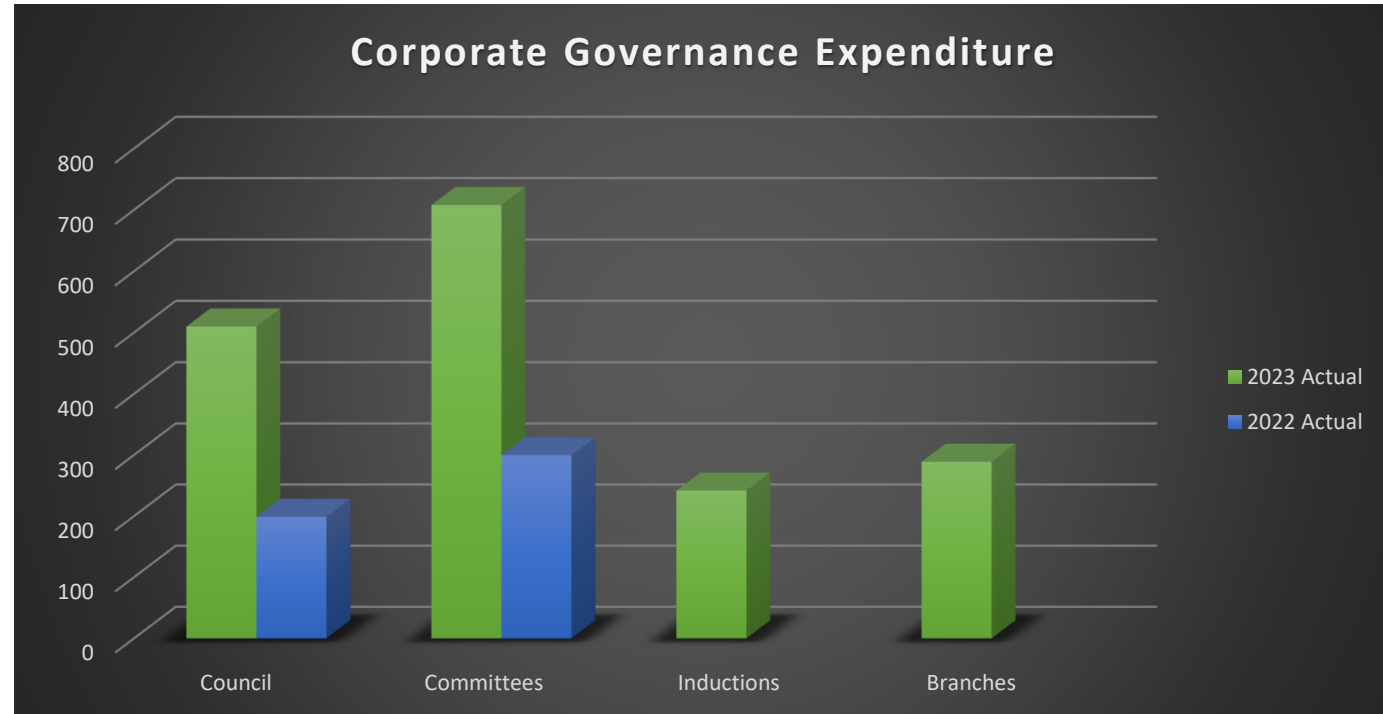
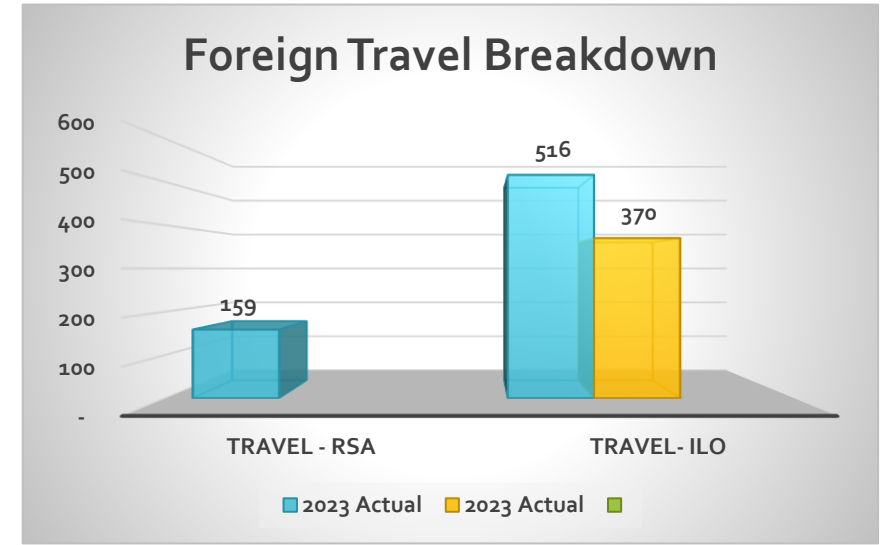
1. Life Policy performance

