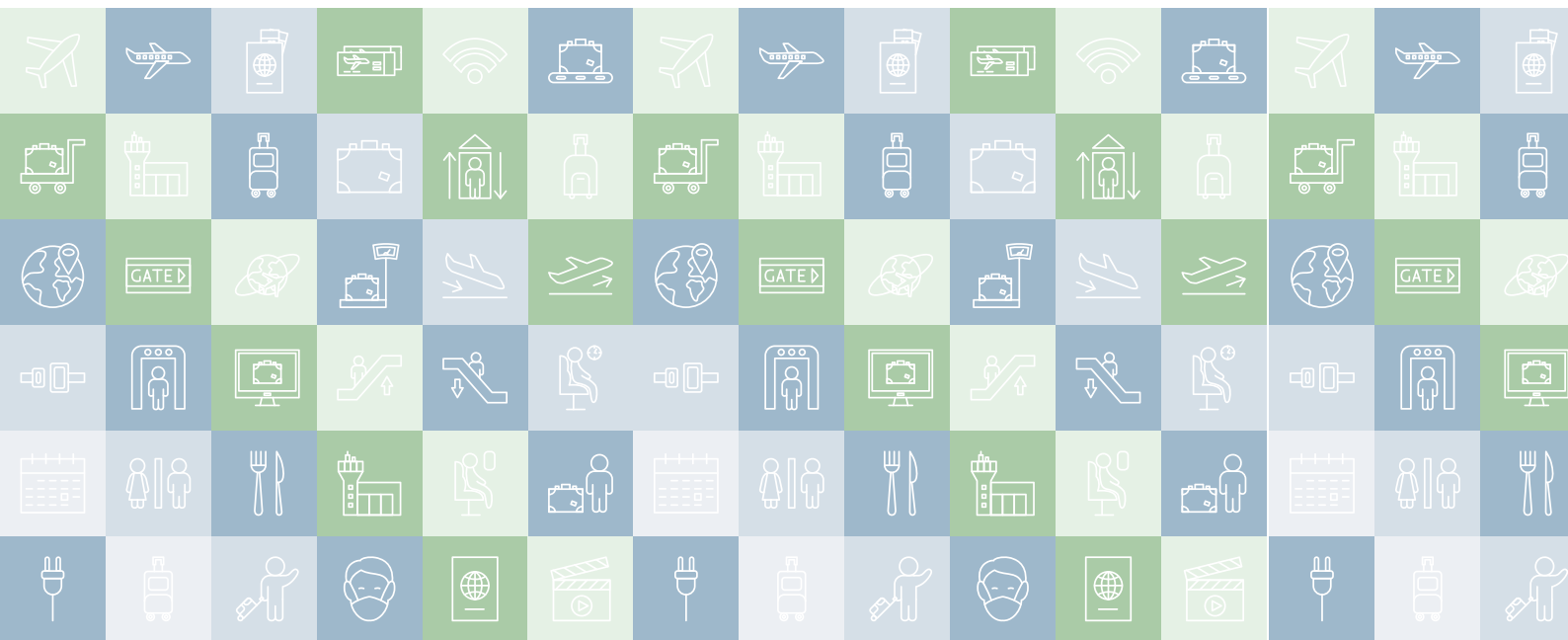




# ANNUAL REPORT

2023





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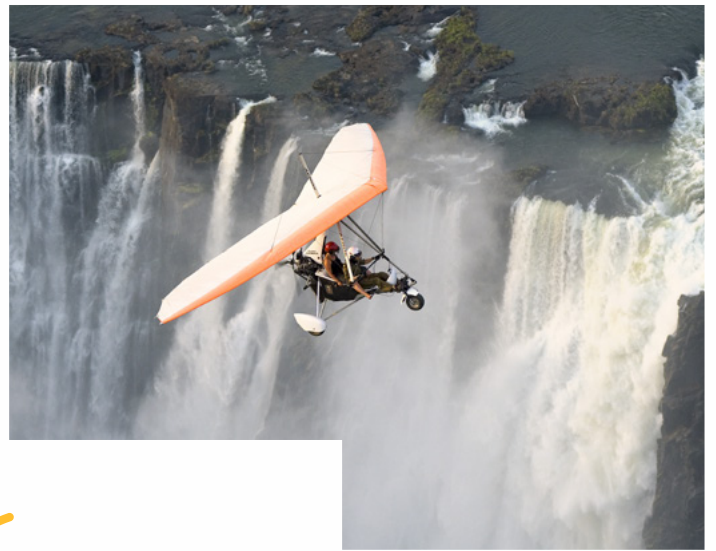
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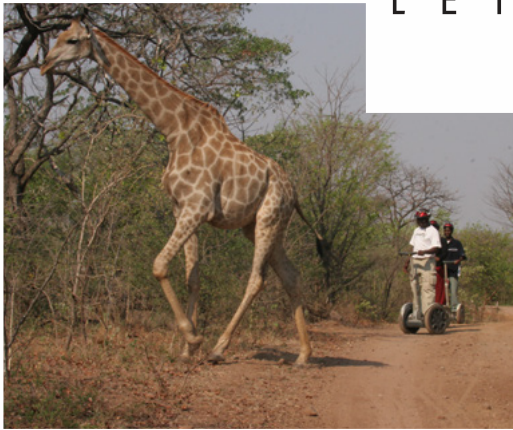
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LET'S EXPLORE







# Defining Our Focus



## Our Vision

To be a world-class and diversified airport and air navigation business.



## Our Mission

To develop, manage and operate airport and air navigation infrastructure to international standards, meeting our stakeholders' values in an environmentally friendly manner, 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. Our focus is on achieving the following strategic goals under the 2022 - 2026 Strategic Plan:

- ✈ To enhance financial sustainability and resilience.
- ✈ To reimagine customer experience.
- ✈ To reinvent the Corporation.
- ✈ To attain aviation safety and security leadership.
- ✈ To create a positive work environment.
- ✈ To transform KKIA into a SADC aviation hub.
- ✈ To promote environmental sustainability.

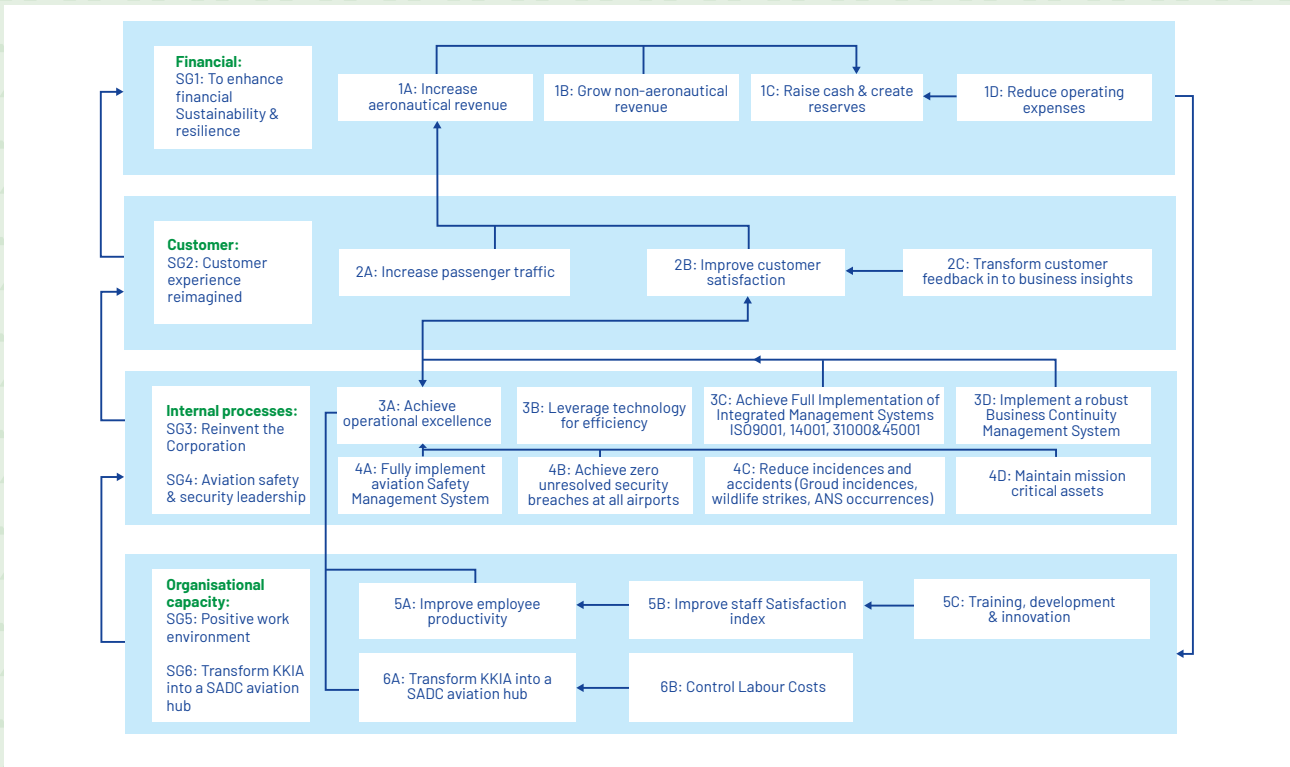


## Our Core Values

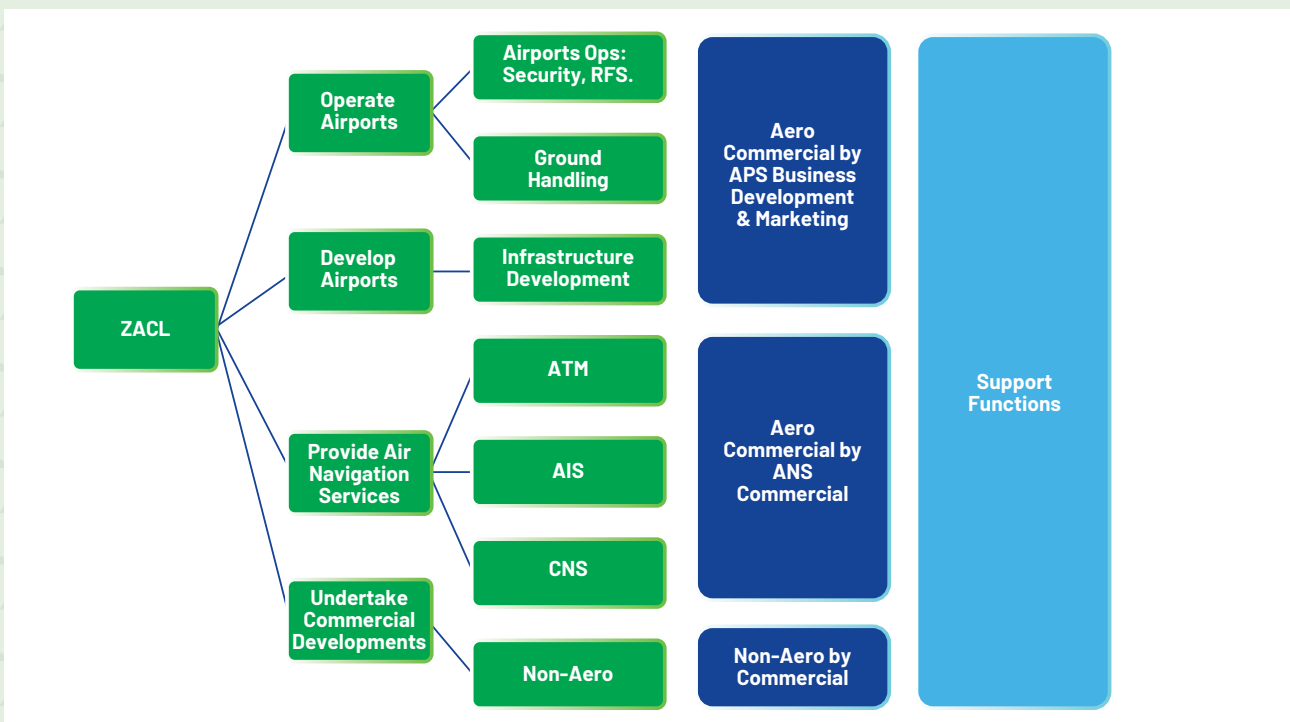
- ✈ Integrity
- ✈ Responsibility
- ✈ Teamwork
- ✈ Quality
- ✈ Employee motivation
- ✈ Communication
- ✈ Customer Focus
- ✈ Safety & Security



# Our Strategy Map



# Our Business Model





# Kasama Airport







# Acronyms

|              |  |
|--------------|--|
| <b>ACI</b>   | Airports Council International               |
| <b>AIS</b>   | Aeronautical Information Services            |
| <b>ANS</b>   | Air Navigation Services                      |
| <b>APS</b>   | Airport Services                             |
| <b>ASQ</b>   | Airport Service Quality                      |
| <b>ATM</b>   | Air Traffic Management                       |
| <b>CAA</b>   | Civil Aviation Authority                     |
| <b>CANSO</b> | Civil Air Navigation Services Organization   |
| <b>CATS</b>  | Complete Air Traffic System                  |
| <b>CMA</b>   | Continuous Monitoring Approach               |
| <b>CNS</b>   | Communication, Navigation and Surveillance   |
| <b>DNPW</b>  | Department of National Parks and Wildlife    |
| <b>BOT</b>   | Build Operate and Transfer                   |
| <b>GRZ</b>   | Government of the Republic of Zambia         |
| <b>HMNIA</b> | Harry Mwaanga Nkumbula International Airport |
| <b>IATA</b>  | International Air Transport Association      |
| <b>ICAO</b>  | International Civil Association Organisation |
| <b>ILS</b>   | Instrument Landing System                    |
| <b>IPC</b>   | Infection Prevention and Control             |
| <b>KKIA</b>  | Kenneth Kaunda International Airport         |
| <b>MIA</b>   | Mfuwe International Airport                  |
| <b>MTL</b>   | Ministry of Transport and Logistics          |
| <b>PSC</b>   | Passenger Service Charge                     |
| <b>SABS</b>  | South African Bureau of Standards            |
| <b>SITA</b>  | Société Internationale de Télécommunications |
| <b>SMKIA</b> | Simon Mwansa Kapwepwe International Airport  |
| <b>SPV</b>   | Special Purpose Vehicle                      |
| <b>USAP</b>  | Universal Security Audit Programme           |
| <b>ZACL</b>  | Zambia Airports Corporation Limited          |
| <b>8NDP</b>  | Eighth National Development Plan             |



## 2023 Highlights

|               |   |
|---------------|---|
| 2,056,312     | Passengers Safely Facilitated                             |
| 60,991        | Aircrafts Movements Safely Handled                        |
| 16            | Scheduled Airlines Serviced                               |
| 15            | Scheduled Airlines Provided with Ground Handling Services |
| 1,141         | Employees   |
| 18,054,328.10 | Kilograms of Cargo Handled                                |



## A Look at the Last 5 Years

|           |                     |
|-----------|---------------------|
| 6,860,482 | Passenger Movements |
| 229,954   | Aircraft Movements  |
| 76,663    | Overflights         |



## Our Auditors



## Our Bankers



## Our Co-Operating Partners

European Union – 11th EDF (European Development Fund)



## Our Key Airport Partners



## Certifications







# Quality Management System

We are dedicated to continuous improvement and have established a Quality Management System which provides a strut for measuring and improving our performance. We maintained our ISO 9001:2015 Certification following a surveillance

audit by the South African Bureau of Standards (SABS). This reaffirms our steadfast commitment to delivering services to our valued customers that not only meet but surpass their expectations.







## Areas of Recognition

Kenneth Kaunda International Airport was awarded the 2023 Environment and Sustainable Development (ESD) Award for its outstanding commitment to combatting wildlife trafficking in partnership with the

Wildlife Crime Prevention (WCP) Zambia and the Department of National Parks and Wildlife (DNPW).







## Board of Directors as at 31st December 2023



**01 Mr. Zevyanji Sinkala**  
Chairperson  
Non-Executive Director



**02 Dr. Frank Munthali**  
Vice Chairperson  
Non-Executive Director



**03 Mr. Mulele Maketo Mulele**  
Member  
Non-Executive Director



**04 Mrs. Irene Bwalya Muloshi Tembo**  
Member  
Non-Executive Director



**05 Mrs. Maggie Banda Kaunda**  
Member  
Acting Managing Director until 15th  
September 2023



**Mrs. Shubayi Chatora Kalumba**  
Member  
Corporation Secretary



# Management



01

**01 Mrs. Maggie Banda Kaunda**  
Deputy Managing Director  
(Acting Managing Director until 15th September 2023)



02

**02 Mr. Cosam Ngoma**  
Director Corporate Planning and Strategy  
(Acting Managing Director until 13th November 2023)



03

**03 Ms. Gillian Mazimba**  
Director Finance  
(Acting Managing Director until 5th March 2024)



04

**04 Mr. Joseph Mumbi**  
Acting Director Airport Services



05

**05 Mrs. Khetiwe Lubinga Nyirenda**  
Acting Director Corporate Planning and Strategy  
(From December 2023)



06

**06 Mrs. Shubayi Chatora Kalumba**  
Corporation Secretary



07

**07 Mr. Ariel Phiri**  
Director Air Navigation Services  
(Retired 31st March 2023)



08

**08 Mr. Zephania Sholobela**  
Acting Director Air Navigation Services  
(April 2023 - Present)



09

**09 Mr. Patrick Tembo**  
Acting Director Human Resources

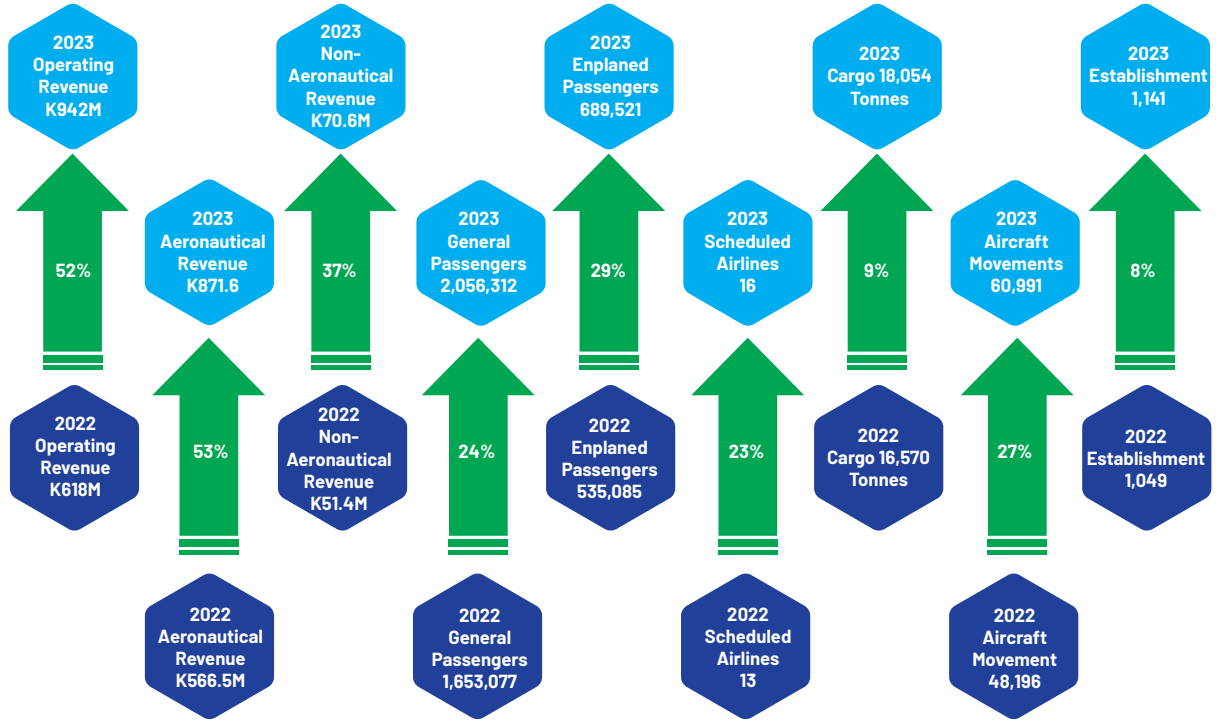


10

**10 Mr. Kephas M. Phiri**  
Acting Director Commercial Services



# 2023 Statistical Highlights









|   |   |   |   |
|---|---|---|---|
|  <p><b>Taxes</b></p> <ul style="list-style-type: none"> <li>✔ PAYE</li> <li>✔ Income Tax</li> <li>✔ VAT</li> </ul> |  <p><b>Trade</b></p> <ul style="list-style-type: none"> <li>✔ Facilitating global business</li> <li>✔ Connecting Zambia to traders and Investors globally</li> </ul> |  <p><b>Job Creation</b></p> <ul style="list-style-type: none"> <li>✔ 1,141 Direct jobs at ZACL</li> <li>✔ Estimated 5 jobs for every direct job at ZACL</li> <li>✔ 5,705 Indirect jobs</li> <li>✔ Induced benefits of employees spending</li> </ul> |  <p><b>Tourism</b></p> <ul style="list-style-type: none"> <li>✔ Connecting tourist to tour sites</li> <li>✔ Promoting sustainable economic development</li> <li>✔ Economically benefiting local economies</li> </ul> |
|---|---|---|---|



## Our Footprint

### Our Four International Airports

|  |   |  |   |
|--|---|--|---|
|  <p><b>Kenneth Kaunda</b></p> |  <p><b>Simon Mwansa Kapwepwe</b></p> |  <p><b>Harry Mwaanga Nkumbula</b></p> |  <p><b>Mfuwe</b></p> |
|--|---|--|---|

### Our Ten Domestic Airports

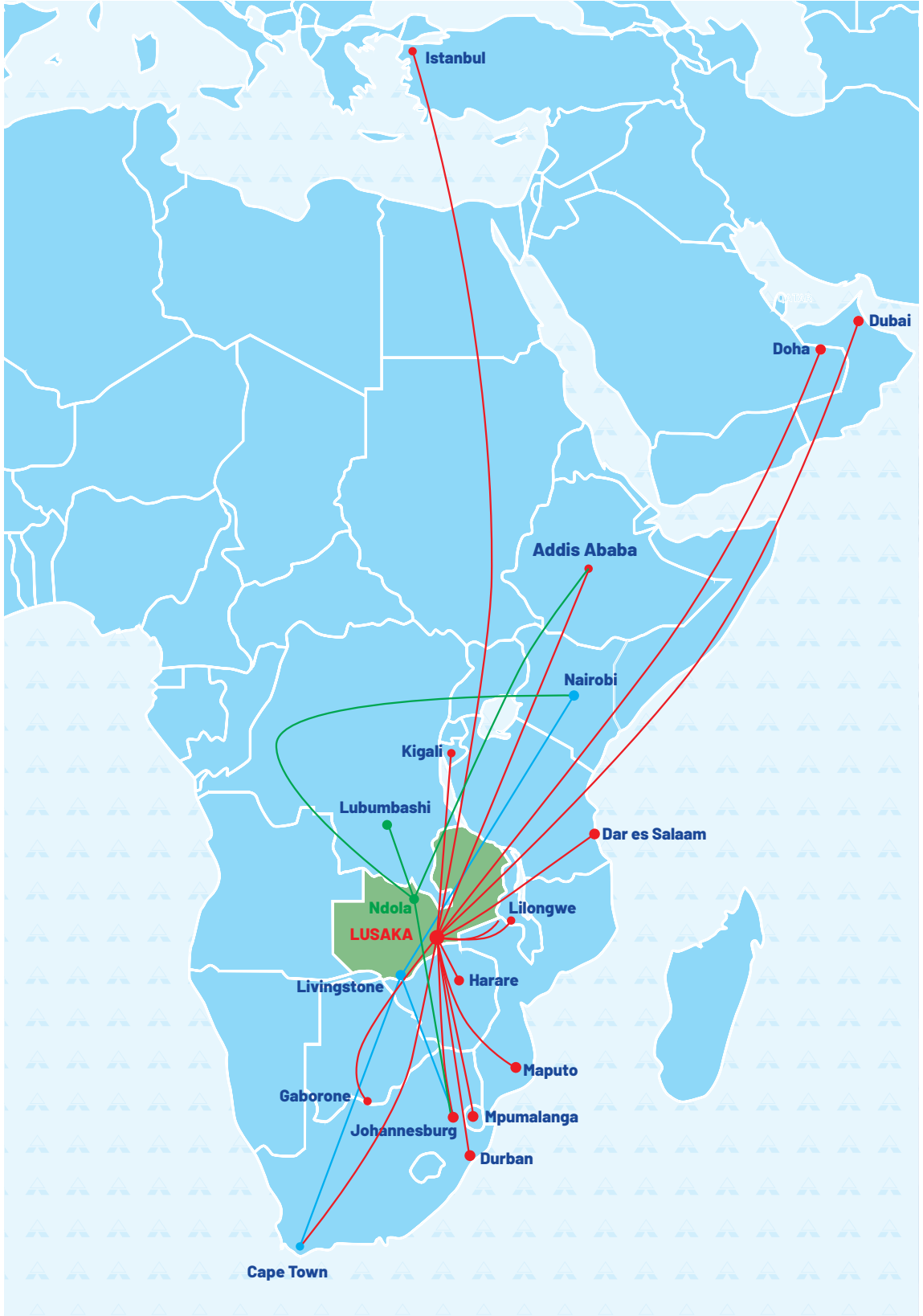
|   |  |
|---|--|
| <p><b>Solwezi</b></p>      | <p><b>Choma</b></p>     |
| <p><b>Chipata</b></p>      | <p><b>Chinsali</b></p>  |
| <p><b>Mbala</b></p>        | <p><b>Kasama</b></p>    |
| <p><b>Kasaba Bay</b></p>   | <p><b>Mansa</b></p>     |
| <p><b>South Downs</b></p>  | <p><b>Mongu</b></p>     |

**Domestic Airports**



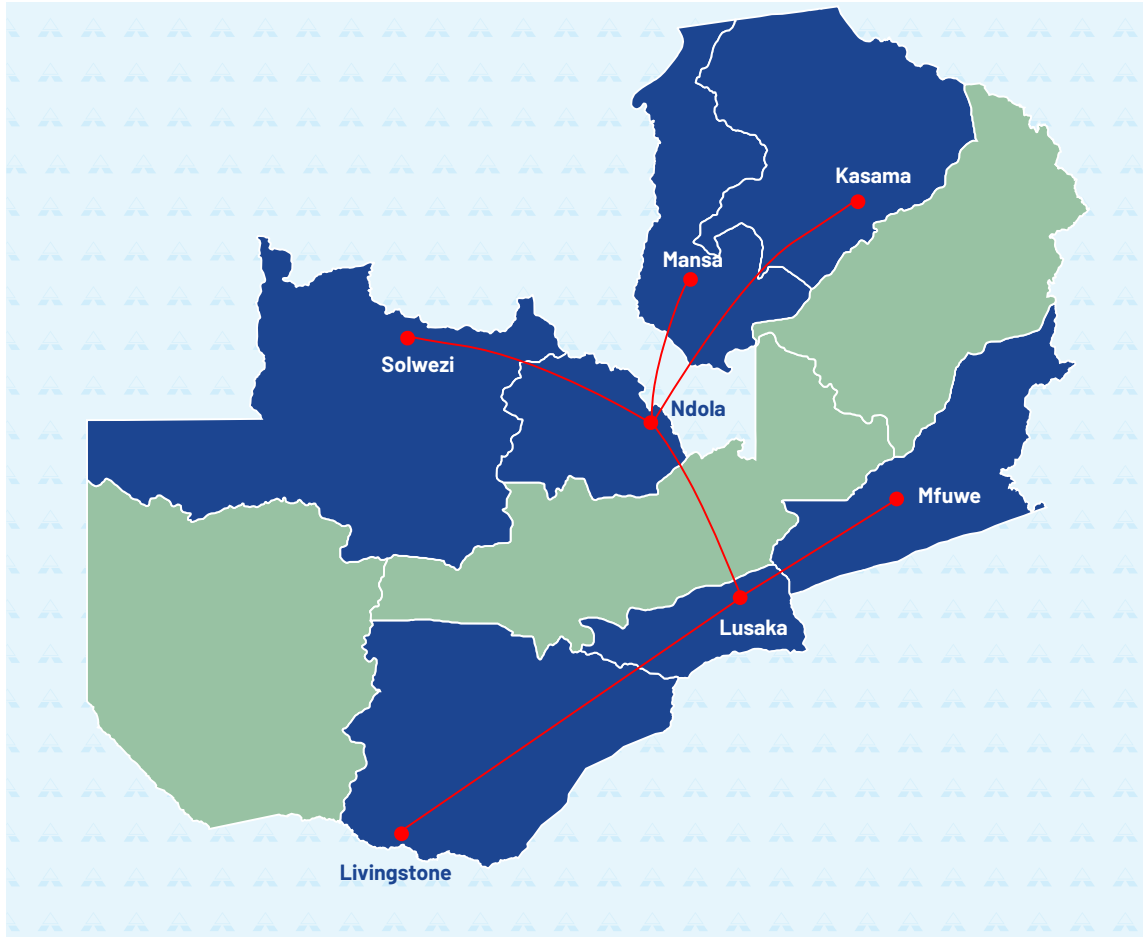


# International Routes Map





## Domestic Flights Route Map







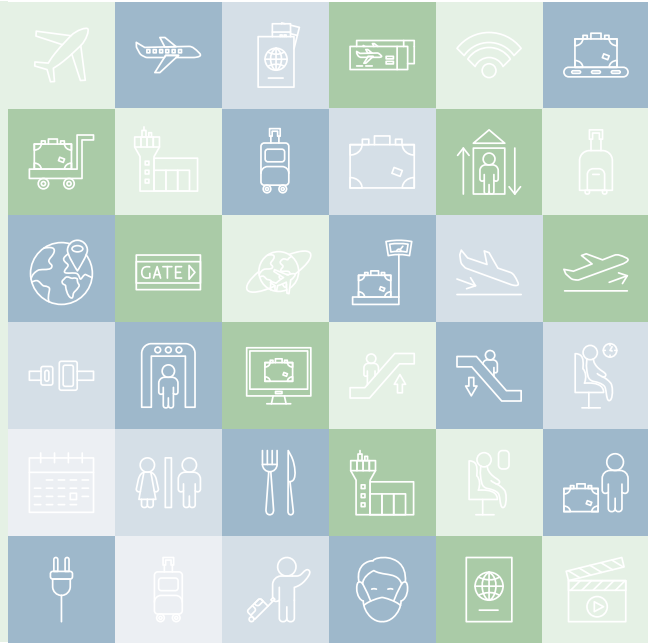
| Risk Name                                  | Description  | Risk Level | Mitigation  |
|--|--|------------|---|
| COVID-19 pandemic                          | Continued mutations and new variants threaten the Corporation's ability to achieve strategic objectives - affecting traffic and liquidity.   | LOW        | <ul style="list-style-type: none"> <li>Survival &amp; Financial resilience strategy implemented (cost control &amp; revenue maximisation).</li> <li>IPC measures implemented to boost passenger confidence.</li> <li>Liaise with MOH to showcase the low COVID-19 positivity and death rates.</li> <li>Heighten vaccine awareness to curb stigma and provide latest information for travellers through embassies, travel agencies, ZACL website etc.</li> </ul> |
| Inadequately diversified revenue portfolio | Inadequately diversified revenue portfolio (90% aeronautical and 10% non-aeronautical revenue) exposing the Corporation to passenger demand shifts.  | HIGH       | <ul style="list-style-type: none"> <li>Execution of Commercial Strategy to enable growth in non-aeronautical revenue.</li> </ul>  |
| Inadequate air traffic demand              | Although travel confidence is steadily rising, air traffic - passenger and cargo - is still inadequate to support planned growth of the aviation sub-sector.   | MEDIUM     | <ul style="list-style-type: none"> <li>Building public confidence by adhering to MOH COVID-19 prevention protocols</li> <li>Transformation agenda of KKIA into a transport and logistics hub</li> <li>Support ZTA in marketing Zambia as a tourism destination.</li> <li>Support hosting of affordable international conferences in Zambia.</li> </ul>  |
| War in Ukraine                             | <ul style="list-style-type: none"> <li>The mutual sanctions and air restrictions have shaken up the aviation sector, leading to the cancellation or rerouting of flights, increased air ticket prices and higher fuel costs.</li> <li>The war in Ukraine is having a direct impact on global food security and affordability leading to high market prices and inflationary trends.</li> </ul> | MEDIUM     | <ul style="list-style-type: none"> <li>None</li> </ul>  |





# 05

## Airport Network Profiled



## International Airports

### Kenneth Kaunda International Airport



|                                   |  |
|-----------------------------------|--|
| <b>Airport Manager</b>            | Mrs. Harriet Angetile  |
| <b>Distance from CBD</b>          | 25.8Km from Lusaka Main Post Office  |
| <b>Capacity of Terminal</b>       | 6MAPs (4million International Terminal & 2million Domestic Terminal)   |
| <b>Airlines Operating</b>         | Kenya Airways, Qatar Airways, Ethiopian Airlines, Air Botswana, SA Airlink, South African Airways, Malawi Airlines, RwandAir, Air Tanzania, Emirates, Turkish Airlines, Mozambique Airlines, Royal Air, Zambia Airways, Proflight Zambia |
| <b>Fire Category</b>              | 9  |
| <b>Runway Size</b>                | 3,962m x 46m   |
| <b>Parking Bays</b>               | 16   |
| <b>Instrument Landing Systems</b> | Available  |
| <b>Numbers of Taxiways</b>        | 12   |
| <b>Airfield Ground Lighting</b>   | Category 1   |
| <b>Fuel Storage Capacity</b>      | 1,500,000 Litres Jet A1, 150,000 Litres Avgas  |
| <b>Aerobridges</b>                | 6  |
| <b>Operating Hours</b>            | 24 Hours Everyday  |

## Simon Mwansa Kapwepwe International Airport



|                                   |   |
|-----------------------------------|---|
| <b>Airport Manager</b>            | Mrs. Mwamba Patience Nakambale Phiri  |
| <b>Distance from CBD</b>          | 14.5Km from Ndola Main Post Office  |
| <b>Capacity of Terminal</b>       | 1MAPs   |
| <b>Airlines Operating</b>         | Kenya Airways, Ethiopian Airlines, SA Airlink, Air Tanzania, Zambia Airways, Proflight Zambia |
| <b>Fire Category</b>              | 7   |
| <b>Runway Size</b>                | 3,500m x 45m  |
| <b>Parking Bays</b>               | 15  |
| <b>Instrument Landing Systems</b> | Available   |
| <b>Numbers of Taxiways</b>        | 3   |
| <b>Airfield Ground Lighting</b>   | Category 1  |
| <b>Fuel Storage Capacity</b>      | 80,000 Litres Jet A1, 28,000 Litres Avgas   |
| <b>Aerobridges</b>                | 3   |
| <b>Operating Hours</b>            | 6am- 8pm CAT  |

## Harry Mwaanga Nkumbula International Airport



|                                   |  |
|-----------------------------------|--|
| <b>Airport Manager</b>            | Mr. Vivian Sikanyeela  |
| <b>Distance from CBD</b>          | 2.5 Km from Livingstone Main Post Office                               |
| <b>Capacity of Terminal</b>       | 1MAPs  |
| <b>Airlines Operating</b>         | Kenya Airways, SA Airlink, Zambia Airways, Proflight Zambia, FlySafair |
| <b>Fire Category</b>              | 7  |
| <b>Runway Size</b>                | 3,000m x 46m   |
| <b>Parking Bays</b>               | 12   |
| <b>Instrument Landing Systems</b> | Nil  |
| <b>Numbers of Taxiways</b>        | 2  |
| <b>Airfield Ground Lighting</b>   | Category 1   |
| <b>Fuel Storage Capacity</b>      | 150,000 Litres Jet A1, 28,000 Litres Avgas                             |
| <b>Aerobridges</b>                | Nil  |
| <b>Operating Hours</b>            | 7am - 8pm CAT  |



## Mfuwe International Airport



|                                   |   |
|-----------------------------------|---|
| <b>Airport Manager</b>            | Mr. Evaristo Maposa                       |
| <b>Distance from CBD</b>          | 41.6Km from South Luangwa National Park   |
| <b>Capacity of Terminal</b>       | 0.1 MAP                                   |
| <b>Airlines Operating</b>         | Proflight Zambia                          |
| <b>Fire Category</b>              | 4   |
| <b>Runway Size</b>                | 2,200m x 30m                              |
| <b>Parking Bays</b>               | 4   |
| <b>Instrument Landing Systems</b> | Nil                                       |
| <b>Numbers of Taxiways</b>        | 1   |
| <b>Airfield Ground Lighting</b>   | Category 1                                |
| <b>Fuel Storage Capacity</b>      | 30,000 Litres Jet A1, 30,000 Litres Avgas |
| <b>Aerobridges</b>                | Nil                                       |
| <b>Operating Hours</b>            | 7am–6pm CAT                               |



## Domestic Airports

### Solwezi



|                                   |   |
|-----------------------------------|---|
| <b>Airport Manager (Acting)</b>   | Mr. Amos Bwali                                |
| <b>Distance from CBD</b>          | 3.7km North–East of Solwezi                   |
| <b>Airlines Operating</b>         | Proflight, Zambia Airways, Royal Air Charters |
| <b>Fire Category</b>              | 6   |
| <b>Runway Size</b>                | 2,700m x 30m                                  |
| <b>Parking Bays</b>               | 5   |
| <b>Instrument Landing Systems</b> | Nil   |
| <b>Fuel Storage Capacity</b>      | 60,000 Litres Jet A1, 29,000 Litres Avgas     |
| <b>Operating Hours</b>            | 6am–6pm CAT                                   |
| <b>Economic Activities</b>        | Mining  |

## Mansa



|                                   |                                 |
|-----------------------------------|---------------------------------|
| <b>Airport Manager (Acting)</b>   | Mr. Davies Kamalata             |
| <b>Distance from CBD</b>          | 7.4km North of Mansa            |
| <b>Airlines Operating</b>         | Proflight                       |
| <b>Fire Category</b>              | 4                               |
| <b>Runway Size</b>                | 1,710m x 18m                    |
| <b>Parking Bays</b>               | 2                               |
| <b>Instrument Landing Systems</b> | Nil                             |
| <b>Operating Hours</b>            | 8am- 5pm CAT                    |
| <b>Economic Activities</b>        | Agriculture, Mining and Tourism |

## Kasama



|                                   |                         |
|-----------------------------------|-------------------------|
| <b>Airport Manager (Acting)</b>   | Mr. Mutembo Syakango    |
| <b>Distance from CBD</b>          | 5.6km West of Kasama    |
| <b>Airlines Operating</b>         | No Scheduled Aircrafts  |
| <b>Fire Category</b>              | 4                       |
| <b>Runway Size</b>                | 3,000m X 45m            |
| <b>Parking Bays</b>               | No designated           |
| <b>Airfield Ground Lighting</b>   | 1                       |
| <b>Instrument Landing Systems</b> | Nil                     |
| <b>Operating Hours</b>            | 8am-5pm CAT             |
| <b>Economic Activities</b>        | Agriculture and Tourism |

## Chipata



|                                   |                                |
|-----------------------------------|--------------------------------|
| <b>Airport Manager (Acting)</b>   | Mr. Mwape Lungo                |
| <b>Distance from CBD</b>          | 9.3km North-West of Chipata    |
| <b>Airlines Operating</b>         | No Scheduled Aircrafts         |
| <b>Fire Category</b>              | 4                              |
| <b>Runway Size</b>                | 1470m x 21m                    |
| <b>Parking Bays</b>               | 2                              |
| <b>Instrument Landing Systems</b> | Nil                            |
| <b>Operating Hours</b>            | 8am-5pm CAT                    |
| <b>Economic Activities</b>        | Agriculture and Value Addition |

## Mbala



|                                   |   |
|-----------------------------------|---|
| <b>Airport Manager (Acting)</b>   | Mr. Maxwell Sikanyiti                                   |
| <b>Distance from CBD</b>          | 4.6km West of Mbala                                     |
| <b>Airlines Operating</b>         | No Scheduled Aircrafts                                  |
| <b>Fire Category</b>              | 4   |
| <b>Runway Size</b>                | 2,800m x 45m  |
| <b>Parking Bays</b>               | 4   |
| <b>Instrument Landing Systems</b> | Nil. Precision Approach Path Indicator (PAPI) Available |
| <b>Operating Hours</b>            | 8am- 5pm CAT  |
| <b>Economic Activities</b>        | Agriculture and Tourism                                 |

## Mongu



|                                   |                        |
|-----------------------------------|------------------------|
| <b>Airport Manager (Acting)</b>   | Mr. Bangwela Matakala  |
| <b>Distance from CBD</b>          | 3.7km East of Mongu    |
| <b>Airlines Operating</b>         | No Scheduled Aircrafts |
| <b>Fire Category</b>              | 4                      |
| <b>Runway Size</b>                | 2,800m x 45m           |
| <b>Parking Bays</b>               | 1                      |
| <b>Instrument Landing Systems</b> | Nil                    |
| <b>Operating Hours</b>            | 8am- 5pm CAT           |
| <b>Economic Activities</b>        | Agriculture            |

## South Downs



|                                   |                          |
|-----------------------------------|--------------------------|
| <b>Airport Manager (Acting)</b>   | Mr. Borniface Chizima    |
| <b>Distance from CBD</b>          | 11km South West of Kitwe |
| <b>Airlines Operating</b>         | No Scheduled Aircrafts   |
| <b>Fire Category</b>              | 4                        |
| <b>Runway Size</b>                | 2,000m x 30m             |
| <b>Parking Bays</b>               | No designated            |
| <b>Instrument Landing Systems</b> | Nil                      |
| <b>Operating Hours</b>            | 8am- 5pm CAT             |
| <b>Economic Activities</b>        | Mining                   |

# 06

## Messages From Leadership



### 6.1 Board Chairman's Overview



The year 2023 marked a clear turning point for the airline industry as passenger demand continued to rebound strongly following the tumultuous period brought about by the COVID-19 pandemic. With the availability of vaccines and the implementation of safety measures worldwide, the industry displayed resilience and began a gradual recovery. Countries

eased restrictions, reopened borders, and resumed travel, leading to a notable surge in air traffic. Pent-up passenger demand continued to boost domestic air travel in 2023. The recovery was also significantly helped by China's reopening, marking the end of its zero-COVID policy which had been in place for the previous three years.

The global growth outlook for 2023 was revised upwards primarily due to robust consumer spending in the US, normalisation of consumption in China, and the post-pandemic recovery of services, offsetting a sharp slowdown in Europe following the regional energy shock in 2022. Despite challenges such as the war in Ukraine and the cost-of-living crisis, the global economy continued its recovery from the pandemic. The resilience demonstrated was more remarkable than initially anticipated, despite disruptions in energy and food markets and unprecedented monetary tightening to address high inflation levels.