2. Foreign Travel

3. Corporate Governance (Council, Committees, Branches including elections)



* Note: 2023 - Underpayments on premiums ZMW





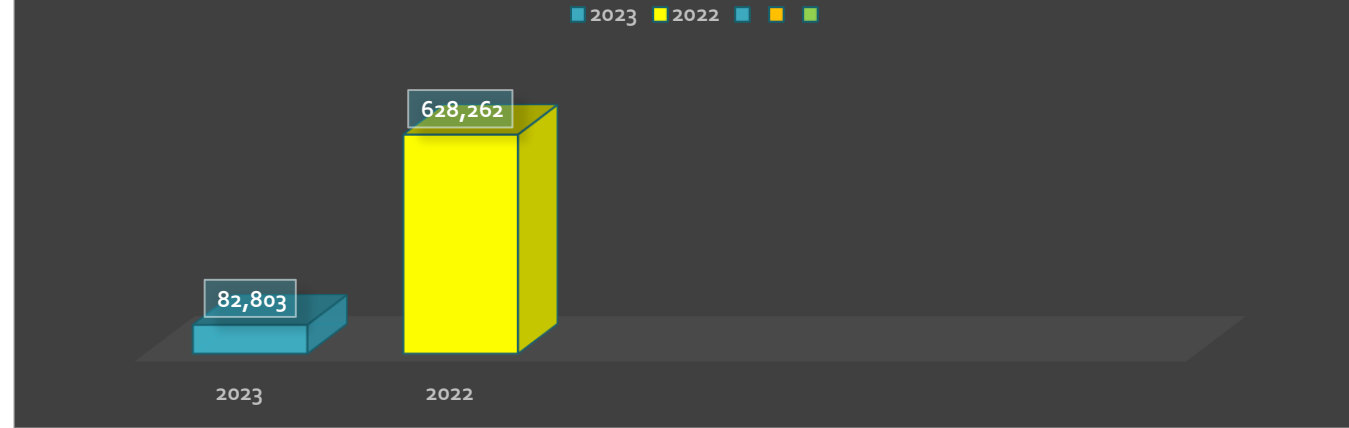
Income Statement (Bad Debts – Provision write-Off)

1. Provided for Write off according to IFRS 9 Financial Instruments K82,803 excluding ZMW19,936 opening balance for 2022.

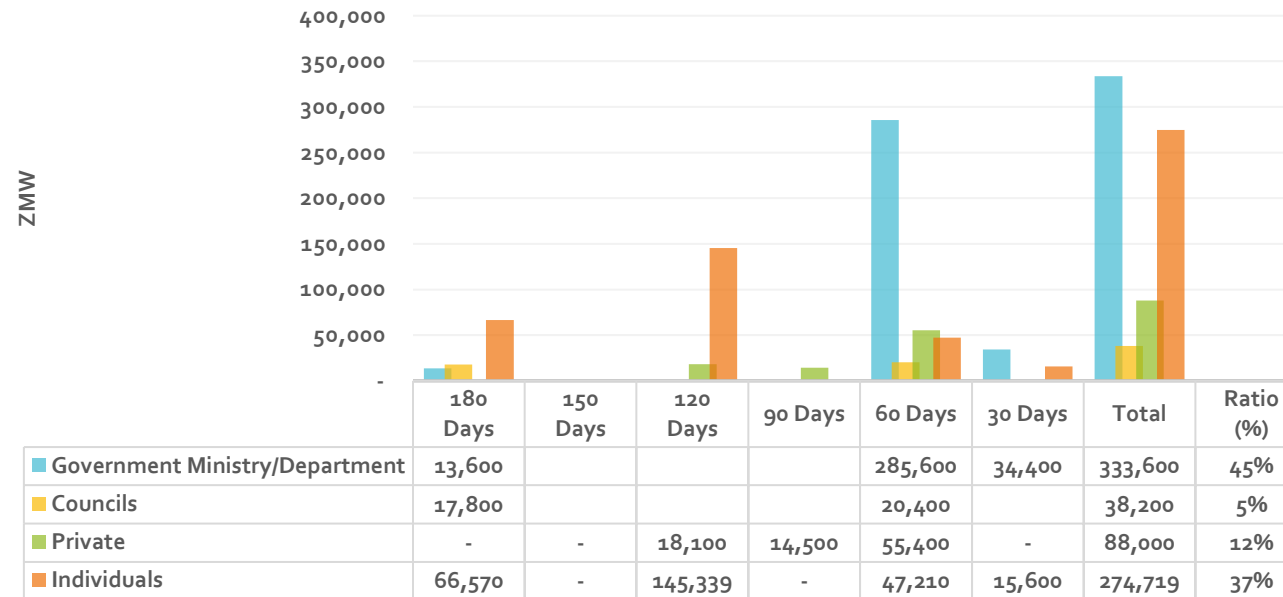
2. Debtors Analysis reveal 50% owed by Govt ministries/Councils.

3. This could be offset by ZMW787,793 unallocated receipts.

BAD PROVISION -WRITEOFF

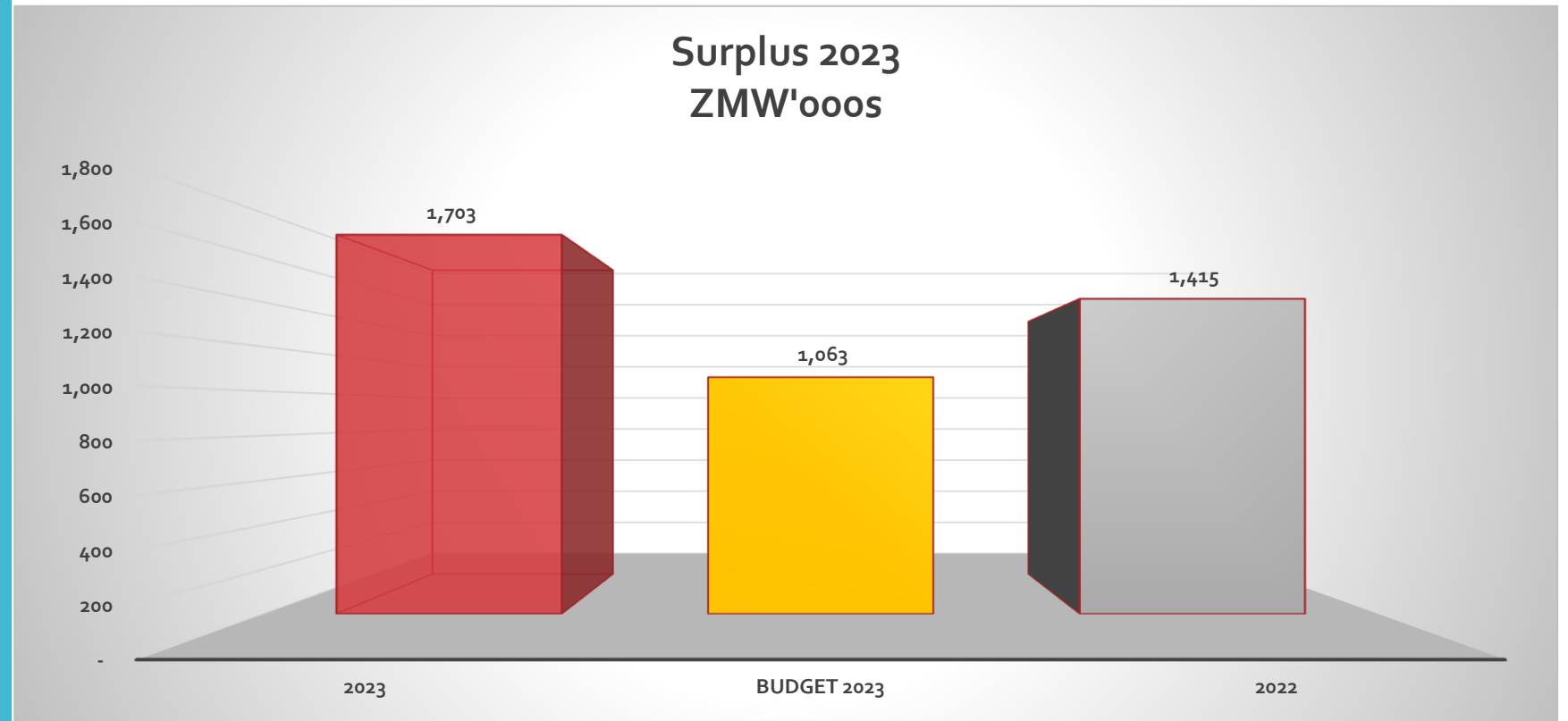


Trade Receivables (Debtors)



Income Statement (Surplus Achieved)

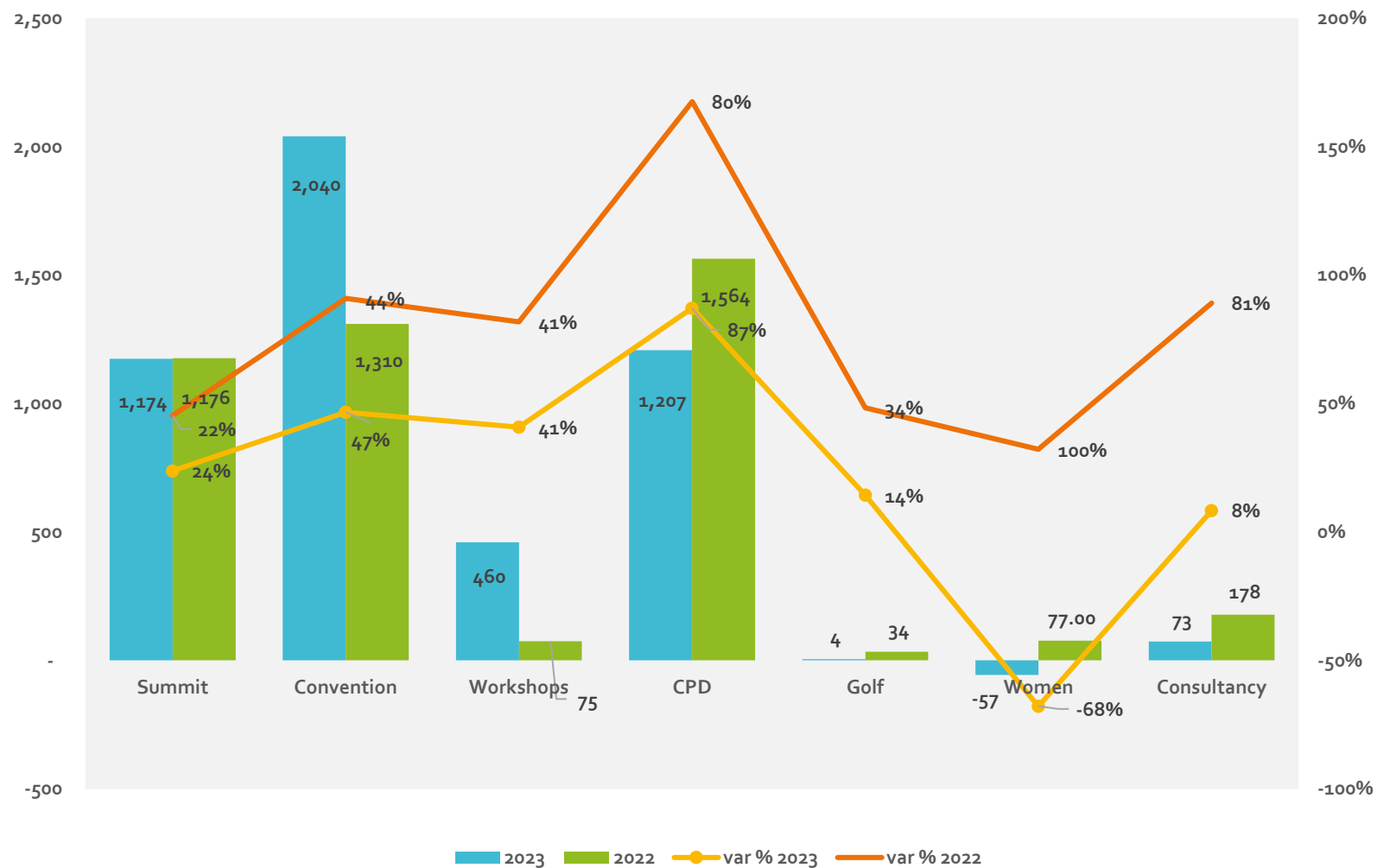
1. Achieved excess income over expense by 20% over 2022.