While some major domestic markets like China, Australia, and India swiftly rebounded from the pandemic, international travel to

and from the region remained subdued, with China only fully lifting its international travel restrictions in mid-2023. According to the International Air Transport Association (IATA), China's international travel levels remained 40% below pre-pandemic levels. Asian airlines are still behind the recovery curve compared to Europe and North America, but their rebound is now well under way, with regional passenger capacity back close to 80% of the pre-pandemic level by the end of the third quarter, in no small part aided by the reopening of China.

In addition to recovery from the effects of the pandemic, another significant concern and challenge faced by the industry in 2023 was the substantial increase in fuel prices. This posed a threat to the sector as it directly impacted airline operating costs, potentially leading to higher ticket prices for passengers. However, I am pleased to announce that our strong foundation, rooted in key elements such as skilled leadership, a defined strategy, flexible operational methods, a well-handled financial structure and positive stakeholder relationships, enabled us to adeptly navigate the changing circumstances and achieve the successes observed in 2023.

### **Policy Direction**

The Government acknowledges the significant role played by the aviation industry in generating employment, fostering trade and investment, and tourism, as well as connecting Zambia to the global community. To underscore this, it formulated the Aviation Strategy (2022-2026), which embodies the shared understanding, aspirations and resolve of the Ministry of Transport and Logistics (MTL) and its aviation sector stakeholders. This strategy was designed to support the

Government's long-term economic growth objectives, emphasising the vital role of aviation sector in the Zambian economy and delineating intervention areas to enhance the sector's substantial contribution to nationwide economic development.

Aligned with the Aviation Strategy, the Government undertook to construct and upgrade aviation infrastructure and facilities at Provincial and Strategic Airports to improve connectivity to tourism destinations and enable the country to handle higher projected traffic volumes. In line with its mandate, ZACL is a recipient of capital grants from the Government through the Ministry of Transport and Logistics (MTL) to construct and upgrade airport and air navigation infrastructure and facilities. ZACL's initial focus was on Kasama, Solwezi, Mongu, Mbala and Mansa aerodromes. The Corporation successfully completed the upgrade of Kasama Airport, while improvement works at Solwezi, Mongu, Mbala and Mansa were ongoing as of December 2023. The upgrade at Kasama Airport encompassed works such as the construction of a new three-kilometre runway, car park, taxiway and apron, installation of perimeter fencing, and refurbishment of the terminal building, air traffic control tower, and transmitter buildings. These works were successfully completed, and the airport was commissioned for operations by His Excellency the President, Mr. Hakainde Hichilema, in November 2023.

### **Strategic Direction: 2022 - 2026**

ZACL entered the second year of implementation of its 2022-2026 Strategic Plan in the year 2023. With the newly built-up infrastructure and operations at the new KKIA Terminal II and new SMKIA, revenue growth, cost optimisation and efficiency, innovation

and resilience, commercialisation and maintenance to match projected increased traffic were cardinal for sustainability and resilience in the year 2023. The strategic direction for the Corporation shifted from survival to recovery while constantly innovating the Corporation's business model and operational efficiency. ZACL's commitment to sustainability remained unchallenged, underscored by its continued implementation of initiatives aimed at promoting environmentally responsible practices with a view to attain certification.

Our primary areas of focus during the implementation period were:

1. To enhance financial sustainability and resilience.
2. To re-imagine customer experience.
3. To reinvent the Corporation.
4. To attain aviation safety and security leadership.
5. To create a positive work environment.
6. To transform KKIA into a SADC aviation hub by the year 2030.
7. To promote environmental sustainability.

### Looking Forward

Passenger traffic is anticipated to either meet or surpass pre-pandemic levels across all regions in 2024, marking a significant milestone in the industry's recovery from the pandemic. However, regaining the growth lost over the past four years will be a gradual process that extends beyond 2024.

On a global scale, the growth of air passenger traffic is expected to persist, albeit at a more moderate pace compared to the rapid expansion observed in the preceding three years. This adjustment reflects the fact that air passenger traffic in most regions

has nearly returned to pre-pandemic levels, signalling the conclusion of a period characterised by robust recovery.

The outlook suggests a transition towards more typical growth patterns for both passenger and cargo traffic, indicating a return to stability and predictability in the aviation sector. However, despite the positive trajectory, the industry will continue to grapple with uncertainties stemming from economic and geopolitical factors. Despite these hurdles, ZACL maintains an optimistic outlook for 2024, buoyed by the forecasted growth in passenger demand. The Corporation foresees an increase in passenger traffic across all its airports in 2024, primarily driven by domestic and regional travel, with a focus on trade and tourism. The opening of Kasama Airport will notably contribute to this optimistic outlook. The optimism is also bolstered by the gradual reopening of China to international air traffic, which is expected to contribute significantly to the industry's recovery efforts.

### Appreciation

I wish to, first and foremost, extend my sincere gratitude to the Ministry of Transport and Logistics and our shareholder, Ministry of Finance and National Planning, for their continued trust and unwavering support. Their confidence in our vision and strategy drives us to excel and create long-term value for all stakeholders.

I would also like to express my appreciation to the members of the Board of Directors for their dedication and guidance throughout the year. Their collective expertise and commitment have been invaluable in steering Zambia Airports Corporation Limited towards historic recovery and success recorded during the year.



To our employees, I commend your hard work, dedication, and resilience, particularly in the face of challenges posed by external factors such as the COVID-19 pandemic. Your efforts have been instrumental in overcoming obstacles and driving the Corporation forward.

Looking ahead, we remain resolute and committed to our core values of integrity, employee motivation, responsibility, communication, teamwork, customer focus, quality, and safety and security. Despite the uncertainties in the global economic landscape, I am confident in our ability to navigate challenges and seize opportunities for growth and development.

Finally, I want to reaffirm our steadfast commitment to transparency, accountability, and responsible corporate governance. As a Corporation, we remain dedicated to upholding the utmost standards of business conduct and continually striving for excellence. Our ongoing efforts are focused on delivering value to our shareholders and stakeholders, ensuring their trust and satisfaction remain our top priority.



**Mr. Zevyanji Sinkala**

Board Chairperson

## 6.2 Managing Director's Statement

### Operational and Financial Overview



In the year under review, the Corporation facilitated the transportation of 2,056,312 general passengers, marking a historic peak since its establishment in 1989. This reflects a 24% increase compared to the 1,653,077 passengers recorded in 2022 and a recovery to pre-COVID-19 levels of 111% compared to the 1,850,715 passengers recorded in 2019. International passenger traffic contributed 73% to overall passenger numbers. A total of 1,509,048 passengers used our four international terminals. This represented an increase of 24% when compared to 2022 when 1,219,070 passengers were recorded. Domestic passenger numbers on the other hand contributed 27% to total passenger traffic. This represented an increase of 26% when compared to 2022 when 434,571 domestic passengers were recorded. Total passenger numbers for both domestic and international travel in 2023 surpassed the 2022 figures by 26.1% and 23.8%,

respectively. Additionally, full-year 2023 international and domestic traffic reached 140.3% and 103.3% of their pre-COVID-19 performance levels, respectively.

The most substantial increases in domestic passenger numbers compared to the previous year were observed at SMKIA and Mfuwe airports, with growth rates of 34% and 33%, respectively. The competitive pricing provided by domestic airlines for travel to and from Lusaka, along with the reintroduction of flights by Proflight Zambia between Ndola and Mansa, contributed to the favourable domestic performance. The growth in Mfuwe can also be attributed to a notable recovery in tourism. Nonetheless, it is important to highlight that the Lusaka - Ndola route continued to be the primary contributor to domestic passenger traffic.

The Corporation saw a substantial surge in operating revenue, increasing by 52.4% from K618 million in 2022 to K942 million in 2023. Operating costs during the year amounted to K773 million resulting into a profit after tax of K206 million, for the first time since the advent of COVID-19. This remarkable growth is mainly linked to the resurgence in air travel during the period. Additionally, the depreciation of the Kwacha throughout the year, given that most of the Corporation's revenues are in US Dollar, also contributed to the revenue increase. Aeronautical revenue accounted for 92.5% of the total revenue, with non-aeronautical revenue contributing 7.5%.

The commencement of flights by Mozambique Airlines to Lusaka, FlySafair to Livingstone from Johannesburg, and the resumption of operations by Turkish Airlines, coupled with the introduction of



new routes by Zambia Airways (Lusaka-Harare & Lusaka-Johannesburg) and Proflight Zambia (Lusaka-Cape Town), significantly boosted passenger figures. Additionally, air traffic on major routes from Lusaka to significant business and tourist destinations saw increased frequencies. The Ministry of Health's decision to fully lift COVID-19 requirements in March 2023 further propelled the surge in international passenger activity. This positive trend was reflected in various notable milestones, including higher-than-budgeted paying passenger numbers, increased aircraft landings, high load factors, and a greater number of aircraft handled by the Corporation. The rise in the number of conferences and meetings hosted in Zambia, such as the Summit for Democracy, the 16th COMESA Business Forum, and the 22nd Summit of COMESA Heads of State, also contributed significantly to the remarkable passenger numbers recorded by the Corporation.

The Corporation recorded a cumulative of 60,991 aircraft movements in 2023, representing a notable increase of 25.8% from the preceding year's figure of 48,490. Aircraft movements comprised of landings, take-offs and overflights in the Zambian airspace.

In 2023, the Corporation recorded a total of 18,054,328.10 kilograms of cargo, representing a 9% increase compared to the 16,570,222.06 kilograms recorded in 2022. However, despite this growth, cargo performance remains 18% below pre-pandemic levels. The resurgence in air cargo capacity is attributed to the reinstatement of belly-hold cargo capacity on passenger aircrafts. This recovery trend was further supported by a significant annual surge in cargo demand along the Africa-Asia trade route.

## Infrastructure Development

### **KKIA new and old Terminals and SMKIA:**

As at the end December 2023, the overall project progress at KKIA's new Terminal and the rehabilitation works at the old Terminal, currently utilised as a domestic terminal, were both 100% completed. On the other hand, overall project progress at SMKIA at end December 2023 was at 91.45%.

### **Modifications to the Transit and Non-Transit Hotels at KKIA:**

The project aims at modifying the hotels to conform to the provisions and specifications of the hotel operator. As at end December 2023, works were ongoing with progress standing at 75%.

### **Kasama Airport Upgrade Project:**

Kasama Airport, located in the Northern Province, is identified as a pivotal hub for economic expansion in the northern circuit. The upgraded facility will play a crucial role in attracting investment, particularly in the tourism, mining, and agriculture sectors. The rehabilitation of the Kasama Airport commenced on 16th June 2023, at a cost of K228,000,000.00 and the works consisted of the following activities: Construction of a new 3 Km runway, carpark, taxiway and apron, installation of perimeter fence, stabilisation of the safety zone, and rehabilitation of the terminal building, air traffic control and transmitter buildings. His Excellency the President Mr. Hakainde Hichilema officially commissioned Kasama Airport on Friday, 24th November 2023, after Operational Readiness and Airport Transfer (ORAT) program.

## Customer Experience

In its 2022-2026 Strategic Plan, the Corporation set forth as one of its focus areas an ambitious initiative titled "Reimagining

Customer Experience” aimed at completely transforming the passenger journey. This innovative approach is founded on pillars of seamless journeys, personalised services, enhanced comfort and convenience, cutting-edge technology, sustainability, and continuous innovation. The focus on seamless journeys entails harnessing technology and innovative solutions to streamline processes, reduce wait times, and enhance overall convenience for passengers. The Corporation is dedicated to providing personalised services tailored to individual preferences, ensuring memorable experiences for all travellers.

The Corporation is dedicated to continuously seeking better ways to enhance the customer experience. Reimagined Customer Experience sets a new standard for excellence, promising an unparalleled journey for passengers and reaffirming the Corporation’s commitment to delivering exceptional service.

Continuous innovation remains a priority, driving ongoing improvement efforts through collaboration with industry partners and gathering feedback from travellers to shape the future of air travel. The Corporation’s efforts and commitment to innovation are reflected in the impressive customer satisfaction score of 86.6% obtained in the 2023 Customer Satisfaction Survey (CSS) conducted at its international and strategic aerodromes. Special recognition is extended to all staff members whose dedication has been instrumental in ensuring that the service provided to customers consistently exceeds expectations. Their hard work and commitment play a pivotal role in the Corporation’s mission to redefine the customer experience in air travel.

## **Safety and Security**

Safety remains the top priority in the aviation industry, and to uphold enhanced security measures, the Corporation continued to deploy advanced x-ray equipment, including walk-through metal detectors and handheld metal detectors, across all international and domestic airports. In line with global aviation safety and security standards, the Corporation ensured that personnel working in ground handling, aviation security and air navigation services undergo comprehensive training in mandatory courses. These courses cover a range of critical topics, including Dangerous Goods handling, Airside and Ramp Safety protocols, Human Factors in aviation, Safety Management Systems, Aircraft Pushback and Aerobridge Operations, Turnaround Coordinator (TRC) duties, Flight Deck Communication procedures, Approach Radar Control techniques, Aviation English Proficiency, VSAT II Communication Equipment operation and Motorbike Riding training.

Through continuous investment in training and strict adherence to rigorous safety protocols, the Corporation demonstrates its unwavering commitment to upholding the highest standards of security and safety throughout its operations. This dedication ensures the well-being and security of passengers, crew members and airport personnel, fostering an environment of trust and confidence among all stakeholders.

## **Human Capital: Our Greatest Treasure**

As a Corporation, we recognise that our most valuable asset is our people. Their diverse knowledge, expertise, skills, and experiences are pivotal in realising our strategic goals and ensuring an

enriched experience for our customers. Consequently, we have made it a top priority to continually enhance the work environment to optimise conditions for our staff.

In 2023, we recorded an increase in the Staff Satisfaction Index (SSI), which surged to 79.9% from the 62% recorded in 2022, marking a substantial year-on-year rise of 28.9%. This remarkable improvement can be attributed to the enduring impact of several initiatives that management began implementing since 2021. These initiatives included a 12% increase in salaries for unionised staff, salary harmonisation measures implemented in 2023, the re-introduction of long service awards, the initiation of overtime payment for work on public holidays and the resolution of long-standing medical bills with service providers to ensure continued accessibility to medical services.

By proactively addressing employee welfare and fostering a supportive and rewarding work environment, we aim to cultivate a motivated and engaged workforce that is fully equipped to contribute to our ongoing success and deliver exceptional service to our customers.

### **Honouring Our Champions**

In closing, I would like to convey my profound gratitude to our invaluable team members whose unwavering dedication has played a pivotal role in supporting both the Board and Management throughout the year. Their commitment and hard work were instrumental in the historic recovery recorded in 2023. I also extend heartfelt appreciation to our esteemed customers, who form the bedrock of our business, for their unwavering loyalty and support as

we navigated through the challenges and opportunities of our journey to recovery. Their trust and patronage are deeply valued and inspire us to continually strive for excellence. Finally, I want to express special recognition to the Board for their invaluable guidance and leadership during the period under review. Their strategic insights and unwavering commitment to our mission have been invaluable in shaping our path forward.



Ngoza Kasunga Matakala  
**MANAGING DIRECTOR**  
(Appointed March 2024)

# 07

## How We Are Governed



### Statement on Governance

The Corporation is committed to upholding robust governance controls and oversight mechanisms across all levels to ensure efficacy and uphold ethical standards. We are dedicated to continually improving our corporate governance frameworks and processes to align with industry best practices. This approach facilitates the seamless development, maintenance, and operation of airports and air navigation services, thereby enhancing shareholder value. Furthermore, we aspire to set the standard for public probity by delivering a solid return on national strategic assets and fostering elevated levels of integrity. By prioritising transparency, accountability, and ethical conduct, we aim to serve as a beacon of integrity within the public sphere.

### Strategy, Performance and Reporting

Our Board takes complete responsibility for the strategic direction and achieving set strategic objectives for the Corporation. It shoulders the duty of upholding impeccable

corporate governance and remains steadfast in upholding high standards of ethics and integrity. Continuously assessing the overarching environment, observing risks and opportunities, and addressing stakeholder requirements are integral tenets that shape our strategic drive. The Directors exercise independent, well-informed and proficient judgment, which promotes transparency and nurtures sound decision-making practices. Establishing and nurturing an ethical ambiance is a cornerstone objective for the Board, achieved through the adoption and effective execution of policies and mechanisms that cultivate a culture of integrity and adherence to regulations. In this pursuit, we acknowledge the significance of adhering to elevated levels of transparency and disclosure, harmonised with pertinent reporting frameworks and embracing best practices to add significant value.

### Stakeholder Relationships

Operating within the airport and air navigation industry places us at the heart of a dynamic ecosystem, closely interconnect-



ed with a diverse range of stakeholders. Over the past year, we actively collaborated with numerous partners, including regulatory bodies like the Zambia Civil Aviation Authority, industry associations such as the Tourism Council of Zambia, and government entities like the Zambia Air Force and Zambia Tourism Agency. Furthermore, we worked closely with airlines, the Aircraft Owners and Operators Association, as well as our tenants and passengers, among others, to address various challenges related to service provision. At the core of our operational philosophy lies an unwavering commitment to prioritising customer satisfaction. Our strategic planning revolves around generating and equitably distributing value among our customers and stakeholders, thereby fostering sustainability and resilience.

Our primary objective is to deliver secure, efficient infrastructure and exceptional customer service to all our clients. We recognise that maintaining continuous dialogue with our stakeholders is essential to our long-term success. Proactively engaging with stakeholders enables us to identify and address critical business concerns, aligning our efforts with the needs of our clients and stakeholders alike. We have placed particular emphasis on encouraging active involvement from our stakeholders, partners, and service providers. With the combined participation of our stakeholders, we are confidently and steadily progressing towards enduring sustainability and resilience.

## Governance Structures and Delegation

The Board serves as the cornerstone of corporate governance within the Corporation, dedicated to upholding the highest standards of ethical practice. Comprised of four (4) Non-executive Directors and one (1) Executive Director, who also serves as the Managing Director, our Board selection process is rigorous to ensure a balanced mix of expertise, experience, diversity and independence. This careful selection process is integral to the objective and efficient execution of our governance duties. All Board and Committee members possess requisite qualifications, extensive experience, and skills spanning various sectors. We foster an environment of transparency and open dialogue, encouraging thorough discussions to reach consensus and maintain accountability.

In compliance with Corporate Governance best practice, the roles and responsibilities of the Non-Executive Chairperson 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 sat for four (04) scheduled meetings and eight (08) special meetings during the year. The attendance was as follows:

| Name                                     | Meetings Attended |         | Total No. of Meetings Attended |
|--|-------------------|---------|--------------------------------|
|  | Scheduled         | Special |                                |
| Mr. Zevyanji Sinkala - Board Chairperson | 4                 | 8       | 12                             |
| Dr. Frank Munthali - Vice Chairperson    | 4                 | 8       | 12                             |
| Mrs. Irene Bwalya Muloshi Tembo          | 4                 | 8       | 12                             |
| Mr. Mulele Maketo Mulele                 | 4                 | 7       | 11                             |
| Mrs. Maggie Banda Kaunda                 | 2                 | 5       | 7                              |

The Board delegates certain functions to three (03) well-structured Board sub-committees without abdicating its own responsibilities. Each committee's terms of reference define the composition of the committee and set out its duties, responsibilities, and the scope of delegated authority.

The Committees are:

**a. The Audit, Risk and Compliance Committee (ARC)**

**Assurance Statement from Chairperson of the Audit, Risk and Compliance Committee**

As a committee of the ZACL Board, the Audit, Risk, and Compliance Committee (ARC) assists the Board in overseeing strategic planning, financial reporting, risk management, internal control systems, performance monitoring and evaluation, internal and external auditing processes, as well as compliance with laws, regulations, and associated assurance activities.

Fundamentally, our commitment to disciplined risk management, guided by ISO 31000:2019, cultivates a pervasive culture of risk awareness throughout the Corporation. This structured framework embeds risk considerations deeply within our daily decision-making processes, strategic planning endeavours,

management methodologies, governance frameworks, and the fabric of the Corporation's culture. Each functional department takes conscientious steps to identify potential risks that could hinder the realisation of our business objectives. These risks are meticulously assessed for their impact, with mitigation strategies prioritised based on their significance. By proactively addressing these risks in a systematic order, we fortify our ability to safeguard our business objectives from potential disruptions, all while maintaining continual vigilance and control over all other identified risks.

**Assurance**

Throughout the year, the Committee consistently received and assessed timely and pertinent information concerning ZACL's control environment. We obtained assurance from our internal audit, Safety, Health, Environment, and Quality functions, as well as through our own thorough examination of reports provided by Executive Management on various matters, encompassing risk management, internal control, and governance. As a result, the Corporation was well-positioned to adhere to regulatory mandates and provide assurance that robust systems were in place to identify and effectively manage potential threats.

The Audit Risk and Compliance Committee sat for four (04) scheduled meetings and two (02) special meetings during the year.

| Name                                       | Meetings Attended |         | Total No. of Meetings Attended |
|--|-------------------|---------|--------------------------------|
|  | Scheduled         | Special |                                |
| Mr. Mulele Maketo Mulele- Chairperson      | 4                 | 2       | 6                              |
| Mr. Eddie Mwitwa – Vice Chairperson        | 4                 | 1       | 5                              |
| Mrs. Irene Bwalya Muloshi Tembo -Member    | 3                 | 2       | 5                              |
| Mrs. Lucy Kabwe Mutambo– Member            | 4                 | 2       | 6                              |
| Mr. Francis Mundanya Member until May 2023 | 1                 | 2       | 3                              |

#### b. Finance and Capital Projects Committee

The Committee supports its oversight duties by participating in the budgeting process, defining financial objectives, facilitating resource allocation, overseeing capital structure management, evaluating

capital expenditures, investments, and business development initiatives.