Income Statement (Surplus contribution)

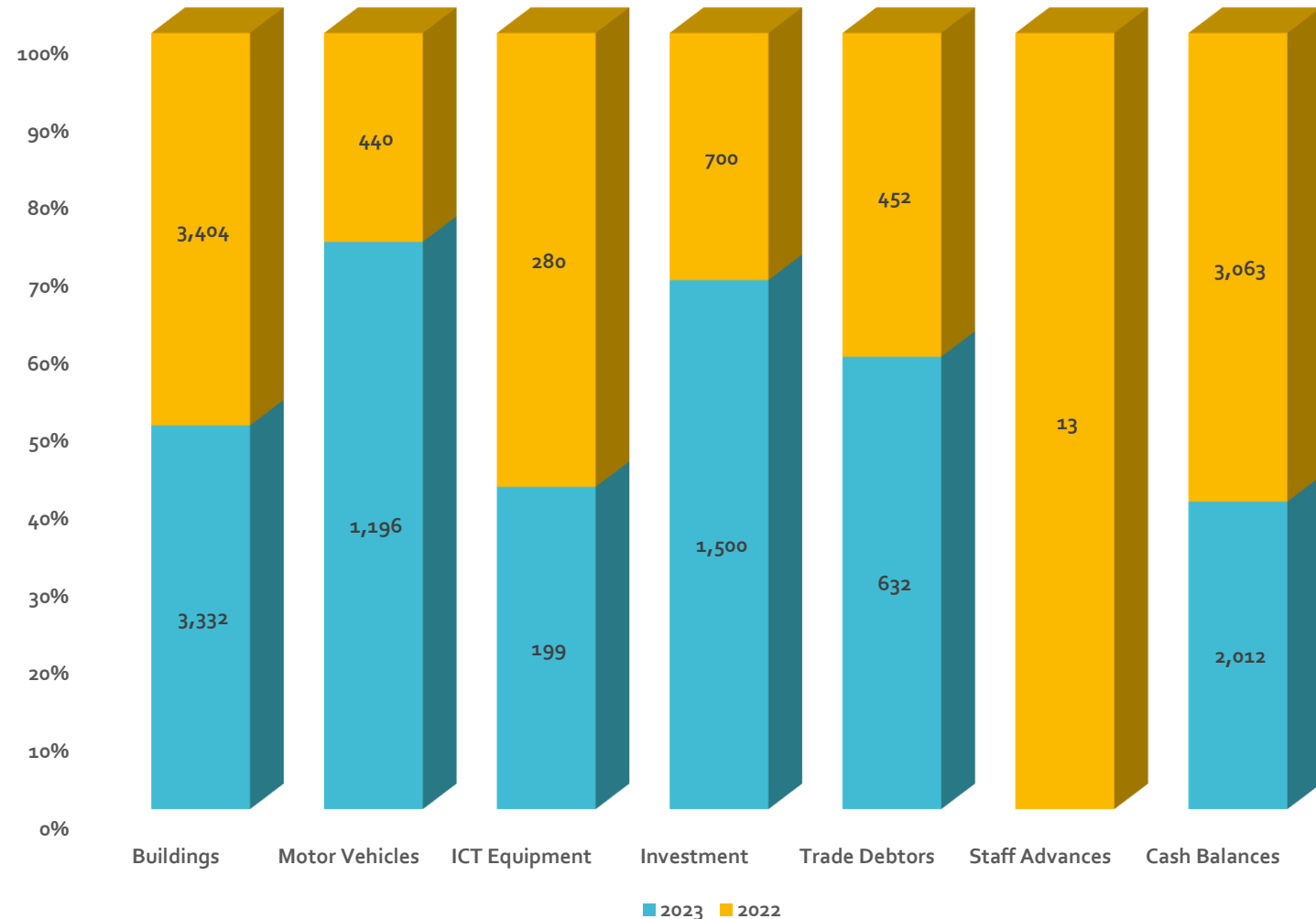
1. The Net surplus contribution arise from income streams highlighted.



Statement of Financial Position (Balance Sheet)

1. Assets stood from ZMW8,772 (2023) ZMW8,339 (2022) up by 6%.
2. Current Assets are ZMW4.1m compared to ZMW 4.2m decrease of 2%.
3. Maintained a stable asset portfolios i.e investment in GRZ Bonds and Vehicle fleet.

Assets (Balance Sheet)