The Finance and Capital Projects Committee sat for four (04) scheduled Meetings and two (02) special meetings during the year.

| Name   | Meetings Attended |         | Total No. of Meetings Attended |
|--|-------------------|---------|--------------------------------|
|  | Scheduled         | Special |                                |
| Dr. Frank Munthali – Chairperson                       | 4                 | 2       | 6                              |
| Mr. Matete Sichizya – Vice Chairperson                 | 4                 | 2       | 6                              |
| Mr. Mulele Maketo Mulele -Member                       | 4                 | 2       | 6                              |
| Mrs. Maggie Banda Kaunda – Member until September 2023 | 3                 | 2       | 5                              |
| Mr. Francis Mundanya Member from June 2023             | 2                 | None    | 2                              |

#### c. Appointments, Remuneration and Human Relations Committee

The Committee supports the Board of Directors in fulfilling its oversight duties regarding policy direction on appointments, remuneration, human relations, and subsequent administrative policies.

The Appointments Remuneration and Human Relations Committee sat for four (04) scheduled Meetings and five (05) special meetings during the year.

| Name   | Meetings Attended |         | Total No. of Meetings Attended |
|--|-------------------|---------|--------------------------------|
|  | Scheduled         | Special |                                |
| Mrs. Irene Bwalya Muloshi Tembo – Chairperson          | 4                 | 5       | 9                              |
| Mrs. Jean Chilikwela – Vice Chairperson                | 4                 | 5       | 9                              |
| Mr. Brighton Mwiinga –Member                           | 4                 | 5       | 9                              |
| Mrs. Maggie Banda Kaunda – Member until September 2023 | 3                 | 3       | 6                              |
| Dr. Frank Munthali- Member                             | 4                 | 5       | 9                              |

### Board Performance Contract and Evaluation

The Board of Directors was appointed by the Minister of Transport and Logistics in September 2022. In the period under

review, the Board Performance Contract and Scorecard for the period 2022 - 2025 was prepared. Monitoring of performance of the Board is undertaken through bi-annual performance assessments in accordance with the ZACL Board Charter.







remains 40% below pre-pandemic levels. Global growth remained highly dependent on fast-growing Asian economies.

Airports globally demonstrated genuine innovation and a focus on customer-centric value as they dedicated themselves to improving the air traveller's journey. Building on the lessons from the previous year, the aviation industry in 2023 adopted a more proactive stance, actively seeking solutions to efficiently handle the high demand during the holiday season. Aggressive recruitment tactics and adjustments to schedules were implemented to address shortages in air traffic control staffing. A new framework for decarbonizing global air travel, the broader adoption of Sustainable Aviation Fuels (SAFs) and leveraging technologies to enhance the passenger experience were also among the key agenda items for the year.

Despite economic uncertainties, International Air Transport Association (IATA) data shows that global air freight markets experienced a robust recovery in demand throughout 2023. The final quarter of the year was particularly noteworthy, contributing to an overall demand level that was 3.6% below the pre-pandemic figures. Global full-year demand in 2023, measured in Cargo Tonne-Kilometres (CTKs), decreased by 1.9% compared to 2022 (-2.2% for international operations). Capacity in 2023, measured in Available Cargo Tonne-Kilometres (ACTKs), was 11.3% above 2022 (+9.6% for international operations).

The passenger load factor (PLF), a measure of airline seating capacity utilisation, steadily improved since its low point in 2020. The global PLF reached 82.3% during the first nine months of 2023, which is

broadly in line with the load factor achieved during the same period in 2019. During this period, airlines in Africa, the Middle East, and Latin America surpassed their respective pre-pandemic PLFs, indicating enhanced operational efficiency for the carriers in these regions.

Building on the progress made in aviation in 2023, the industry holds considerable promise for the future. Analysts anticipate a significant milestone in 2024, with global passenger traffic expected to reach 9.4 billion passengers, surpassing the pre-pandemic figure of 9.2 billion passengers recorded in 2019. However, it is crucial to promptly address challenges such as supply chain disruptions, aircraft availability issues, and the upward trend in fuel prices to ensure the continued improvement of services.

## Regional Performance

The Middle East emerged as a region with heightened demand, experiencing a growth rate of 1.6% for both global and international operations in 2023, coupled with a substantial 13.5% increase in capacity. Conversely, African carriers encountered a 1.8% decline in demand in 2023 compared to 2022, even though there was a notable 5.6% increase in capacity for the region. While the full-year global demand in 2023 remained 3.6% lower than pre-COVID levels, the significant strengthening observed in the last quarter of 2023 indicates a positive trend towards more stabilised demand patterns, positioning the industry on a path to success in 2024.

An analysis of regional performance of the aviation sector with close connectivity with Africa and having an impact on Zambia's aviation industry in the year 2023 is provided below:

- a. Asia-Pacific airlines posted a 126.1% rise in full year international 2023 traffic compared to 2022, maintaining the strongest year-over-year rate among the regions. Capacity rose 101.8% and the load factor climbed 9.0 percentage points to 83.1%. December 2023 traffic rose 56.9% compared to December 2022.
- b. European carriers' full year traffic climbed 22.0% versus 2022. Capacity increased 17.5%, and load factor rose 3.1 percentage points to 83.8%. For December, demand climbed 13.6% compared to the same month in 2022. December traffic was higher than the corresponding month in 2019 for the first time since the start of the pandemic.
- c. Middle Eastern airlines saw a 33.3% traffic rise in 2023 compared to 2022. Capacity increased 26.0% and load factor climbed 4.4 percentage points to 80.1%. December demand climbed 16.6% compared to the same month in 2022.
- d. African airlines' annual traffic rose 38.7% in 2023 versus the prior year. Full year 2023 capacity was up 38.3% and load factor climbed 0.2 percentage points to 71.9%, the lowest among regions. December 2023 traffic for African airlines rose 9.5% over December 2022.

a historic peak since its establishment in 1989. This represents an increase of 24% when compared to 1,653,077 passengers recorded in 2022 and a recovery to pre COVID-19 levels of 111% when compared to 1,850,715 passengers recorded in 2019. On the other hand, domestic passenger numbers contributed 27% to total passenger traffic. This represented an increase of 26% when compared to 2022 when 434,571 domestic passengers were recorded.

The commencement of flights by Mozambique Airlines to Lusaka and FlySafair to Livingstone from Johannesburg, the resumption of operations by Turkish Airlines along with the introduction of new routes by Zambia Airways (Lusaka-Harare & Lusaka-Johannesburg) and Proflight Zambia (Lusaka-Cape Town), significantly contributed to the upswing in passenger figures. Further, air traffic on major routes from Lusaka to significant business and tourist destinations remained upbeat with increased frequencies.

The surge in international passenger activity was also propelled by the Ministry of Health's decision to fully lift COVID-19 requirements in March 2023. The rise in the number of conferences and meetings hosted in Zambia such as the Summit for Democracy, the 16th COMESA Business Forum, and the 22nd Summit of COMESA Heads of State, was also central to the remarkable passenger numbers the Corporation recorded.

## Domestic Performance

The robust year-end results of 2023 marked the complete recovery of the Zambian aviation industry from the effects of the pandemic. Zambia Airports Corporation Limited facilitated the transportation of 2,056,312 general passengers, reaching

# 09

## Statistical Performance: Domestic Aviation Sector



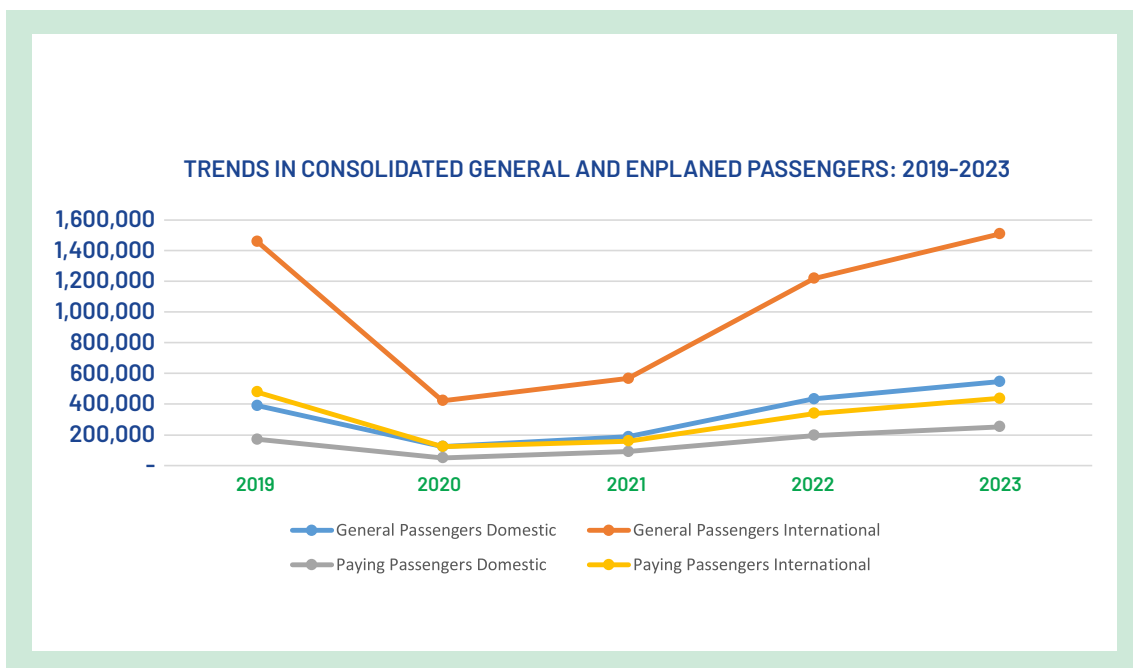
### Aeronautical Business

Key statistics measuring aeronautical business performance are shown in the table and graph below:

**Table 1: Five Year Aeronautical Performance**

| CONSOLIDATED |                    |                  |                     |                  |                    |               |               |
|--------------|--------------------|------------------|---------------------|------------------|--------------------|---------------|---------------|
|              | General Passengers |                  | Enplaned Passengers |                  | Aircraft Movements |               | Overflights   |
| Year         | Domestic           | International    | Domestic            | International    | Domestic           | International |               |
| 2019         | 390,158            | 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        |
| 2022         | 434,364            | 1,218,713        | 196,336             | 338,749          | 29,534             | 18,662        | 16,664        |
| 2023         | 547,264            | 1,509,048        | 251,904             | 437,617          | 38,390             | 22,601        | 19,587        |
| <b>Total</b> | <b>1,682,395</b>   | <b>5,177,523</b> | <b>759,944</b>      | <b>1,537,179</b> | <b>134,972</b>     | <b>88,470</b> | <b>59,999</b> |



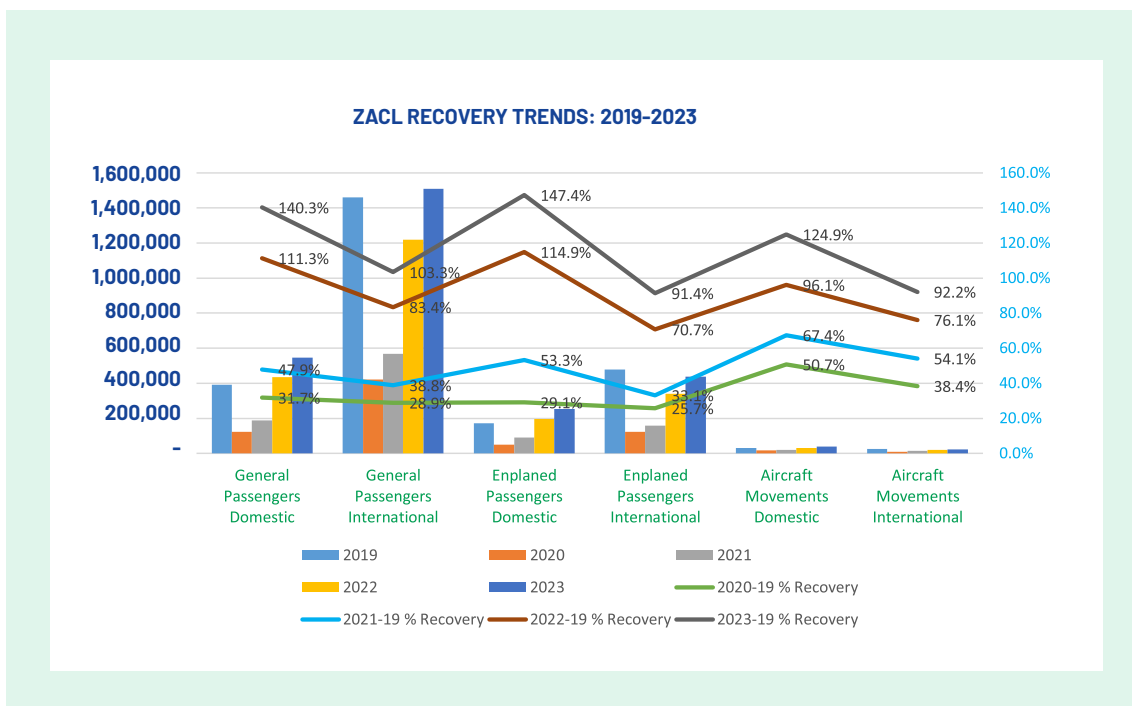


## General Passengers

The graph below shows the Corporation's path to recovery from 2019 to 2023, picking 2019 as a pre-COVID-19 performance baseline. Both international and domestic passenger numbers fully returned to pre-COVID-19 levels at end December 2023. The graph above highlights the different trends that the country experienced between 2019 and end 2023. The total general passenger numbers for both domestic and international travel in 2023 exceeded the 2022 figures by 26.1% and 23.8%, respectively. Furthermore, the full-year 2023 international and domestic traffic reached 140.3% and 103.3% of their pre-COVID-19 performance levels, respectively. The favourable domestic performance can be credited to the competitive

pricing provided by domestic airlines for travel to and from Lusaka, as well as the reintroduction of flights by Proflight Zambia between Ndola and Mansa.

The notable rebound in general international passenger figures stemmed primarily from ongoing easing of COVID-19 restrictions, the commencement of flights by Mozambique Airlines and FlySafair, resumption of operations by Turkish Airlines, and the expansion of international routes by Zambia Airways and Proflight Zambia. Moreover, the uptick in conferences and gatherings held in Zambia played a pivotal role in the impressive passenger volumes recorded by the Corporation.

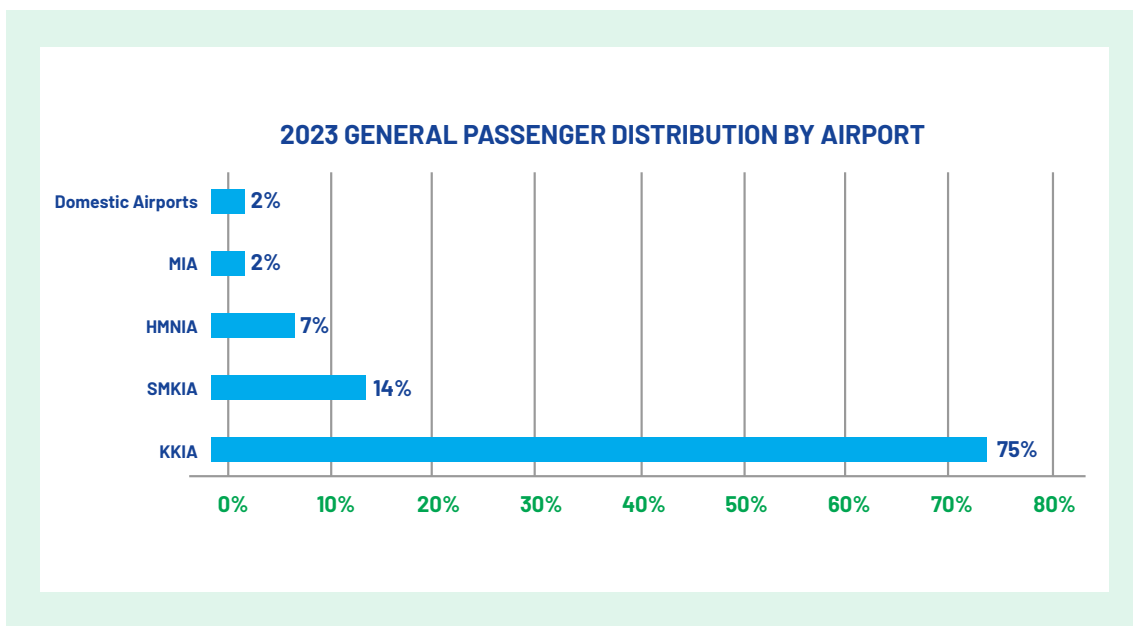


The table and graph below show the distribution of general passenger numbers for all international airports and the strategic and provincial aerodromes. Kenneth Kaunda International Airport accounted for 75% of total general passenger movements. Simon Mwansa

Kapwepwe International Airport, Harry Mwaanga Nkumbula International Airport, and Mfuwe International Airport accounted for 14%, 7% and 2%, respectively. The domestic airports collectively accounted for the remaining 2%.

**Table 2: Distribution of General Passengers by Airport**

| Airport           | International    | Domestic       | Total            | % Share     |
|-------------------|------------------|----------------|------------------|-------------|
| KKIA              | 1,264,654        | 268,265        | 1,532,919        | 75%         |
| SMKIA             | 150,800          | 141,575        | 292,375          | 14%         |
| HMNIA             | 92,726           | 57,866         | 150,592          | 7%          |
| MIA               | 868              | 31,420         | 32,288           | 2%          |
| Domestic Airports | 0                | 48,138         | 48,138           | 2%          |
| <b>Total</b>      | <b>1,509,048</b> | <b>547,264</b> | <b>2,056,312</b> | <b>100%</b> |



## Enplaned Passengers

Zambia Airports Corporation Limited saw a significant increase in enplaned passengers in 2023, recording a total of 689,521 compared to 535,085 in 2022, marking

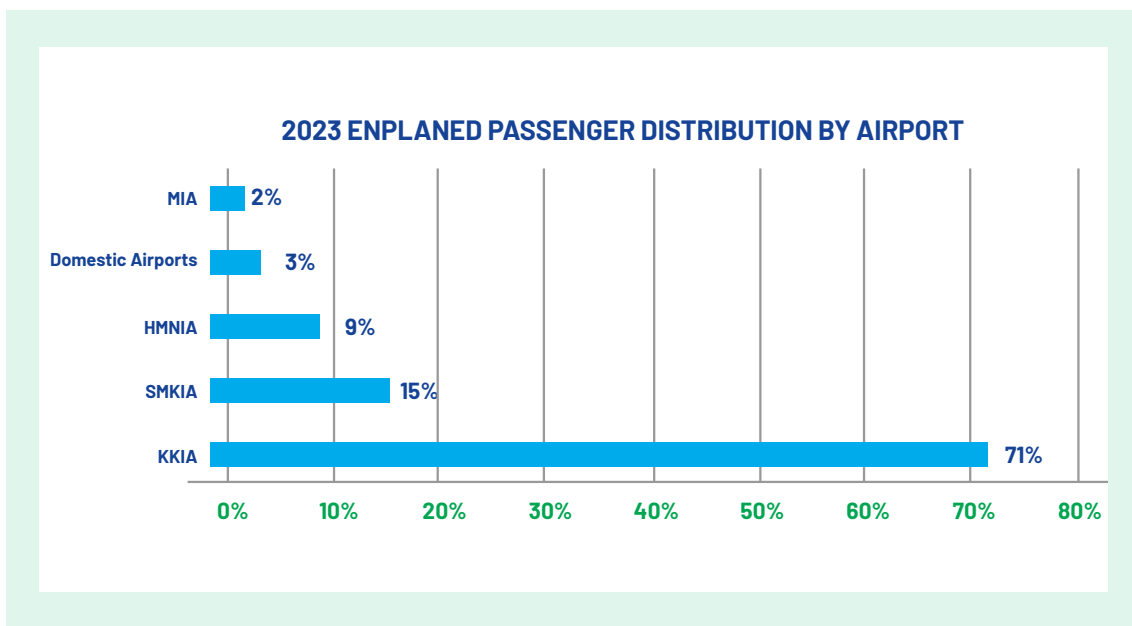
a notable 28.9% rise. The distribution of paying passengers across all international and domestic airports is illustrated in the table and graph provided below:

**Table 3: Enplaned Passengers Per Airport**

| Paying Passengers by Airport |                |                |                |             |
|------------------------------|----------------|----------------|----------------|-------------|
| Airport                      | International  | Domestic       | Total          | % Share     |
| KKIA                         | 364,136        | 123,341        | 487,477        | 71%         |
| SMKIA                        | 40,625         | 62,199         | 102,824        | 15%         |
| HMNIA                        | 32,323         | 30,001         | 62,324         | 9%          |
| MIA                          | 553            | 15,515         | 16,048         | 2%          |
| Domestic Airports            | -              | 20,848         | 20,848         | 3%          |
| <b>Total</b>                 | <b>437,617</b> | <b>251,904</b> | <b>689,521</b> | <b>100%</b> |

Kenneth Kaunda International Airport served 71% of departing passengers, while Simon Mwansa Kapwepwe, Harry Mwaanga Nkumbula, and Mfuwe International

Airports handled 15%, 9%, and 2% of enplaned passengers, respectively. The remaining 3% was attributed to domestic flights.



## Aircraft Movements

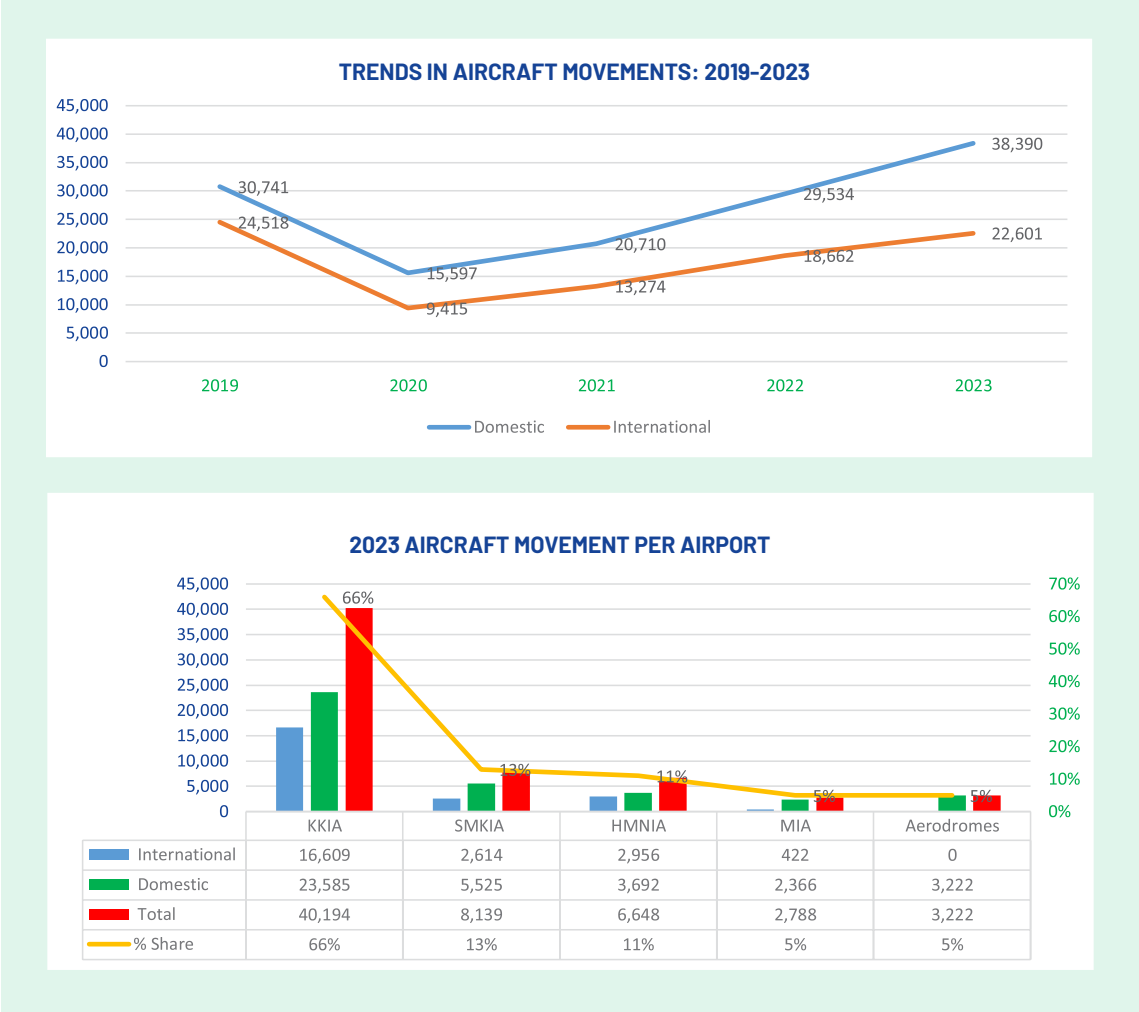
Zambia Airports Corporation Limited recorded a cumulative of 60,991 aircraft movements in 2023, marking a notable surge of 25.8% from the preceding year's figure of 48,490. Within this period, domestic aircraft movements witnessed a substantial upswing of 27.6%,

escalating from 30,095 in 2022 to 38,390 in 2023. Further, international aircraft movements experienced a substantial rise of 22.9%, reaching 22,601 movements in 2023 compared to 18,395 in 2022. The breakdown of aircraft movements across all international and domestic airports is presented in the table and graphs below:

**Table 4: Aircraft Movements Per Airport**

| 2023 Aircraft Movement Distribution by Airport |               |               |               |             |
|--|---------------|---------------|---------------|-------------|
| Airport  | International | Domestic      | Total         | % Share     |
| KKIA   | 16,609        | 23,585        | 40,194        | 66%         |
| SMKIA  | 2,614         | 5,525         | 8,139         | 13%         |
| HMNIA  | 2,956         | 3,692         | 6,648         | 11%         |
| MIA  | 422           | 2,366         | 2,788         | 5%          |
| Aerodromes                                     | -             | 3,222         | 3,222         | 5%          |
| <b>Total</b>                                   | <b>22,601</b> | <b>38,390</b> | <b>60,991</b> | <b>100%</b> |

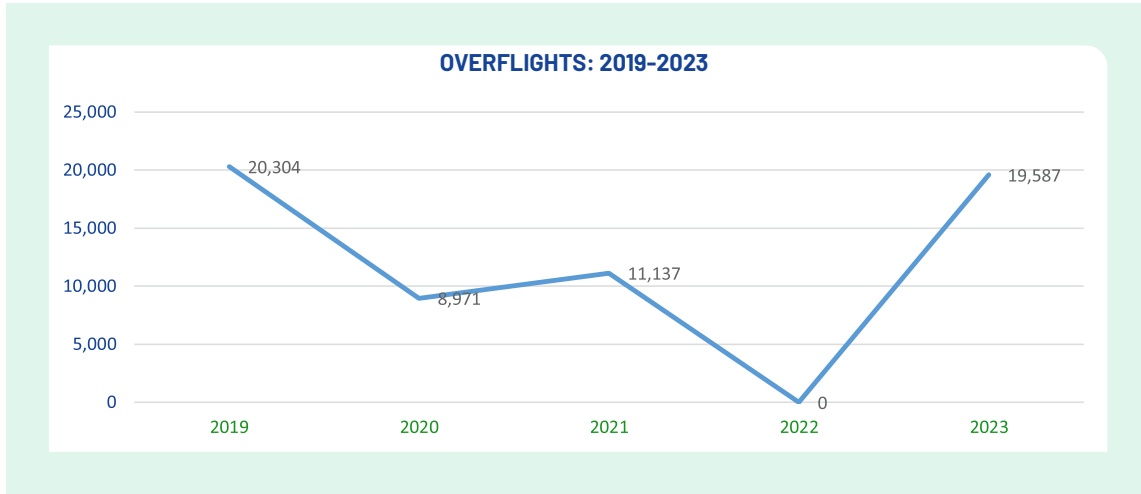




Kenneth Kaunda International Airport registered the highest volume of aircraft movements, accounting for 66% of the overall total. Simon Mwansa Kapwepwe, Harry Mwaanga Nkumbula, and Mfuwe International Airports handled 13%, 11%, and 5% respectively, with domestic airports collectively accounting for 5%. The proportion of aircraft movements at Harry Mwaanga NkumbulWa International Airport marginally decreased in 2023 compared to the 13% recorded in 2022.

### Overflights

The Corporation recorded a total of 19,587 overflights (those that do not depart from or land at any Zambian airport) in 2023 compared to 16,664 recorded in 2022, representing a 17.5% increase. While 2022 was still mired by travel restrictions, turbulence gradually eased in 2023 as more planes returned to the skies which saw the sector approach cruising altitude by end December 2023. The graph below shows the trend in overflights from 2019 to 2023.



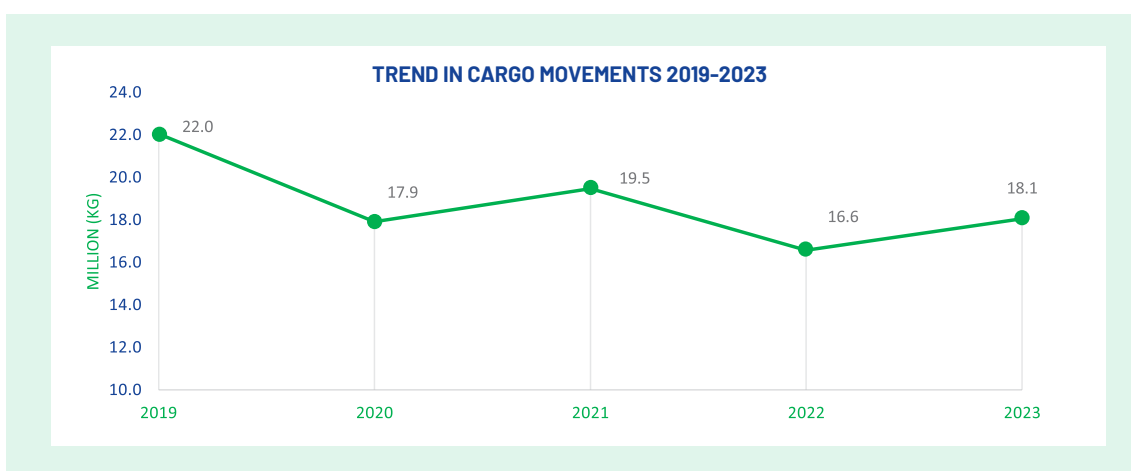
### Cargo Volumes

In 2023, a total of 18,054,328.10 kilograms of cargo and mail were recorded by ZACL, marking a 9% rise compared to the 16,570,222.06 kilograms recorded in 2022. However, despite this growth, cargo performance remains 18% below pre-pandemic levels. The resurgence in air cargo capacity is credited to the reinstatement of belly-hold cargo capacity on passenger aircrafts. This recovery trend was buoyed by a significant annual surge in

cargo demand along the Africa-Asia trade route. The remarkable performance in this route area underscores the strengthening trade relationship between Africa and Asia, particularly the commercial ties between China and African countries. The primary airlines uplifting this cargo from Kenneth Kaunda International Airport were Emirates, Qatar Airways, Astral Aviation, Ethiopian Airlines Cargo and Kenya Airways Cargo. The cargo trends over the past five years are illustrated below.

**Table 5: Cargo**

| Year | Cargo (Kgs)   | Mail (Kgs) | Total         | % Movement |
|------|---------------|------------|---------------|------------|
| 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 | 9%         |
| 2022 | 16,281,676.68 | 288,545.38 | 16,570,222.06 | -15%       |
| 2023 | 17,748,125.76 | 306,202.34 | 18,054,328.10 | 9%         |



## On-Time Performance

Our on-time performance of handled airlines in the year 2023 was as follows:

**Table 6: Average OTP Per Airport**

| AIRLINES STATION OTP - ANNUAL 2023 |            |            |            |            |            |
|------------------------------------|------------|------------|------------|------------|------------|
| AIRLINE                            | STN TARGET | KKIA       | HMNIA      | SMKIA      | MFU        |
| Kenya Airways                      | 100%       | 99%        | 96%        | 99%        |            |
| Ethiopian Airlines                 | 99%        | 98%        |            | 98%        |            |
| Airlink                            | 87%        | 97%        | 96%        | 98%        |            |
| Rwandair                           | 97%        | 100%       |            |            |            |
| Proflight Zambia Domestic          | 90%        | 100%       | 96%        | 99%        | 98%        |
| Proflight Zambia International     | 90%        | 99%        |            | 100%       |            |
| Royal Air Charters                 | 97%        | 100%       |            |            |            |
| Air Tanzania                       | 95%        | 97%        |            | 100%       |            |
| Qatar Airways                      | 98%        | 99%        |            |            |            |
| South African Airways              | 87%        | 99%        |            |            |            |
| Air Botswana                       | 95%        | 99%        |            |            |            |
| Zambia Airways Domestic            | 99%        | 94%        | 96%        | 87%        |            |
| Zambia Airways International       | 99%        | 96%        |            |            |            |
| Malawi Airlines                    | 99%        | 99%        |            |            |            |
| Turkish Airlines                   | -          | 100%       |            |            |            |
| Kafue Transport Service            | -          | 100%       |            |            |            |
| Mozambique Airlines                | -          | 98%        |            |            |            |
| SAFAIR                             | -          |            | 97%        |            |            |
| <b>Average OTP</b>                 | <b>95%</b> | <b>98%</b> | <b>95%</b> | <b>98%</b> | <b>98%</b> |

## Ground Handling Services

During the period under review, the Corporation offered ground handling services to 15 out of the 16 scheduled airlines operating at the four international airports and provincial aerodromes, translating into 93.7% market share of scheduled airlines. Mozambique Airlines and FlySafair commenced flights into Lusaka and Livingstone from Maputo and Johannesburg, respectively. Furthermore, Turkish Airlines resumed operations on the Istanbul-Lusaka route in March 2023. Besides serving scheduled airlines, ZACL extended ground handling services to charter operators during the year.

## Non-Aeronautical Business

In order to achieve financial stability and resilience, ZACL is dedicated to lowering airlines' operational costs in the long run through rigorous cost optimisation strategies and the expansion of non-aeronautical revenues. These income streams are not regulated by economic factors and are less susceptible to external shocks that impact air traffic. This provides flexibility for reducing airport fees while ensuring the provision of safe and secure airport facilities.

The Corporation's non-aeronautical revenue recorded an increase of 37.4% from ZMW 51.4 million recorded in 2022 to ZMW 70.6 million in 2023, contributing 7.5% to total revenue in 2023 against the recommended global average of 40%. This impressive growth from the previous year was attributed to a surge in passenger volumes, which translated into heightened sales for retail operators at airport facilities, thereby generating increased income from concessions for the Corporation.

Revenue distribution by category indicated that 74.8% of total non-aeronautical revenue came from rentals, with fuel throughput and car parks contributing 16.4% and 8.8%, respectively.

## Growing Non-Aeronautical Revenue

The key primary goals within the Corporation's Commercial strategy remain centred on expanding the revenue sources over the medium to long term. To achieve this objective, focus has been directed towards the following proposed strategies:

- **Advertising Concessions:** Recognising advertising as a valuable avenue for generating non-aeronautical revenues, the Corporation has continued to lease out advertising space utilising a combination of guaranteed minimum rentals and concessions. This approach includes accommodating single operators in selected areas.
- **Rental and Retail Space Optimisation:** ZACL has continued to lease out available space, including offices, warehouses, restaurants, and institutional houses, employing a mix of guaranteed minimum rentals and concessions. The aim is to maximise revenues from existing spaces by charging market reflective rates. Furthermore, efforts have been directed towards increasing airport occupancy rates through strategic tenant mix initiatives, focusing on customer-centric service offerings and marketing strategies. Terminal occupancy rates for 2023 reached 90%, surpassing the targeted performance threshold of 80%.
- **Car Parks:** The Corporation has successfully automated the car parks at KKIA, SMKIA, and HMNIA, with plans to extend this initiative to provincial



aerodromes to improve customer experience and optimise revenue collection while minimising income leakages. Additionally, the Corporation has initiated processes for car park integration at KKIA to enhance customer experience by reducing human interactions and incorporating various payment platforms.

- **Implementation of Land-Use Plan:** A significant milestone remains the development of 550Ha of land around KKIA through the Special Purpose Vehicle (SPV) concept and ownership of facilities under the Build Operate Transfer (BOT) model. The Corporation is establishing an SPV to streamline operations, enhance governance frameworks, and foster sustainable growth for the planned Land-Use.

Furthermore, Phase II of the Land-Use Plan for other land parcels within KKIA is nearing completion. Additionally, procurement of consultants for Design and Management of the Implementation of Bulky Services for Phase 1 was underway at end 2023.

- **Operationalisation of the KKIA Hotel (Transit and Non-Transit):** Significant efforts have been made towards expediting the operationalisation of the KKIA Hotel to diversify revenue streams, enhance passenger experience, and capitalise on opportunities for transiting passengers. As of the end of 2023, final fit-out works for Furniture, Fixtures, and Equipment (FF&E) were underway, with progress at 65% and completion expected by the end of March 2024.



# 10



## Financial Performance

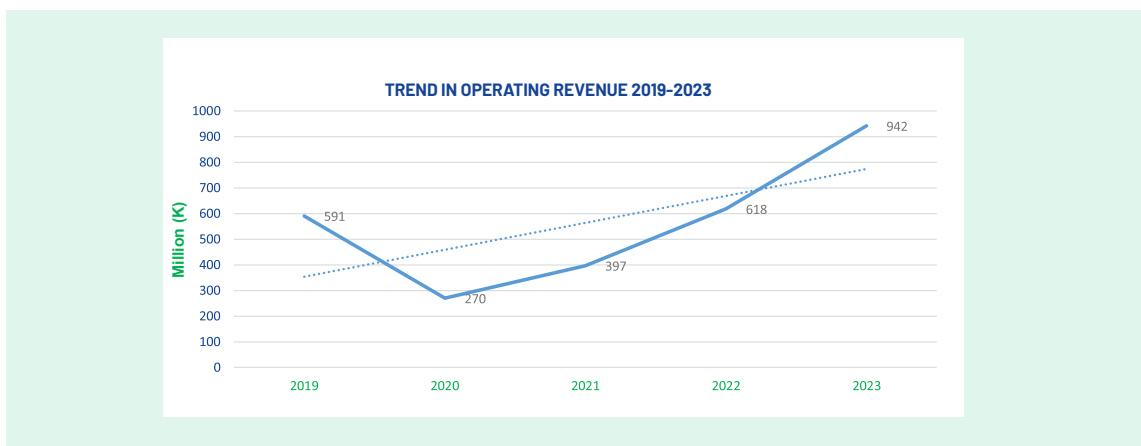
The Corporation experienced a significant increase in operating revenue, rising by 52.4% from K618 million in 2022 to K942 million in 2023. This growth is primarily attributed to the recovery in air travel during the period under review. Additionally, the depreciation of the Kwacha throughout the year, given that most of the Corporation's revenues are in US Dollar, also contributed to the revenue increase. Aeronautical revenue accounted for 92.5% of the total revenue, with non-aeronautical revenue contributing 7.5%.

Employee costs saw a notable rise, increasing by 39.3% from K342.5 million in 2022 to K477.2 million in 2023. This

increase is attributed to the harmonisation and increment in salaries provided to non-unionised employees during the period under review.

Operating expenses increased by 16% from K487 million in 2022 to K773 million in 2023, attributed to the general rise in the cost of doing business experienced throughout the year. However, despite these cost increases, the Corporation reported a profit after tax of K206.5million, the first time ever since the outbreak of the COVID-19 pandemic in 2019.

The chart below illustrates the five-year trend in operating revenue:







**KKIA Terminal 1 Rehabilitation Works:** ZACL successfully completed the rehabilitation of KKIA Terminal 1 which was handed over to ZACL by the contractor in July 2023.

**KKIA Hotel Modification Works commenced:** ZACL commenced the modification of KKIA Hotel in preparation for opening hotel operations. Works were at 65% progress at year end 2023.

**Fencing Works:** The Corporation undertook

works to enhance security of its critical assets through the construction of perimeter fencing as follows: KKIA perimeter wall fence and Clearvu fencing completed, installed fencing around sewer ponds and secured the Lima Yankey Navigational Aid.







In 2023, the RFS team effectively executed its mandate of ensuring fire cover for aircraft operations within our airspace. They adeptly managed all incidents involving aircraft and wildlife, encountering no significant obstacles. In response to the evolving demands, management undertook structural enhancements to optimize operations and address the increased responsibilities. Additionally, ZACL has proactively tackled the gender gap within the RFS, in alignment with SADC Gender Protocol requirements, through the recruitment of more female firefighters, fostering gender parity within the service.

Furthermore, the RFS diligently maintained compliance with regulatory standards for fire cover at all ZACL airports, adhering to all Zambia Civil Aviation Authority (ZCAA) and International Civil Aviation Organisation (ICAO) guidelines. This entailed ensuring round-the-clock serviceability and maintenance of fire engines, maintaining adequate firefighting resources as dictated by local and international regulations, sustaining optimal staffing levels, conducting mandatory training sessions for firefighters at various proficiency levels, and successfully conducting emergency mock exercises across all designated airports during the reporting period.

## Aviation Security

Zambia Airports Corporation Limited places utmost importance on aviation security to safeguard the safety and well-being of passengers, crew, and airport personnel. Our commitment to aviation security is comprehensive, integrating advanced technologies, rigorous screening procedures, and highly trained personnel. We continuously enhance security measures and adapt to emerging threats to uphold the highest standards

of safety and security across all airport operations. Our deployment of security systems ensures controlled access to Security Restricted Areas (SRAs), prevents the carriage of prohibited articles onto flights, halts intrusions into restricted areas, and maintains comprehensive security oversight. Through collaboration with industry partners and regulatory authorities, we maintain our dedication to providing a secure environment for air travel. By fostering confidence and trust among passengers and stakeholders alike, we uphold our commitment to excellence in aviation security.

## Safety Incidences and Accidents

Zambia Airports Corporation Limited is resolute in its efforts to enhance safety performance by implementing a Safety Management System (SMS). The Corporation is continuously engaged in activities aimed at addressing and improving aviation safety, as outlined in its SMS targets.