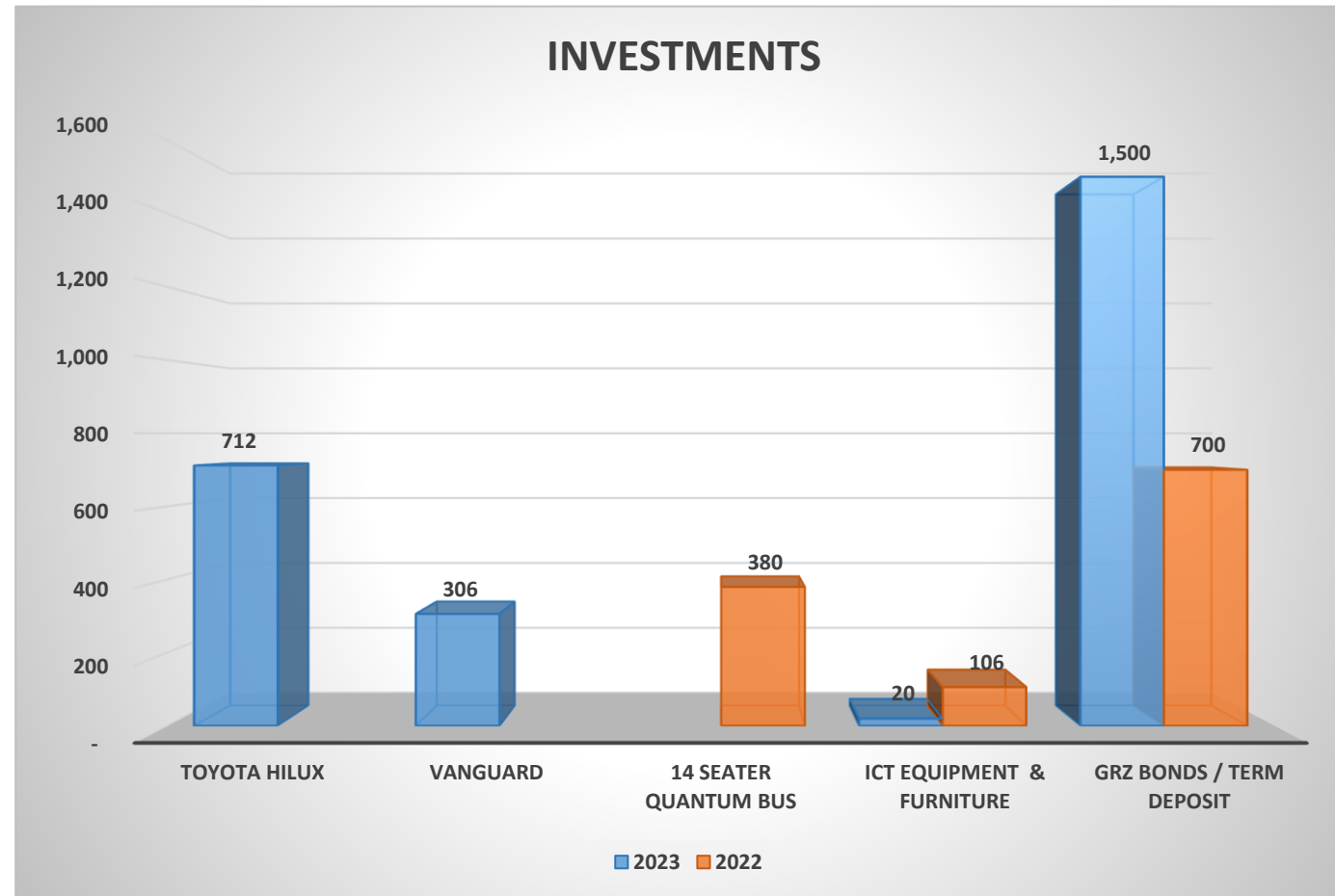


Investing Activities

1. Fixed Assets Acquisition – Toyota Hilux & Vanguard to enforce compliance/ replace old fleet.

Financial Instruments:
2. Investment policy in place allows max term of 2 years

3. Invested in Bonds Tenor 24 months mature 30/04/2025

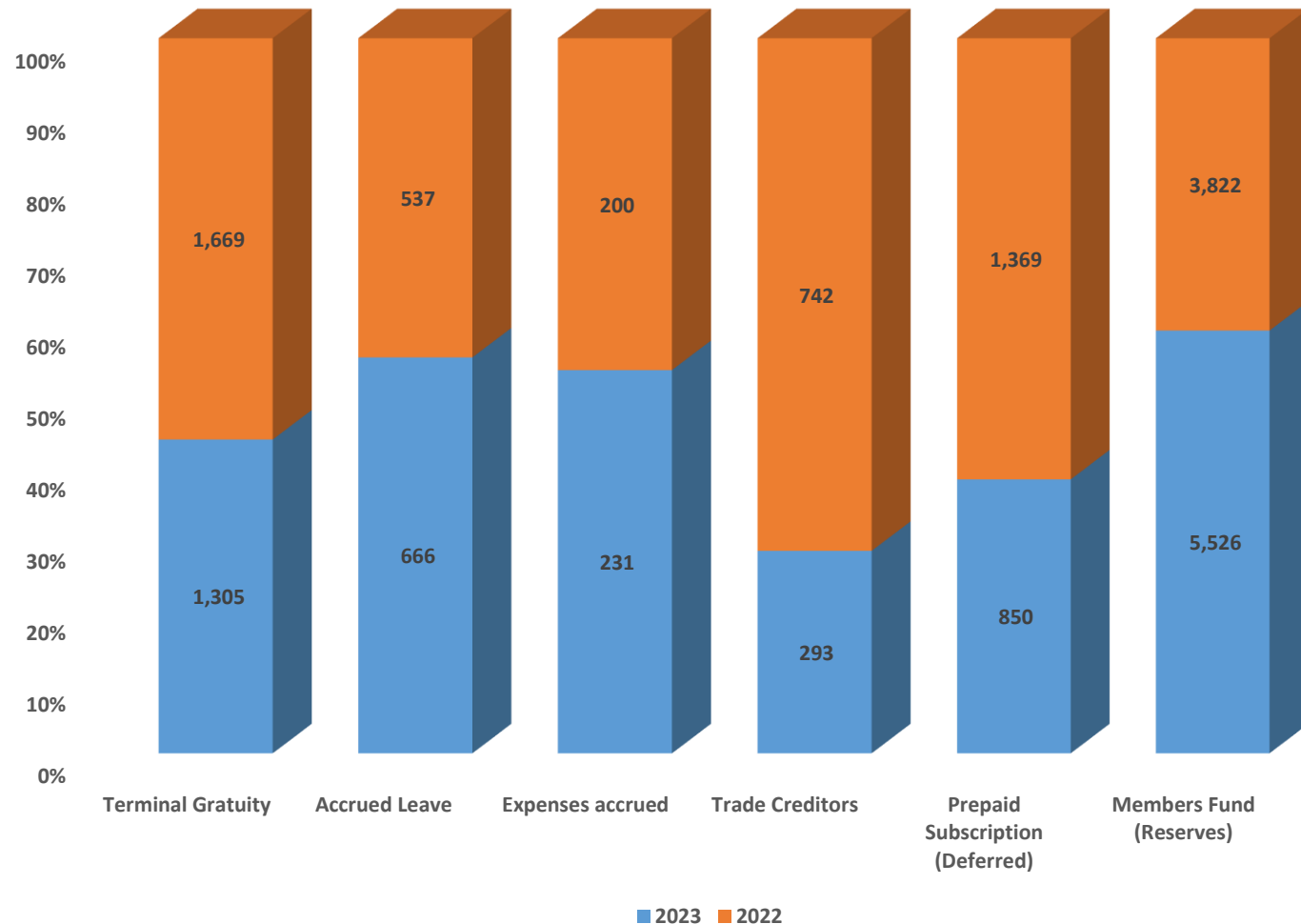


Statement of Financial Position (Balance Sheet)