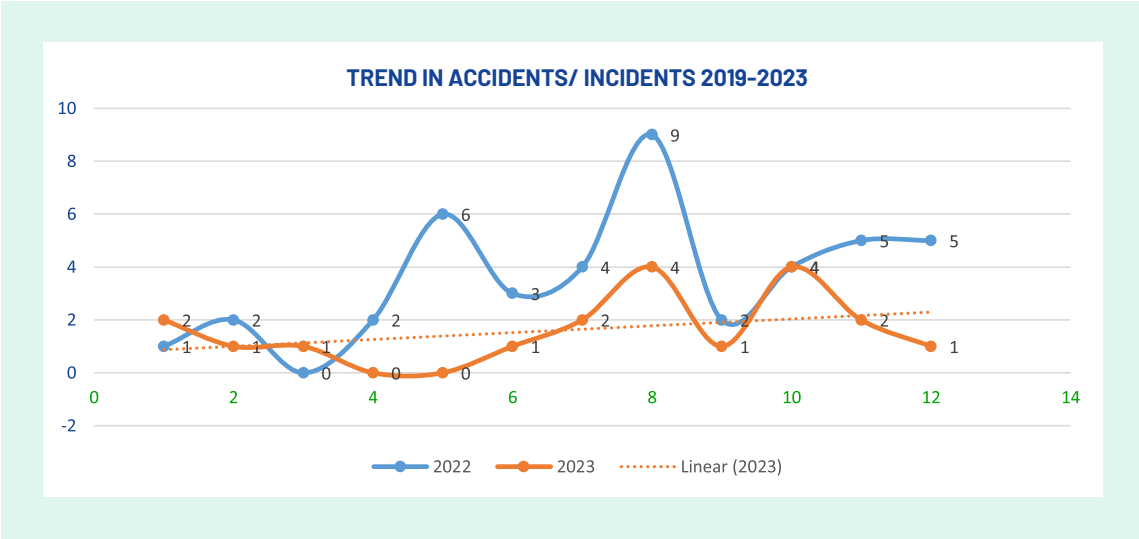
Safety initiatives within the SMS are closely monitored through the assessment of safety performance indicators, which are aligned with established safety objectives and targets. ZACL strives to strike a balance between assessed risks and the practicality, achievability, and effectiveness of risk mitigation strategies in all coordinated safety endeavours.

The Annual Safety Report provides regular updates on safety indicators, including accidents and associated risk factors. The chart below illustrates the incidence and accident rates recorded in 2022 and 2023. Notably, there was a significant decrease in the annual number of accidents and incidents in 2023. While the highest count was recorded in August and October 2023,

with a combined total of 8 incidents, it is noteworthy that this notable decrease was attributed to management measures aimed at minimising occurrences.

Additionally, regular grass monitoring and cutting help manage vegetation in and around our airports. These measures

have significantly raised aviation safety standards, positively impacting both aircraft and passenger safety. With our proactive approach, we aim to maintain the delicate balance between environmental conservation and the operational demands of aviation.



### Quality Assurance

Zambia Airports Corporation Limited (ZACL) has established, implemented and maintains a Quality Management System in accordance with the ISO9001:2015 standard. Both Kenneth Kaunda International Airport (KKIA) and Harry Mwaanga Nkumbula International Airport have been certified to ISO 9001:2015. The

South African Bureau of Standards (SABS), serving as the certification body, conducts re-certification audits every three years. With the ISO 9001 certificate for KKIA and HMNIA set to expire in March 2023, ZACL successfully underwent the recertification process. Consequently, the Corporation was reissued with the certificate under registration number LS5570, effective from March 16th 2023 to March 2nd 2026.





## Gender Balancing

The Corporation made significant strides in promoting gender equality in the workplace during the year. Executive management had 28% female representation, with two out of seven members being women. At the airport management level, 50% of the four international airports were headed by women. The Corporation remains committed to ensuring equal opportunities for all individuals, regardless of gender.

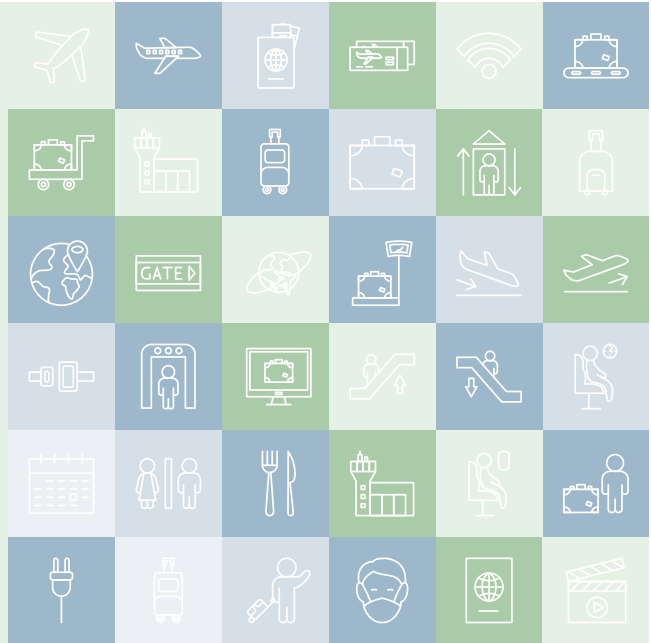
## Staff Satisfaction

The staff satisfaction index increased to 79.9% from 62% in 2022, attributed to management interventions such as a 12% salary increment for both non-unionised and unionised staff, conclusion of engagements with the Emoluments Commission, payment of long service awards, and commencement of payment of overtime accrued on public holidays.



# 14

## Corporate Social Responsibility



In the year 2023, Zambia Airports Corporation Limited (ZACL) continued its unwavering commitment to Corporate Social Responsibility (CSR), recognising the pivotal role it plays in fostering a sustainable and socially conscious business environment. As stewards of the aviation industry, we acknowledge

the interconnectedness between our operations, the communities we serve, and the broader environment. In alignment with our core values, ZACL directed its CSR efforts towards: Environmental Sustainability, Community Empowerment, Cultural Heritage and Education.



## Going Green

In a concerted effort to contribute to environmental sustainability and promote green initiatives, ZACL undertook a tree-planting initiative at Chinkuli Basic School in Chongwe. This project aimed not only to enhance the school's environment but also to instil a sense of environmental responsibility among the students and the community.

## Community Empowerment

During International Women's Day, ZACL extended its support to the Zambia Correctional Services Prison for Women in Livingstone. The donation aimed to empower and uplift incarcerated women, recognising the importance of gender equality and supporting initiatives that contribute to the rehabilitation and well-being of women in correctional facilities.

Whilst embracing the spirit of giving during the festive season, ZACL continued its annual tradition of spreading joy and goodwill. The Corporation made a heartfelt Christmas donation to underprivileged children at Dag Hammarskjold Memorial School in Ndola, brightening their holiday season and fostering a sense of community support.

## Cultural Heritage

Recognising the importance of preserving cultural heritage and supporting local leaders, ZACL made a significant contribution to Chief Mnkanya in Mfuwe. The donation of roofing materials was aimed to enhance the infrastructure of community spaces under the leadership of Chief Mnkanya, strengthening the fabric of the local community.

## Education

Education remains a cornerstone of ZACL's CSR agenda. In 2023, we extended our support to Malaika School in Chongwe who received a donation of school desks. This initiative sought to enhance the learning environment for students, emphasising the Corporation's dedication to educational development and providing the tools necessary for a conducive learning experience.

## Water, Sanitation and Hygiene (WASH)

ZACL continued its long-standing partnership with Habitat for Humanity Zambia to address water accessibility challenges. Through collaborative efforts, a water kiosk was constructed at a local school, ensuring access to clean and safe drinking water for both students and the surrounding community, thereby promoting health and well-being.

## Awards and Accolades

Kenneth Kaunda International Airport was awarded the Environment and Sustainable Development (ESD) Award for its outstanding commitment to combatting wildlife trafficking in partnership Wildlife Crime Prevention (WCP) Zambia and the Department of National Parks and Wildlife (DNPW).









# 17

## Supporting Protection of Wildlife



Operating within wildlife habitats requires us to carefully balance environmental preservation with aviation's commercial needs. The Corporation is committed to minimising wildlife strike incidents while prioritising environmental sustainability. To achieve this, we implement integrated and efficient environmental management programs. Our wildlife management teams meticulously collect and analyse comprehensive data daily, enabling proactive risk management. By monitoring seasonal trends and daily patterns, we effectively mitigate potential

hazards.

Furthermore, the Corporation is deeply committed to preserving environmental biodiversity and has a robust policy regarding the conservation of flora and fauna. Given that many of its airports are situated within natural wildlife habitats, ZACL has taken steps to train airport personnel in snake handling and relocation. This ensures that snakes found within operational areas are safely relocated rather than harmed, recognising their vital role in maintaining ecosystem equilibrium.



**Snake handling and control training at Kalimba Reptile Farm**

Kenneth Kaunda International airport was also honoured by the Airports Council International during the 2023 Environment and Sustainable Development Awards for our dedication to combating wildlife trafficking. We have collaborated with organisations such as Wildlife Crime Prevention and the Department of

National Parks and Wildlife to enforce a zero-tolerance policy towards wildlife trafficking. These efforts are geared not only towards promoting biodiversity but also safeguarding our tourism industry, which makes a substantial contribution to our GDP.











capital deployed remains a central aspect of ZACL's operations.

## Discover Zambia: Where Adventure, Wildlife And Culture Collide

Zambia presents a myriad of compelling reasons to visit for tourism, making it an enticing destination for travellers seeking unforgettable experiences. Here are some key reasons why Zambia stands out:

- **Rich Wildlife:** Zambia is renowned for its diverse wildlife and pristine wilderness areas, making it a paradise for safari enthusiasts. The country is home to an abundance of iconic African species, including elephants, lions, leopards, giraffes, and hippos. With 20 national parks and numerous game management areas, visitors have the chance to embark on thrilling game drives, walking safaris, and boat cruises, immersing themselves in the beauty and splendour of Zambia's natural habitats.
- **Cultural Heritage:** Zambia's cultural heritage is as vibrant and diverse as its landscapes. The country boasts a tapestry of traditions, customs, and ceremonies that offer a fascinating glimpse into its rich cultural fabric. From traditional ceremonies such as the Kuomboka and Nc'wala to vibrant festivals celebrating music, dance and art, visitors have the opportunity to immerse themselves in Zambia's living cultural heritage, forging meaningful connections with local communities.
- **Adventure Activities:** For adrenaline junkies and outdoor enthusiasts, Zambia presents a playground of adventure activities. Thrilling experiences such as bungee jumping,

white-water rafting on the Zambezi River, zip-lining across gorges, and microlight flights over Victoria Falls promise an exhilarating journey filled with adrenaline-pumping moments and breathtaking views.

- **Natural Wonders:** At the forefront of Zambia's allure is the breathtaking Victoria Falls, one of the most iconic and awe-inspiring natural wonders on the planet. Visitors can witness the sheer power and majesty of this UNESCO World Heritage Site, often dubbed the "Smoke that Thunders," as the Zambezi River plunges dramatically into the Batoka Gorge. Beyond Victoria Falls, Zambia is adorned with an array of stunning landscapes, including captivating waterfalls such as Kalambo, Ngonye, and Chishimba, offering endless opportunities for nature lovers and adventure seekers.
- **Hospitality and Accommodation:** Zambia prides itself on its warm hospitality and excellent accommodation options. From luxurious lodges and boutique hotels to rustic bush camps and eco-friendly resorts, there is something to suit every traveller's preference and budget. Whether you are seeking a romantic retreat, a family-friendly getaway, or a solo adventure, Zambia offers unparalleled hospitality and comfort amidst its natural splendour.

## Zambia's Geo-Economic Edge

Zambia boasts a multitude of geo-economic strengths that strategically position it as a significant player within the region:



### Strategic Location

Zambia's geographic location is advantageous as it is surrounded by eight countries. This strategic positioning makes it a key gateway and transit hub for trade and commerce within the region.



### Tourism and Trade Hub

With its diverse natural attractions and resources, Zambia has the potential to become a central hub for tourism and trade in the region. Its rich cultural heritage and scenic landscapes make it an attractive destination for tourists and investors alike.



### Aviation Hub:

Zambia has the potential to establish Kenneth Kaunda International Airport (KKIA) as a regional aviation hub for both passenger and air cargo traffic. With its central location within the region and growing infrastructure, KKIA could serve as a crucial transportation link, facilitating connectivity and trade flows across borders.

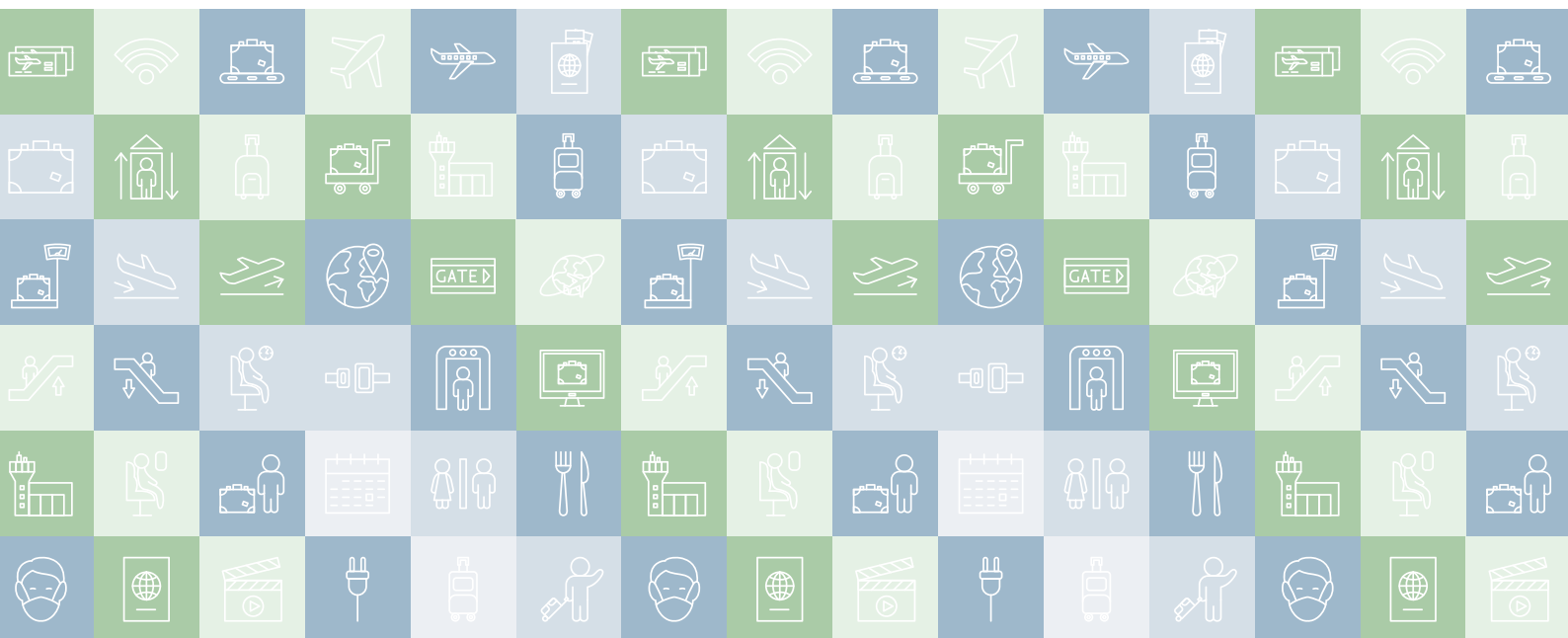


### Access to Regional Markets:

Access to Regional Markets: Zambia benefits from its membership in several regional economic blocs, including the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (COMESA), the East African Community (EAC), and the African Continental Free Trade Area (AfCFTA). This provides Zambia with access to wider markets for both raw materials and finished products, as well as opportunities for collaboration in terms of labor and capital.



# Zambia Airports Corporation Limited Financial Statements for the year ended 31 December 2023





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## Report of the Directors

The Directors submit their report and audited financial statements for the year ended 31 December, 2023.

### 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 International Airport (KKIA), Simon Mwansa Kapwepwe International Airport (SMKIA), Harry Mwaanga Nkumbula International Airport (HMNIA) and Mfuwe as well as provision of air navigation services throughout Zambia. The Corporation is also in charge of seven 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. There was no change in share capital during the year.

### 4. Results

The Corporation's results are as follows:

| Revenue                     | 2023                | 2022                |
|-----------------------------|---------------------|---------------------|
|                             |                     | Restated            |
|                             | K                   | K                   |
| Operating revenue           | <u>942,229,883</u>  | <u>617,966,177</u>  |
| Profit before tax           | 218,489,373         | 100,767,471         |
| Income tax (expense)/credit | <u>(12,019,657)</u> | <u>(11,827,158)</u> |
| Profit after tax            | <u>206,469,716</u>  | <u>88,940,313</u>   |

The Corporation achieved operating revenue of K942 million during the twelve months to 31 December 2023 compared to K618 million for the previous 12 months. Operating costs during the period amounted to K773 million (2022 - restated K487 million) resulting into a profit before tax of K206 million (2022 -restated K89 million) after taking into account other charges. The Corporation recorded improvements in the profit mainly due to the revision in the carrying value of the assets. The Corporation reverted to the cost model from the valuation model in the year 2023 and has resulted in significant reduction in the depreciation cost charge in the period.

## 5. Dividends

The Corporation made a Profit after tax of K206 million for the year ended 31 December 2023 (2022: restated K89 million). The Corporation plans to use the funds to recapitalise worn-out equipment it was unable to replace during the lean period of COVID 19 Pandemic. In addition, the Corporation has embarked on several capital projects with a view of broadening the revenue base. In view of this, the Directors do not recommend a dividend for the year ended 31 December 2023.

## 6. Directors, Management and Secretary

The Directors, Management and the Secretary who served during the year and at the time of signing these financial statements were as follows:

### Directors

|                          |   |   |
|--------------------------|---|---|
| Mr. Zevyanji Sinkala     | - | <b>Chairperson</b>                        |
| Dr. Frank Munthali       | - | <b>Vice chairperson</b>                   |
| Mrs. Irene B.M Tembo     | - | <b>Member</b>                             |
| Mr. Mulele Maketo Mulele | - | <b>Member</b>                             |
| Mrs. Maggie Banda Kaunda | - | <b>Member - Retired 15 September 2023</b> |

### Management

|                              |   |   |
|------------------------------|---|---|
| Mrs. Ngoza K. Matakala       | - | <b>Managing Director - Appointed 6 March 2024</b>   |
| Mrs. Gillian Mazamba         | - | <b>Finance Director - Acting Managing Director 13 November 2023 to 5 March 2024</b>                               |
| Mr. Cosam Ngoma              | - | <b>Director Corporate Planning and Strategy - Acting Managing Director 18 September 2023 to 13 November, 2023</b> |
| Mrs. Shubayi Chatora Kalumba | - | <b>Corporation Secretary</b>  |
| Mr. Kephias Masaninga Phiri  | - | <b>Acting Commercial Service Director</b>   |
| Mr. Zephania Sholobela       | - | <b>Acting Director Air Navigation Services</b>  |
| Mr. Joseph Mumbi             | - | <b>Acting Director Airport Services</b>   |
| Mrs. Khetiwe Lubinga         | - | <b>Acting Director Corporation Planning and Strategy</b>  |
| Mrs. Sitima Miti             | - | <b>Acting Finance Director</b>  |

The Secretary is:

Mrs. Shubayi Chatora Kalumba  
Zambia Airports Corporation Limited  
Farm 4169, Off Airport Road  
PO Box 30175  
**LUSAKA**

During the year, the Board sat for four (4) scheduled meetings and eight (8) special meetings. The attendance was as follows;

| Name  | Meetings Attended |         | Total No. of Meetings Attended |
|---|-------------------|---------|--------------------------------|
|   | Scheduled         | Special |                                |
| Mr. Zevyanji Sinkala – Board Chairperson              | 4                 | 8       | 12                             |
| Dr. Frank Munthali – Vice Chairperson                 | 4                 | 8       | 12                             |
| Mrs. Irene Bwalya Muloshi Tembo                       | 4                 | 8       | 12                             |
| Mr. Mulele Maketo Mulele                              | 4                 | 7       | 11                             |
| Mrs. Maggie Banda Kaunda, Member until September 2023 | 2                 | 5       | 7                              |

## 7. Industrial relations

The Corporation enjoyed industrial harmony throughout the year.

## 8. Employees

The Corporation had 1,141 full time employees at 31 December 2023 (31 December 2022: 1,049) and total salaries and wages paid were K477 million for the year ended 31 December 2023 (December 2022: K342 million). The increase in the number was mainly due to the additional staff recruited in the year such as ones recruited for Simon Mwansa Kapwepwe International Airport in Ndola which still required additional staff as required by the Civil Aviation Authority (CAA) as well as recruitments of Aviation Security staff at all the airports to meet the minimum required levels in view of the forth coming ICAO safety audit which is scheduled for August 2024. Added to this was the partial implementation of the recommendations from emoluments commission's report.

The average number of employees in each month for the year was:

| MONTH          | MANPOWER | MONTH           | MANPOWER |
|----------------|----------|-----------------|----------|
| January, 2023  | 1047     | July, 2023      | 1030     |
| February, 2023 | 1045     | August, 2023    | 1036     |
| March, 2023    | 1034     | September, 2023 | 1058     |
| April, 2023    | 1032     | October, 2023   | 1049     |
| May, 2023      | 1026     | November, 2023  | 1044     |
| June, 2023     | 1022     | December, 2023  | 1141     |

## 9. Directors' fees

Directors' fees and expenses paid during the year were K5.8 million (2021: K0.67 million).

## 10. Gifts and donations

The Corporation made donations of K596,443 during the year (2022 – K75,000). No donations were made towards political activities, this is in line with the Corporation's policy on donations.