1. Liabilities stood from
ZMW8,772 to ZMW8,339

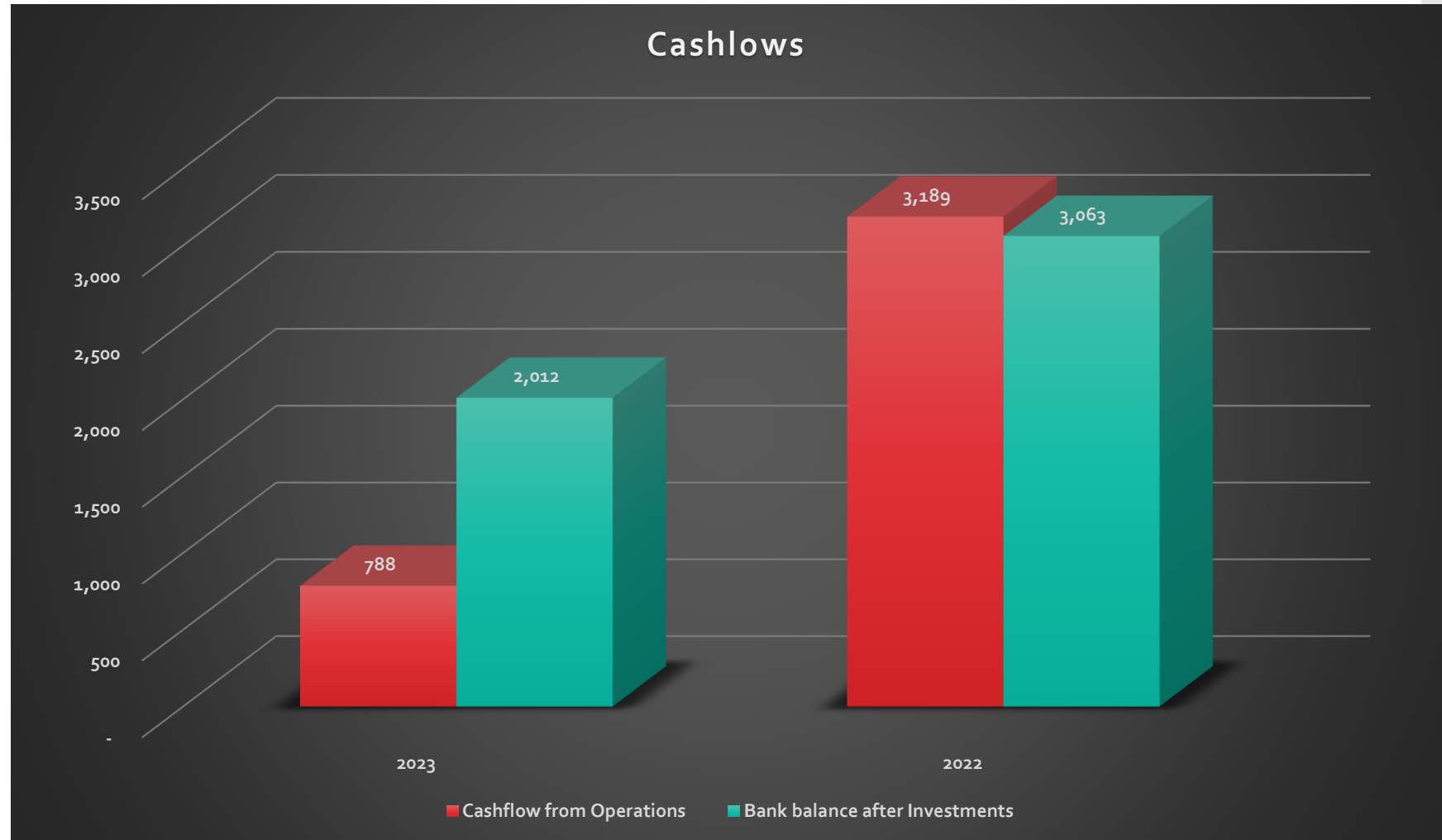
2. Current Liabilities are
ZMW2.4m compared to
ZMW 3.1m decrease of 19%
due to settling of staff
liabilities.

Equity and Liabilities (Balance Sheet)



Cashflow Statement

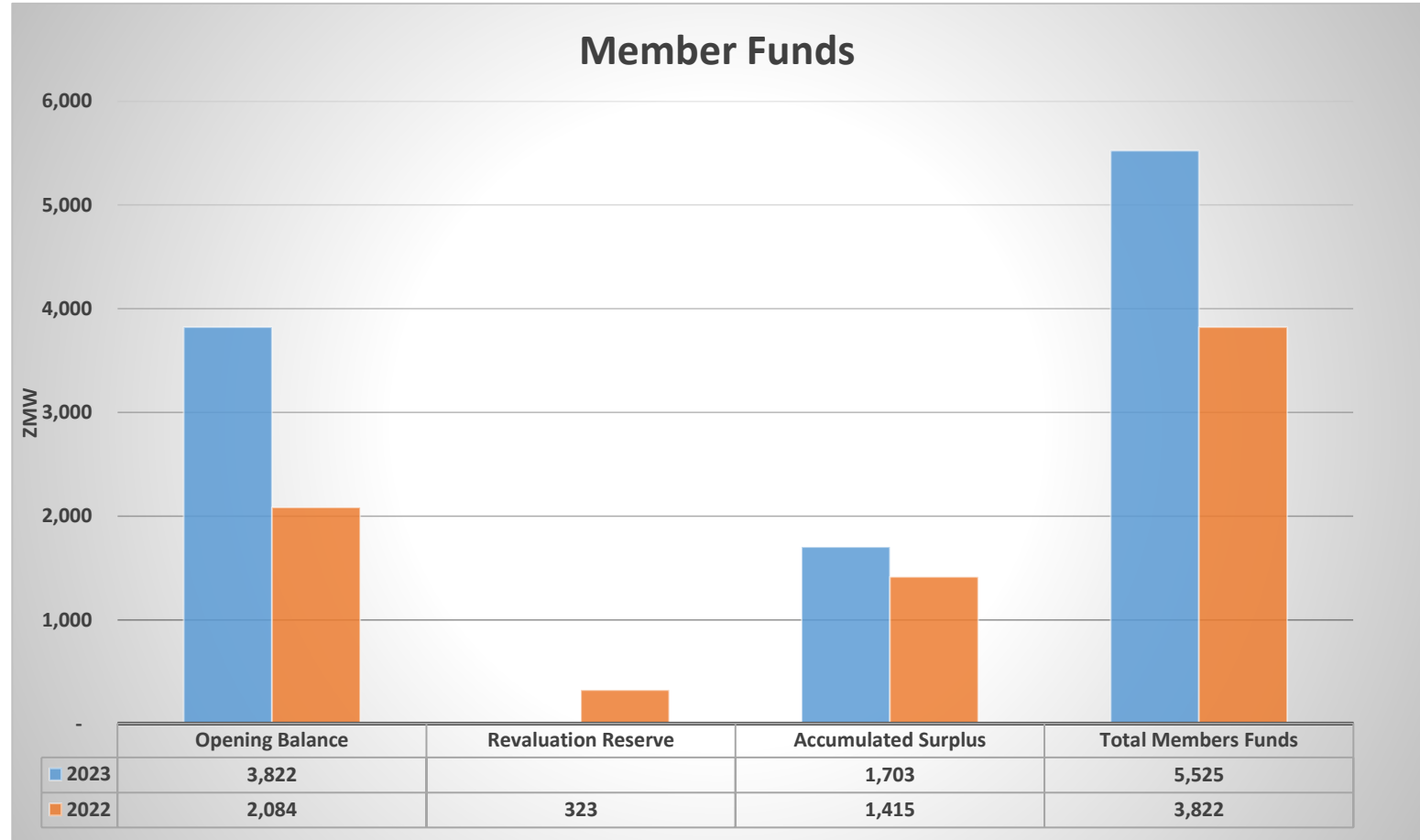
- 1. Cashflows from Operations before investing activities dropped by 75%. Attributed increased debtors/trade creditors.
- 2. The Bank balance after Investing activities of ZMW2.0m decreased by 34%. compared to ZMW 3.0m in 2022



Statement of Equity (Members Funds)

1. Total accumulated funds for year was ZMW5.5m compared with ZMW3.8m for 2022. This includes a surplus for the year of ZMW1.7m.

2. Represents 45% growth over 2022.

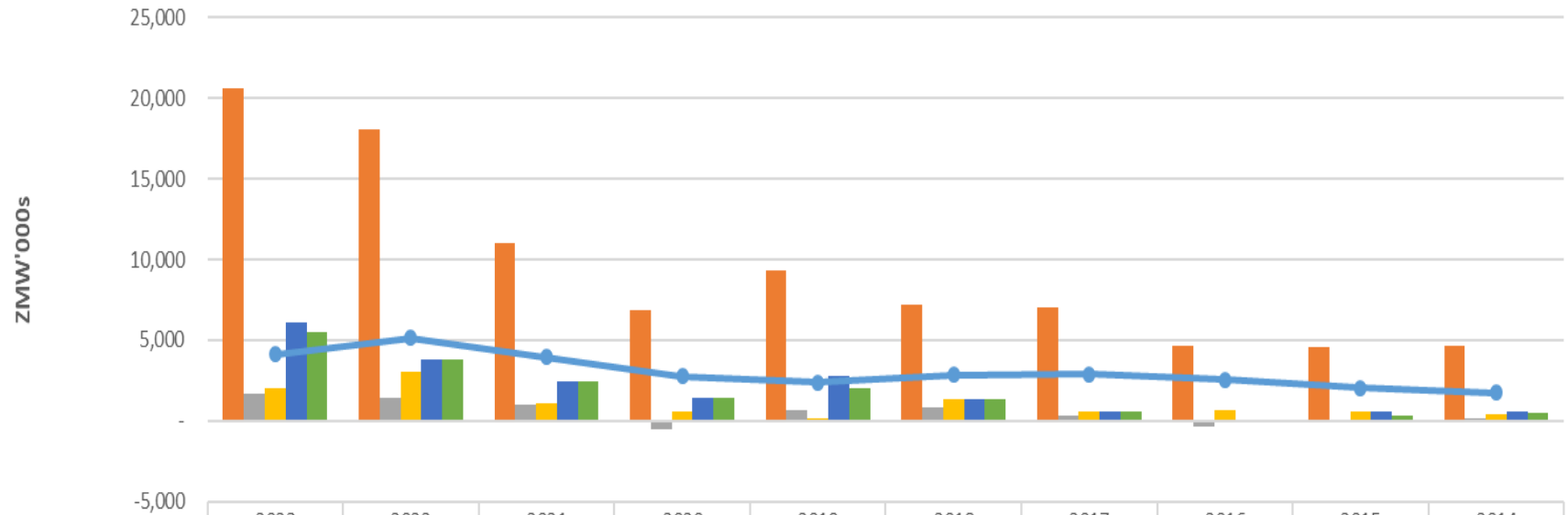




Historical Performance past 10 Years

(For Members noting)