## 11. Property, plant and equipment

Additions to property, plant and equipment totaling K278 million were made during the year (2022 – K58 million).

## 12. Other material facts, circumstances and events

The Corporation's performance has improved when compared to the previous year. The passenger numbers have improved from 1,653,880 in 2022 to 2,061,266 in 2023 due to continued easing of COVID -19 restrictions particularly in the Northern Hemisphere, global call to operate under new normal provisions to ensure business continuity and global mass vaccine roll outs undertaken. Increase in passenger numbers at the four international airports culminated in an increase in frequencies by scheduled airlines. From the domestic front, the coming on board of the Zambia Airways has brought competition among domestic players and stabilised the air fares. The Corporation also welcomed back Turkish Airlines in Mah 2023 and two new airlines LAM Mozambique Airlines and Safair launched within the year at Kenneth Kaunda and Harry Mwaanga Nkumbula International Airports respectively.

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

## 13. Financial statements

The financial statements set out on pages 70 to 117 have been approved by the Directors.

## 14. Climate change

ZACL is implementing Business Continuity Management System which will address Climatechange events likely to cause business disruptions whilst other risks are addressed through the Enterprise Risk Management system.

## 15. Auditors

The Corporation auditors, Grant Thornton, retire at the end of 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 2023, 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 Corporation 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.

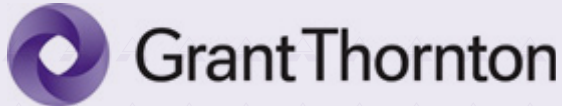
Signed at **Lusaka** on



**Mr. Zevyanji Sinkala**  
Chairperson



**Mrs. Ngoza K. Matakala**  
Managing 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 2023, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year 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, 2023, 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

Key audit matter is a matter that, in our professional judgement, was of significance in our audit of the financial statements for the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined the matter described below to be a key audit matter to be communicated in our report.

## Report of the Independent Auditor

### To The Members of Zambia Airports Corporation Limited (continued)

#### Report on the Financial Statements (continued)

| Description of Matter  | How the matter was addressed in our audit  |
|--|--|
| <p><b>Classification measurement and impairment of financial assets</b></p> <p>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.</p> <ul style="list-style-type: none"><li>The Directors are required to apply the forward-looking approach to recognize expected credit losses based on IFRS 9's impairment requirements.</li><li>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.</li></ul> | <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"><li>Assessing the design and implementation of the impairment model adopted with focus on compliance with the requirements of IFRS 9: "Financial Instruments".</li><li>Reviewing management's evaluation of possible outcomes and the probability of occurrence.</li><li>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.</li><li>We obtained the analysis prepared by management in calculating the fair value of the assets.</li><li>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.</li><li>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.</li></ul> |

### 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



## Report of the Independent Auditor

### To The Members of Zambia Airports Corporation Limited (continued)

#### Report on the Financial Statements (continued)

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

## Report of the Independent Auditor

### To The Members of Zambia Airports Corporation Limited (continued)

#### Report on the Financial Statements (continued)

- 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. The other information comprises the Report of the directors as required by the Companies Act of Zambia and the statement of Directors' responsibilities in respect of the preparation of financial statements. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Report of the Independent Auditor

### To The Members of Zambia Airports Corporation Limited (continued)

#### Report on the Financial Statements (continued)

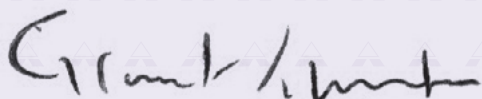
#### Report on Other Legal and Regulatory Requirements

The Companies Act, 2017 requires that in carrying out our audit of the Zambia Airports Corporation Limited, we report on whether;

- i. There is a relationship, interest or debt which us, as the Corporation's auditor, have in the Corporation; and
- ii. There are serious breaches by the Corporation's directors, of corporate governance principles or practices.

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

#### 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 2023

|   |            | RESTATED             |                      |                      |
|---|------------|----------------------|----------------------|----------------------|
|   |            | 2023                 | 2022                 | 2021                 |
|   | Note       | K                    | K                    | K                    |
| <b>Revenue</b>  | 7          | <u>942,229,883</u>   | <u>617,966,177</u>   | <u>396,936,610</u>   |
| <b>Expenditure</b>                                    |            |                      |                      |                      |
| Depreciation  | 11(c)      | (48,712,345)         | (47,407,257)         | (47,496,886)         |
| Employee costs  | Appendix 1 | (477,214,942)        | (342,535,449)        | (305,302,125)        |
| Other operating expenses                              | Appendix 2 | <u>(295,677,365)</u> | <u>(144,836,477)</u> | <u>(145,597,013)</u> |
|   |            | 120,625,131          | 83,186,994           | (101,459,414)        |
| <b>Other income</b>                                   | Appendix 1 | <u>56,246,896</u>    | <u>35,673,018</u>    | <u>25,330,186</u>    |
| <b>Profit from operations</b>                         |            | 176,872,027          | 118,860,012          | (76,129,228)         |
| Net finance income and costs                          | 8          | 41,605,374           | (18,092,541)         | (40,214,837)         |
| Profit/(Loss) on disposals                            |            | <u>11,972</u>        | <u>-</u>             | <u>-</u>             |
| <b>Profit before tax</b>                              |            | 218,489,373          | 100,767,471          | (116,344,065)        |
| Income tax (expense)/credit                           | 9(a)       | <u>(12,019,657)</u>  | <u>(11,827,158)</u>  | <u>(22,245,185)</u>  |
| <b>Profit/(loss) after tax</b>                        |            | 206,469,716          | 88,940,313           | (138,589,250)        |
| Other comprehensive income                            | 13         | <u>891,363</u>       | <u>-</u>             | <u>-</u>             |
| <b>Total comprehensive Profit/(loss) for the year</b> |            | <u>207,361,079</u>   | <u>88,940,313</u>    | <u>(138,589,250)</u> |



## Statement of Financial Position

### For The Year Ended 31 December 2023

|   |       | RESTATED             |                     |                      |
|---|-------|----------------------|---------------------|----------------------|
|   |       | 2023                 | 2022                | 2021                 |
|   | Note  | K                    | K                   | K                    |
| <b>Non-Current Assets</b>                             |       |                      |                     |                      |
| Property, plant and equipment                         | 10    | 839,968,343          | 610,095,241         | 597,004,943          |
| Right-of-use assets                                   | 11    | -                    | -                   | 2,884,592            |
| Financial assets at fair value through profit or loss | 12    | 4,537,275            | 3,645,912           | 3,645,912            |
| Deferred tax asset                                    | (f)   | -                    | -                   | -                    |
|   |       | <u>844,505,618</u>   | <u>613,741,153</u>  | <u>603,535,447</u>   |
| <b>Current Assets</b>                                 |       |                      |                     |                      |
| Inventories   | 13    | 5,115,776            | 3,707,187           | 2,381,344            |
| Trade and other receivables                           | 14    | 233,556,668          | 119,362,606         | 40,038,087           |
| Financial assets at amortised cost                    | 15(a) | 13,118,099           | 11,888,714          | 18,671,962           |
| Financial assets at fair value through profit or loss | 15(b) | 2,746,835            | 2,753,737           | 2,611,158            |
| Cash and cash equivalents                             | 16(a) | <u>203,063,017</u>   | <u>179,655,833</u>  | <u>10,111,065</u>    |
|   |       | <u>457,600,395</u>   | <u>317,368,077</u>  | <u>73,813,616</u>    |
| <b>Total Assets</b>                                   |       | <u>1,302,106,013</u> | <u>931,109,230</u>  | <u>677,349,063</u>   |
| <b>Equity</b>   |       |                      |                     |                      |
| Share capital   | 17    | 16,458,500           | 16,458,500          | 16,458,500           |
| Amounts received awaiting allotment of shares         | 18    | 13,928,678           | 13,928,678          | 13,928,678           |
| Accumulated (loss)/profit                             |       | <u>185,759,787</u>   | <u>(21,601,293)</u> | <u>(110,541,606)</u> |
|   |       | <u>216,146,965</u>   | <u>8,785,885</u>    | <u>(80,154,428)</u>  |
| <b>Non-Current Liabilities</b>                        |       |                      |                     |                      |
| Capital grants  | 19    | 538,273,984          | 410,369,824         | 222,652,412          |
| Long-term loans                                       | 20    | 120,862,017          | 162,931,932         | 190,899,095          |
| Obligations under finance leases                      | 21    | -                    | -                   | -                    |
| Deferred liability                                    | 22    | <u>78,716,218</u>    | <u>77,187,500</u>   | <u>77,794,963</u>    |
|   |       | <u>737,852,219</u>   | <u>650,489,256</u>  | <u>491,346,470</u>   |

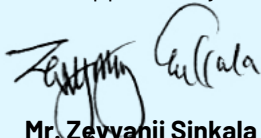
## Statement of Financial Position (continued)

For The Year Ended 31 December 2023

### Current Liabilities

|                                       |      |                      |                    |                    |
|---------------------------------------|------|----------------------|--------------------|--------------------|
| Short term portion of long-term loans | 20   | 86,723,659           | 63,057,140         | 72,726,200         |
| Obligations under finance leases      | 21   | -                    | -                  | 413,790            |
| Trade and other payables              | 23   | 229,326,034          | 167,386,834        | 164,047,351        |
| Income tax payable                    | 9(c) | 23,166,452           | 30,890,115         | 19,062,957         |
| Bank overdraft                        | 16   | -                    | -                  | 56,723             |
| Deferred liability                    | 22   | <u>8,890,685</u>     | <u>10,500,000</u>  | <u>9,850,000</u>   |
|                                       |      | <u>348,106,830</u>   | <u>271,834,089</u> | <u>266,157,021</u> |
| <b>Total Equity and Liabilities</b>   |      | <u>1,302,106,013</u> | <u>931,109,230</u> | <u>677,349,063</u> |

The financial statements set out on pages 11 to 44, which have been prepared on a going concern basis, were approved by the Board of Directors on and were signed on its behalf by:



**Mr. Zevyanji Sinkala**  
Chairperson



**Mrs. Ngoza K. Matakala**  
Managing Director

## Statement of Changes in Equity

For The Year Ended 31 December 2023

|                                 | Notes | Share capital<br>K | Amount received awaiting allotment of shares<br>K | Revaluation reserves<br>K | Accumulated profit/(loss)<br>K | Total<br>K      |
|---------------------------------|-------|--------------------|---|---------------------------|--------------------------------|-----------------|
| <b>At 1 January 2021</b>        |       |                    |   |                           |                                |                 |
| As previously reported          | 11    | 16,458,500         | 13,928,678  | 7,529,129,567             | 43,486,904                     | 7,603,003,649   |
| Prior year adjustment           |       | -                  | -   | (7,529,129,567)           | (15,439,260)                   | (7,544,568,827) |
| As adjusted                     |       | 16,458,500         | 13,928,678  | -                         | 28,047,644                     | 58,434,822      |
| Loss for the year as restated   |       | -                  | -   | -                         | (138,589,250)                  | (138,589,250)   |
| <b>At 31 December 2021</b>      |       | 16,458,500         | 13,928,678  | -                         | (110,541,606)                  | (80,154,428)    |
| Profit for the year as restated |       | -                  | -   | -                         | 88,940,313                     | 88,940,313      |
| <b>At 31 December 2022</b>      |       | 16,458,500         | 13,928,678  | -                         | (21,601,293)                   | 8,785,885       |
| Profit for the year             |       | -                  | -   | -                         | 207,361,079                    | 207,361,079     |
| <b>Transfer</b>                 |       | 16,458,500         | 13,928,678  | -                         | 185,759,786                    | 216,146,964     |
| <b>At 31 December 2023</b>      |       |                    |   |                           |                                |                 |

### Revaluation reserves

The prior year adjustment on the Revaluation reserves and accumulated profits relates to the change in policy the Corporation effected in the year 2023. The change of policy meant that the previous revaluations were all reversed so as to carry assets at historical cost. The reversal was necessitated to reflect the value the Corporation derives from the assets.

### Accumulated profit/(loss)

The accumulated profit/ (loss) represents accumulated retained earnings from the operations of the Corporation. The adjustment reflects the effect of the change in policy as per IAS 1.

### Amount received pending allotment of shares

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

## Statement of Cash Flows

For The Year Ended 31 December 2023

|   | Notes | RESTATED             |                     |                     |
|---|-------|----------------------|---------------------|---------------------|
|   |       | 2023                 | 2022                | 2021                |
|   |       | K                    | K                   | K                   |
| <b>Cash Flows from operating activities</b>                                   |       |                      |                     |                     |
| Profit/(loss) before tax  |       | 218,489,373          | 100,767,471         | (116,344,065)       |
| Interest paid   | 8     | 26,608,092           | 32,485,070          | 34,384,401          |
| Interest received   | 8     | (1,185,421)          | (2,455,858)         | (2,823,243)         |
| Unrealised exchange (gain)/losses on foreign transactions                     |       | 54,410,200           | 11,222,100          | (40,440,039)        |
| Depreciation  | 11    | 48,712,445           | 47,407,257          | 47,496,886          |
| Amortisation of capital grants  | 19    | (18,186,548)         | (18,186,549)        | (10,433,154)        |
| Fair value (gain)/Loss on investment  |       | 6,903                | (142,579)           | -                   |
| (Increase)/decrease in inventories  |       | (1,408,589)          | (1,325,843)         | 1,679,377           |
| (Increase)/decrease in trade and other receivables                            |       | (114,194,062)        | (79,324,519)        | 62,743,162          |
| Increase /(decrease) in trade and other payables                              |       | 61,939,199           | 3,339,483           | 94,326,005          |
| Decrease/(increase) in financial assets at amortised cost                     |       | (1,229,385)          | 6,783,248           | (10,295,448)        |
| Increase/(decrease) in deferred liability                                     |       | (80,597)             | 42,537              | 2,929,600           |
| Revenue Grants received - GRZ   |       | (26,691,019)         | (10,941,341)        | (10,379,137)        |
| Income tax paid   |       | (19,743,320)         | -                   | (990,000)           |
| Net cash inflows from operating activities                                    |       | 12,440               | -                   | -                   |
|   |       | <u>227,459,711</u>   | <u>89,670,477</u>   | <u>51,854,345</u>   |
| <b>Returns on investments and servicing of finance</b>                        |       |                      |                     |                     |
| Interest received   | 8     | 1,185,421            | 2,455,858           | 2,823,243           |
| Interest paid   | 8     | <u>(26,608,092)</u>  | <u>(32,485,070)</u> | <u>(34,384,401)</u> |
| <b>Net cash flows used on returns on investments and servicing of finance</b> |       | <u>(25,422,671)</u>  | <u>(30,029,212)</u> | <u>(31,561,158)</u> |
| <b>Investing activities</b>   |       |                      |                     |                     |
| Purchase of property, plant and equipment                                     | 11    | <u>(278,597,987)</u> | <u>(57,612,963)</u> | <u>(76,708,337)</u> |
| Net cash outflows used on investing activities                                |       | <u>(278,597,987)</u> | <u>(57,612,963)</u> | <u>(76,708,337)</u> |



## Statement of Cash Flows (continued)

For The Year Ended 31 December 2023

|  |    |                     |                     |                     |
|--|----|---------------------|---------------------|---------------------|
| <b>Financing activities</b>                        |    |                     |                     |                     |
| Revenue Grants received                            |    | 26,691,019          | 10,941,341          | 10,379,137          |
| Capital Grant received                             |    | 146,090,708         | 205,903,961         | -                   |
| Long-term loan received                            | 20 | 6,255,484           | 8,148,712           | 105,920,827         |
| Finance lease repaid                               |    | -                   | (413,790)           | (6,704,518)         |
| Repayment of loans                                 | 20 | <u>(79,069,080)</u> | <u>(57,007,035)</u> | <u>(92,040,420)</u> |
| Net cash inflows from financing activities         |    | <u>99,968,131</u>   | <u>167,573,189</u>  | <u>17,555,026</u>   |
| <b>Movement in cash and cash equivalents</b>       |    |                     |                     |                     |
| Net cash inflow                                    |    | 23,407,184          | 169,601,491         | (38,860,124)        |
| Cash and cash equivalents at beginning of the year |    | <u>179,655,833</u>  | <u>10,054,342</u>   | <u>48,914,466</u>   |
| Cash and cash equivalents at end of the year       | 16 | <u>203,063,017</u>  | <u>179,655,833</u>  | <u>10,054,342</u>   |
| <b>Represented by:</b>                             |    |                     |                     |                     |
| <b>Bank and cash</b>                               |    | 203,063,017         | 179,655,833         | 10,054,342          |
| <b>Overdrafts</b>                                  |    | -                   | -                   | -                   |
|  |    | <u>203,063,017</u>  | <u>179,655,833</u>  | <u>10,054,342</u>   |

# Notes to the Financial Statements for the Year Ended 31 December 2023

## For The Year Ended 31 December 2023

### 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 International Airport, Harry Mwaaga Nkumbula International Airports and Mfuwe International Airport 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

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 5.

## 4. Significant accounting policies

### (a) New Standards and amendments that are effective at 1 January 2023 and are applicable to the Company

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the Corporation's statement of changes in net assets available for benefits and net assets statement.

### (b) Other Standards and amendments that are effective for the first time in 2023 and could be applicable to the Corporation are:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)

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

### (c) 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 Corporation:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease liability is a Sale and leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current liabilities with covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21).

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. These amendments are not expected to have a material impact on the Corporation's financial statements in the period of initial application and therefore the disclosures have not been made.

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.

**(d) 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:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. 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.

### (e) 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:

| <b>Item</b>                                     | <b>Rate</b> |
|---|-------------|
| 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.

#### **(f) 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.

**(iv) 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.

**(g) 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.

### **(h) 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.

### **(i) 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.

### **(j) 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.

### **(k) 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.

### **(l) 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.

### **(m) 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.

### **(n) 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.

## **(o) 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.

**(p) 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.

**(q) 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.

**5. 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 2023 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.

## **6. Management of financial risk**

### **6.1 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.

### **6.2 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.

### **6.3 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.

## 7. Revenue

|                              | 2023               | 2022               |
|------------------------------|--------------------|--------------------|
|                              | K                  | K                  |
| Over flight fees             | 88,814,121         | 61,223,313         |
| Air Navigation fees          | 42,195,513         | 27,214,367         |
| Passenger service charges    | 261,511,594        | 168,102,963        |
| Security charges             | 59,663,245         | 38,120,489         |
| Cute and Cuss                | 21,098,372         | 11,622,720         |
| Landing fees                 | 116,898,530        | 84,786,689         |
| Parking fees                 | 6,873,902          | 3,218,019          |
| Fuel through put fees        | 11,568,836         | 8,996,394          |
| Car park                     | 6,200,554          | 4,372,521          |
| Ground handling              | 160,446,428        | 99,837,500         |
| Aviation infrastructure fees | 114,153,102        | 72,383,174         |
| Rentals                      | <u>52,805,686</u>  | <u>38,088,028</u>  |
|                              | <u>942,229,883</u> | <u>617,966,177</u> |

## 8. Net finance income and costs

|                                    | 2023              | 2022                |
|------------------------------------|-------------------|---------------------|
|                                    | K                 | K                   |
| Interest on loans                  | (26,608,092)      | (32,485,070)        |
| Interest on short term investments | 1,185,421         | 2,455,858           |
| Net exchange (loss)/gain           | <u>67,028,045</u> | <u>11,936,671</u>   |
|                                    | <u>41,605,374</u> | <u>(18,092,541)</u> |

## 9. Income tax expense

|  | 2023              | 2022              |
|--|-------------------|-------------------|
|  | K                 | K                 |
| <b>(a) Recognized in the statement of Comprehensive Income</b> |                   |                   |
| <b>Charge for the year</b>                                     |                   |                   |
| Income tax on normal income                                    | -                 | -                 |
| Income tax on taxable other income                             | 12,019,657        | 11,827,158        |
| Deferred tax   | -                 | -                 |
|  | <u>12,019,657</u> | <u>11,827,158</u> |

## 9. Income tax expense (continued)

Current tax and losses are subject to agreement with the Zambia Revenue Authority.

### (b) Reconciliation of the tax charge

|   |                    |                    |
|---|--------------------|--------------------|
| Profit/(loss) before taxation                 | <u>218,489,373</u> | <u>100,767,471</u> |
| Taxation at current rate on accounting profit | 65,546,812         | 30,230,241         |
| Interest                                      | 355,626            | 736,758            |
| Rent  | -                  | 3,764,089          |
| Other income                                  | 11,664,031         | 7,326,311          |
| Permanent differences:                        |                    |                    |
| Disallowable expenses                         | (15,047,621)       | 1,313,238          |
| Timing differences:                           |                    |                    |
| Capital allowances and depreciation           | (4,364,811)        | (4,685,998)        |
| Allowable expenses                            | (44,991,672)       | (26,273,974)       |
| Other income                                  | (12,019,657)       | (17,096,881)       |
| Loss b/f                                      | (147,446,820)      | (152,755,688)      |
| Tax loss adjustment                           | -                  | 21,822,242         |
| Loss c/f                                      | <u>128,228,527</u> | <u>147,446,820</u> |
| Tax expense                                   | <u>12,019,657</u>  | <u>11,827,158</u>  |

### (c) Movement in taxation payable account

|                                |                     |                   |
|--------------------------------|---------------------|-------------------|
| At the beginning of the period | 30,890,115          | 19,062,957        |
| Charge for the period          | 12,019,657          | 11,827,158        |
| Payments during the period     | <u>(19,743,320)</u> | -                 |
| At the end of the period       | <u>23,166,452</u>   | <u>30,890,115</u> |

### (d) Deferred taxation

This represents:

Analysis of movement:

|   |                     |                     |
|---|---------------------|---------------------|
| At 1 January 2022                       | (54,228,296)        | -                   |
| Provision/(credit) made during the year | <u>38,516,868</u>   | <u>(54,228,296)</u> |
| At 31 December 2023                     | <u>(15,711,428)</u> | <u>(54,228,296)</u> |

## 9. Income tax expense (continued)

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.