ZIHRM 10 Year Financial Performance



| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|-----------------|--------|--------|--------|-------|-------|-------|-------|-------|-------|-------|
| Income | 20,603 | 18,095 | 11,019 | 6,844 | 9,293 | 7,229 | 7,068 | 4,628 | 4,570 | 4,675 |
| Surplus/Deficit | 1,703 | 1,415 | 975 | -560 | 629 | 811 | 342 | -378 | -107 | 156 |
| Cashflows | 2,012 | 3,063 | 1,060 | 571 | 181 | 1,310 | 622 | 645 | 549 | 442 |
| Net Assets | 6,108 | 3,822 | 2,407 | 1,433 | 2,768 | 1,354 | 553 | -112 | 560 | 561 |
| Members Funds | 5,526 | 3,822 | 2,407 | 1,433 | 1,992 | 1,354 | 553 | -112 | 348 | 456 |
| Membership | 4,127 | 5,124 | 3,969 | 2,786 | 2,384 | 2,838 | 2,893 | 2,571 | 2,058 | 1,745 |

Conclusion

- The Institute continues to sustain its operations financially post covid and building on past financial progress. For the past 3 years, the institute has continued to accumulate surplus and increase member's funds which will be used for future member programs.
- Future Outlook – investments in member management systems including e-certificates; actualizing Competency framework; Strengthen Inspectorate, Secretariat upgrade; Benevolent fund; Member's Cooperative; Micro finance partnership.
- Lastly, I want to thank you and commend the general membership, Council and Secretariat staff in in the continued effort to make the institute financially strong for everyone's benefit. I thank you for attention !



Let us get
talking





9.0 Resolution Benevolent Fund

- The Governing Council presents a proposal to establish and run a Benevolent Fund for ZIHRM members. The rationale for this is;
- **Addressing Member Needs:** ZIHRM members may encounter unexpected challenges such as illness, financial hardship, or personal crises. By establishing a Benevolent Fund, ZIHRM can directly support its members during these difficult times, demonstrating its commitment to their well-being beyond professional development initiatives.
- **Upholding Ethical Standards:** Human resources professionals are tasked with upholding ethical standards and promoting fairness and equity in the workplace. The establishment of a Benevolent Fund aligns with these principles by ensuring that members have access to assistance when faced with situations that may compromise their well-being or livelihood.
- **Strengthening Organizational Reputation:** As a leading institution in the HR field, ZIHRM has an opportunity to enhance its reputation by demonstrating its commitment to the holistic support of its members and enhance their welfare.
- **Mitigating Financial Hardship:** In times of crisis, financial burdens can exacerbate stress and anxiety for individuals and families. The Benevolent Fund provides a safety net for ZIHRM members, offering financial assistance to alleviate immediate pressures.
- **Target Beneficiaries** - Be current or former member of ZIHRM and dependents.
- **Fundraising efforts** will be conducted through various channels at ZIHRM events including donations from ZIHRM members, corporate sponsorships, fundraising events, and partnerships with organizations sharing similar values.
- **Fund Management** An Independent dedicated committee comprising ZIHRM members and representatives appointed by the Council should be elected/appointed to look after the finances of the Fund and other legal requirements
- **THAT by consent of Members of AGM , it is hereby resolved that the BENEVOLENT FUND BE established for the benefit of members.**

9.1 Resolution Life Policy

- The Institute in 2022 introduced a Life (Funeral) policy following the 24th AGM Resolution in 2021.
- The past two (2) years the fund has been managed by an external financial institution (Prudential Life Assurance).
- The total premiums paid for the period is ZMW917,000 against the Claim of ZMW155,000 for the 6 member lives. This indicates a lower claim ratio of 17%.
- At the 26th AGM in 2023, the matter was extensively debated on the mode of funding of the scheme and whether it should continue to be externally managed. A vote passed for policy to be externally managed.
- The governing Council has reviewed the matter and propose to bring the Life policy to be internally managed while maintaining structure and benefits. The monies will be invested through proposed Benevolent Fund.
- THAT by consent of Members of AGM , it is hereby resolved that the LIFE POLICY BE managed through the proposed BENEVOLENT FUND.



10.0 Resolution Members Savings and Credit Cooperative (SACCO)

- The Governing Council presents a proposal to establish and run a Savings and Credit Cooperative Society for ZIHRM members. The rationale for this is;
- **Financial Inclusion:** Many ZIHRM members may not have access to formal financial services or face challenges in accessing credit from traditional financial institutions. Establishing a SACCO will promote financial inclusion by providing accessible and affordable financial services to members.
- **Member Empowerment:** A SACCO will empower ZIHRM members to save regularly, access credit for various purposes such as education, housing, and entrepreneurship, and improve their financial well-being.
- **Cooperative Principles:** SACCOs operate based on cooperative principles of self-help, democratic control, and member participation. By establishing a SACCO, ZIHRM upholds these principles and promotes a culture of cooperation and mutual assistance among its members.
- **Membership:** Membership in the SACCO will be open to all registered members of ZIHRM, including both individual and institutional members.
- **Governance:** The SACCO will be governed by a democratically elected board of directors, responsible for setting policies, managing operations, and safeguarding the interests of members.
- **Operations:** The SACCO will offer a range of financial products and services, including saving accounts, loans, insurance, and investment opportunities.
- **Regulatory Compliance:** The SACCO will adhere to the regulatory framework set forth by the Cooperatives Act, regulations, The Registrar of Cooperatives and other relevant regulatory authorities to ensure transparency, accountability, and sound financial management.
- **THAT** by consent of Members of AGM , it is hereby resolved that the SACCO BE established for the benefit of members.



11.0

Micro Finance Partnership with Zambia Federation of Employers (ZFE) (Members Noting only)

- The Institute was approached by ZFE in February 2024 to invest in a Micro Financing Company.
- Through a membership based BOZ advised ZFE to run the Micro finance as a subsidiary company and advise it to find a partner to take the shares.
- The Model ZFE would like to enter into a MOU with a ZFE member companies for payroll based deductions of the money their employees will borrow from ZFE Micro Finance.
- The Minimum Capital requirement for a non deposit taking Micro Finance ZMW500,000 while for deposit taking one ZMW1.5m.
- The governing Council has reviewed the matter and will take up the offer from ZFE once due diligence and technical details are concluded.