(e) Income tax returns have been filed with the Zambia Revenue Authority for all the years up to 31 December 2022. Quarterly tax returns for the period ended 31 December 2023 were made on the due dates during the year.

### (f) Deferred income tax

#### Analysis:

|  | 1 January            | Charged to<br>profit &<br>loss | Not charged to<br>profit &<br>loss | Charged<br>to equity | 31 December          |
|--|----------------------|--------------------------------|------------------------------------|----------------------|----------------------|
| 2023                                       | K                    | K                              | K                                  | K                    | K                    |
| <b>Deferred income tax liability</b>       |                      |                                |                                    |                      |                      |
| Property plant and equipment - cost        | 2,287,178,901        | -                              | (2,082,230,443)                    | -                    | 204,948,458          |
| Property plant and equipment _ revaluation | (2,139,951,782)      | -                              | 2,139,951,782                      | -                    | -                    |
| Property Plant and equipment               | (57,589,596)         | -                              | (54,950,149)                       | -                    | (112,539,745)        |
| Exchange(losses)/gains                     | 3,581,001            |                                | 16,527,413                         |                      | 20,108,414           |
| Loss                                       | <u>(147,446,820)</u> | <u>-</u>                       | <u>19,218,263</u>                  | <u>-</u>             | <u>(128,228,557)</u> |
|  | <u>(54,228,296)</u>  | <u>-</u>                       | <u>38,516,866</u>                  | <u>-</u>             | <u>(15,711,430)</u>  |

## 10. (a) Property, plant and equipment

- (i) The Corporation's airport terminals, runways, taxiways and aprons were revalued at 30<sup>th</sup> 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 International Airport and Simon Mwansa Kapwepwe International Airport 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.

## 10. (b) Prior year adjustment

During the year the Corporation changed its accounting policy from revaluation to cost model. The change in policy was as a result of the Corporation's need to reflect the economic value derived from the assets. Prior to the change in policy, the Corporation's bottom line was adversely affected by the high depreciation charge resulting from the high values of revalued assets.



## 10. (b) Prior year adjustment (continued)

The effects of the restatement on these financial statements is summarized below:

|   | 31 December<br>2022    | 31 December<br>2021    | Prior to<br>31 December<br>2021 |
|---|------------------------|------------------------|---------------------------------|
|   | K'000                  | K'000                  | K'000                           |
| Decrease in depreciation                  | 190,299,796            | 193,022,973            |                                 |
| Increase in profit                        | <u>(190,299,796)</u>   | <u>(193,022,973)</u>   | -                               |
|   | =====                  | =====                  | =====                           |
| Decrease in revaluation reserve           | 7,066,348,906          | 7,237,301,816          |                                 |
| Decrease in property, plant and equipment | <u>(7,136,175,855)</u> | <u>(7,105,778,947)</u> | -                               |
| Decrease in equity                        | <u>(69,826,949)</u>    | <u>131,522,869</u>     | -                               |

## 10. (c) Property, plant and equipment summary

|                                      | Airport<br>terminal<br>runways | Taxiways and<br>aprons | Motor<br>vehicles | Equipment<br>and furniture | Capital work in<br>progress | Total |
|--------------------------------------|--------------------------------|------------------------|-------------------|----------------------------|-----------------------------|-------|
|                                      | K                              | K                      | K                 | K                          | K                           | K     |
| <b>Cost</b>                          |                                |                        |                   |                            |                             |       |
| <b>At 1 January 2020</b>             | 599,353,378                    | 16,272,274             | 474,441,149       | 86,892,022                 | 1,176,958,823               |       |
| Transfer from right<br>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               |       |
| Transfers                            | 2,156,751                      | -                      | -                 | (2,156,751)                | -                           |       |
| Disposals                            | <u>(789,000)</u>               | <u>(1,335,554)</u>     | -                 | -                          | <u>(2,124,554)</u>          |       |

## 10. (c) Property, plant and equipment summary (continued)

|                                       |                           |                          |                           |                           |                             |
|---------------------------------------|---------------------------|--------------------------|---------------------------|---------------------------|-----------------------------|
| <b>At 31 December 2020</b>            | <b>7,919,978,414</b>      | <b>23,463,504</b>        | <b>486,900,807</b>        | <b>150,055,432</b>        | <b>8,580,398,157</b>        |
| Adjustment                            | <u>(7,624,876,680)</u>    | <u>-</u>                 | <u>-</u>                  | <u>-</u>                  | <u>(7,624,876,680)</u>      |
| <b>At 31 December 2020 - Restated</b> | <b><u>295,101,734</u></b> | <b><u>23,463,504</u></b> | <b><u>486,900,807</u></b> | <b><u>150,055,432</u></b> | <b><u>955,521,477</u></b>   |
| <b>At 1 January 2021</b>              | 295,101,734               | 23,463,504               | 486,900,807               | 150,055,432               | 955,521,477                 |
| 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                  |
| Transfers                             | -                         | -                        | 113,003,875               | (113,003,875)             | -                           |
| Disposals                             | <u>-</u>                  | <u>(1,172,582)</u>       | <u>-</u>                  | <u>-</u>                  | <u>(1,172,582)</u>          |
| <b>At 31 December 2021</b>            | <b><u>295,237,782</u></b> | <b><u>24,768,519</u></b> | <b><u>624,134,398</u></b> | <b><u>96,487,422</u></b>  | <b><u>1,040,628,121</u></b> |
| <b>At 1 January 2022</b>              | <b>295,237,782</b>        | <b>24,768,519</b>        | <b>624,134,398</b>        | <b>96,487,422</b>         | <b>1,040,628,121</b>        |
| Transfer from right of use assets     | -                         | 3,120,634                | 1,765,992                 | -                         | 4,886,626                   |
| Additions                             | <u>3,194,407</u>          | <u>-</u>                 | <u>838,251</u>            | <u>53,580,305</u>         | <u>57,612,963</u>           |
| <b>At 31 December 2022</b>            | <b><u>298,432,189</u></b> | <b><u>27,889,153</u></b> | <b><u>626,738,641</u></b> | <b><u>150,067,727</u></b> | <b><u>1,103,127,710</u></b> |
| <b>At 1 January 2023</b>              | <b>298,432,189</b>        | <b>27,889,153</b>        | <b>626,738,641</b>        | <b>150,067,727</b>        | <b>1,103,127,710</b>        |
| Additions                             | -                         | -                        | 5,275,049                 | 273,322,938               | 278,597,987                 |
| Transfers                             | 241,084,833               | -                        | -                         | (241,084,833)             | -                           |
| Disposals                             | <u>-</u>                  | <u>-</u>                 | <u>( 37,268 )</u>         | <u>-</u>                  | <u>(37,268)</u>             |
| <b>At 31 December 2023</b>            | <b><u>539,517,022</u></b> | <b><u>27,889,153</u></b> | <b><u>631,976,422</u></b> | <b><u>182,305,832</u></b> | <b><u>1,381,688,429</u></b> |

## 10 (c) Property, plant and equipment summary - Restated (continued)

| <b>Depreciation</b>               |                           |                          |                           |                 |                           |
|-----------------------------------|---------------------------|--------------------------|---------------------------|-----------------|---------------------------|
| <b>At 1 January 2020</b>          | 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                |
| Disposals                         | (255,801)                 | (1,316,167)              | -                         | -               | (1,571,968)               |
| Adjustment                        | <u>(80,307,852)</u>       | <u>-</u>                 | <u>-</u>                  | <u>-</u>        | <u>(80,307,852)</u>       |
| <b>At 31 December 2020</b>        | <b><u>113,713,319</u></b> | <b><u>17,609,462</u></b> | <b><u>262,100,648</u></b> | <b><u>-</u></b> | <b><u>393,423,429</u></b> |
| <b>At 1 January 2021</b>          | <b>113,713,319</b>        | <b>17,609,462</b>        | <b>262,100,648</b>        | <b>-</b>        | <b>393,423,429</b>        |
| Transfer from right of use assets | -                         | 829,284                  | 5,702,257                 | -               | 6,531,541                 |
| Charge for the year               | 7,627,265                 | 1,644,875                | 35,568,650                | -               | (44,840,790)              |
| Disposals                         | -                         | (1,172,582)              | -                         | -               | (1,172,582)               |
| Adjustment                        | <u>-</u>                  | <u>-</u>                 | <u>-</u>                  | <u>-</u>        | <u>-</u>                  |
| <b>At 31 December 2021</b>        | <b><u>121,340,584</u></b> | <b><u>18,911,039</u></b> | <b><u>303,371,555</u></b> | <b><u>-</u></b> | <b><u>443,623,178</u></b> |
| <b>At 1 January 2022</b>          | <b>121,340,584</b>        | <b>18,911,039</b>        | <b>303,371,555</b>        | <b>-</b>        | <b>443,623,178</b>        |
| Transfer from right of use assets | -                         | 1,687,923                | 314,111                   | -               | 2,002,034                 |
| Charge for the year               | 198,006,921               | 2,213,078                | 37,487,054                | -               | 47,407,257                |
| Adjustment                        | <u>-</u>                  | <u>-</u>                 | <u>-</u>                  | <u>-</u>        | <u>-</u>                  |
| <b>At 31 December 2022</b>        | <b><u>129,047,709</u></b> | <b><u>22,812,040</u></b> | <b><u>341,172,720</u></b> | <b><u>-</u></b> | <b><u>493,032,469</u></b> |
| <b>At 1 January 2023</b>          | <b>129,047,709</b>        | <b>22,812,040</b>        | <b>341,172,720</b>        | <b>-</b>        | <b>493,032,469</b>        |
| Charge for the year               | 10,085,161                | 2,213,713                | 36,413,571                | -               | 48,712,445                |
| Disposals                         | <u>-</u>                  | <u>-</u>                 | <u>(24,828)</u>           | <u>-</u>        | <u>(25,465)</u>           |
| <b>At 31 December 2023</b>        | <b><u>139,132,870</u></b> | <b><u>25,025,753</u></b> | <b><u>377,561,463</u></b> | <b><u>-</u></b> | <b><u>541,720,086</u></b> |

## 10. (c) Property, plant and equipment summary - Restated (continued)

### Net book value

|                                 |                    |                  |                    |                    |                    |
|---------------------------------|--------------------|------------------|--------------------|--------------------|--------------------|
| At 31 December 2023             | <u>400,384,152</u> | <u>2,863,400</u> | <u>254,414,959</u> | <u>182,305,832</u> | <u>839,968,343</u> |
| At 31 December 2022<br>Restated | <u>169,384,480</u> | <u>5,077,113</u> | <u>285,565,921</u> | <u>150,067,727</u> | <u>610,095,241</u> |
| At 31 December 2021<br>Restated | <u>173,897,198</u> | <u>5,857,480</u> | <u>320,762,843</u> | <u>96,487,422</u>  | <u>597,004,943</u> |
| At 31 December 2020<br>Restated | <u>181,388,415</u> | <u>5,854,042</u> | <u>224,800,159</u> | <u>150,055,432</u> | <u>562,098,048</u> |

## 11. Right-of-Use assets

|   | Motor Vehicles     | Equipment        | Total              |
|---|--------------------|------------------|--------------------|
|   | K                  | K                | K                  |
| <b>At cost</b>                            |                    |                  |                    |
| At 1 January 2022                         | 1,687,923          | 314,111          | 2,000,034          |
| Transfer to property, plant and equipment | <u>(1,687,923)</u> | <u>(314,111)</u> | <u>(2,000,034)</u> |
| At 31 December 2022                       | -                  | -                | -                  |
| Transfer to property, plant and equipment | <u>-</u>           | <u>-</u>         | <u>-</u>           |
| At 31 December 2023                       | <u>-</u>           | <u>-</u>         | <u>-</u>           |
| <b>Accumulated depreciation</b>           |                    |                  |                    |
| At 1 January 2022                         | 1,687,923          | 314,111          | 2,002,034          |
| Charge for the year                       | -                  | -                | -                  |
| Transfer to property, plant and equipment | <u>(1,687,923)</u> | <u>(314,111)</u> | <u>(2,002,034)</u> |
| At 31 December 2022                       | -                  | -                | -                  |
| Charge for the year                       | -                  | -                | -                  |
| Transfer to property, plant and equipment | <u>-</u>           | <u>-</u>         | <u>-</u>           |
| At 31 December 2023                       | <u>-</u>           | <u>-</u>         | <u>-</u>           |

## 11. Right-of-Use assets (continued)

### Carrying amount

|                     |   |   |   |
|---------------------|---|---|---|
| At 31 December 2023 | = | = | = |
| At 31 December 2022 | = | = | = |

The Corporation leased motor vehicles and equipment on a three-year lease.

The maturity analysis of lease liabilities is presented in note 21.

|   | 2023     | 2022          |
|---|----------|---------------|
|   | K        | K             |
| <b>Amounts recognized in profit or loss</b> |          |               |
| Depreciation expense on right-of-use assets | -        | -             |
| Interest expense on lease liabilities       | <u>-</u> | <u>72,122</u> |
|   | <u>=</u> | <u>72,122</u> |

There was no cash outflow for the leases in the year 2023 as they all matured in 2022.

## 12 Financial assets at fair value through profit or loss

|   |                  |                  |
|---|------------------|------------------|
| ZEGA Limited - 14.93% interest                        | 3,65,912         | 3,645,912        |
| Increase in Fair Value                                | <u>891,363</u>   | <u>-</u>         |
| Financial Assets at fair value through profit or loss | <u>4,537,275</u> | <u>3,645,912</u> |

## 13 Inventories

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| Consumable stores                 | 5,985,365        | 4,499,117        |
| Less provision for obsolete stock | <u>(869,589)</u> | <u>(791,930)</u> |
|                                   | <u>5,115,776</u> | <u>3,707,187</u> |



|              |  | 2023                 | 2022                 |
|--------------|--|----------------------|----------------------|
|              |  | K                    | K                    |
| <b>14</b>    | <b>Trade and other receivables</b>                           |                      |                      |
|              | Trade debtors  | 374,274,076          | 247,074,436          |
|              | Less: provision for impairment losses                        | <u>(170,449,579)</u> | <u>(137,578,585)</u> |
|              |  | 203,824,497          | 109,495,851          |
|              | Sundry creditors in debit                                    | 27,573,080           | 7,734,403            |
|              | Staff loans and advances                                     | 1,023,077            | 341,905              |
|              | Deposits and prepayments                                     | <u>1,136,013</u>     | <u>1,790,447</u>     |
|              |  | <u>233,556,667</u>   | <u>119,362,606</u>   |
|              | Movement in provision for impairment                         |                      |                      |
|              | Balance at 1 January   | 137,578,585          | 154,220,560          |
|              | Charged/(credit) for the year                                | <u>32,870,994</u>    | <u>(16,641,975)</u>  |
|              | Balance at 31 December                                       | <u>170,449,579</u>   | <u>137,578,585</u>   |
|              |  | <b>2023</b>          | <b>2022</b>          |
|              |  | <b>K</b>             | <b>K</b>             |
| <b>15(a)</b> | <b>Financial assets at amortised cost</b>                    |                      |                      |
|              | Zambia Industrial Commercial Bank                            | 12,975,271           | -                    |
|              | Atlas Mara Bank  | -                    | 11,751,768           |
|              | Finance Building Society                                     | <u>142,828</u>       | <u>136,946</u>       |
|              |  | <u>13,118,099</u>    | <u>11,888,714</u>    |
|              | 180 days fixed term deposits                                 | 142,828              | 136,946              |
|              | 91 days fixed term deposits                                  | <u>12,975,271</u>    | <u>11,751,768</u>    |
|              |  | <u>13,118,099</u>    | <u>11,888,714</u>    |
| <b>15(b)</b> | <b>Financial assets at fair value through profit or loss</b> |                      |                      |
|              | Madison Unit Trust   | <u>2,746,835</u>     | <u>2,753,738</u>     |
|              |  | <u>2,746,835</u>     | <u>2,753,738</u>     |

|  | 2023               | 2022               |
|--|--------------------|--------------------|
|  | K                  | K                  |
| <b>16 Cash and cash equivalents</b>                      |                    |                    |
| Cash in hand and at bank (note (a))                      | 203,063,017        | 179,655,833        |
| Bank overdrafts  | —                  | —                  |
|  | <u>203,063,017</u> | <u>179,655,833</u> |
| <b>(a) Cash in hand and at bank</b>                      |                    |                    |
| Bank balances  | 203,055,329        | 179,644,862        |
| Cash in hand   | 7,688              | 10,971             |
|  | <u>203,063,017</u> | <u>179,655,833</u> |
| <b>17 Share capital</b>                                  |                    |                    |
| Authorised, issued and fully paid                        |                    |                    |
| 16,458,500 ordinary shares at K1 each                    | <u>16,458,500</u>  | <u>16,458,500</u>  |
| <b>18. Amounts received awaiting allotment of shares</b> |                    |                    |

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 position date K14,988,322 had been allotted and the balance of K13,928,678 is held awaiting allotment of shares.

| 19. Capital grants           | 2023                | 2022                |
|------------------------------|---------------------|---------------------|
|                              | K                   | K                   |
| At beginning of the year     | 410,369,824         | 222,652,412         |
| Addition during the year     | 146,090,708         | 205,903,961         |
| Amortisation during the year | <u>(18,186,548)</u> | <u>(18,186,549)</u> |
|                              | <u>538,273,984</u>  | <u>410,369,824</u>  |

Capital grants represent the balance of funds received from Government of the Republic of Zambia (GRZ) for the improvement of airport facilities that has not been amortised. These grants have no conditions attached to them.

| 20. Long-term loans                     | 2023               | 2022               |
|---|--------------------|--------------------|
|   | K                  | K                  |
| Zambia National Commercial Bank Plc     |                    |                    |
| At the beginning of the year            | 225,989,072        | 263,625,295        |
| Additions during the year               | 6,255,484          | 8,148,712          |
| Repayments during the year              | (79,069,080)       | (57,007,035)       |
| Unrealised exchange gains               | <u>54,410,200</u>  | <u>11,222,100</u>  |
| Balance at the end of the year          | <u>207,585,676</u> | <u>225,989,072</u> |
| Portion repayable within next 12 months | 86,723,659         | 63,057,140         |
| Portion repayable after 12 months       | <u>120,862,017</u> | <u>162,931,932</u> |
|   | <u>207,585,676</u> | <u>225,989,072</u> |

The ZANACO facilities represent;

- (i) US\$8,859,507.55 loans bearing interest at 9%. The facility which was to be repayable by June 2022, was restructured in September 2021, and will now be repaid in 2025.
- (ii) USD10,000,000 at 9% and
- (iii) K120 million Covid relief loan at 20%.

The loans are secured by the assignment of foreign currency receivables from IATA. Detailed analysis of the loans are in the table below.

| Project name              | Details                 | Initial amount | Monthly principal payout | Interest | Maturity date | Running balance |
|---------------------------|-------------------------|----------------|--------------------------|----------|---------------|-----------------|
|                           |                         | USD            | USD                      |          |               |                 |
| HMNIA - Terminal building | Construction of HMNIA   | 8,859,508      | 73,373.57                | 8.50%    | 30/06/2025    | 1,509,810.59    |
| Electrical Ring Cable     | Airfield Lighting       | 3,300,000      | 44,470.61                | 9%       | 31/12/2025    | 1,232,447.65    |
| Instrument Landing System | NAV Aids                | 1,500,000      | 13,590.57                | 9%       | 30/04/2026    | 467,892.95      |
| RADAR                     | RADAR Maintenance       | 1,400,000      | 11,566.33                | 9%       | 31/03/2026    | 818,879.26      |
| RADAR Training            | Training of controllers | 600,000        | 9,261.84                 | 9%       | 30/09/2026    | 370,403.27      |
| ORAT                      | KKIA Operationalising   | 1,200,000      | 7,608.45                 | 9%       | 31/03/2026    | 241,264.66      |
| New KKIA -hotel           | Equipment for hotel     | 2,000,000      | 27,966.57                | 9%       | 30/09/2026    | 1,172,862.96    |
| Stimulus loan             | Working capital         | 120,000,000    | 1,863,817.24             | 20%      | 30/09/2025    | 58,366,089.20   |

|   | 2023     | 2022             |
|---|----------|------------------|
|   | K        | K                |
| <b>21. Obligations under finance leases</b> |          |                  |
| At the beginning of the year                | -        | 413,790          |
| Additions during the year                   | -        | -                |
| Repayments during the year                  | <u>-</u> | <u>(413,790)</u> |
| At the end of the year                      | <u>-</u> | <u>-</u>         |
| Repayable within next 12 months             | -        | -                |
| Repayable between 2 to 5 years              | <u>-</u> | <u>-</u>         |
|   | <u>-</u> | <u>-</u>         |

The leases were obtained from Stanbic Bank Zambia Ltd and were for procurement of operational equipment and motor vehicles. The leases have since been fully liquidated.

## 22. Deferred liability

Deferred liability relates to provision for terminal benefits amounting to K87.7 million (2022: K87.6 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.

|                               | 2023               | 2022                |
|-------------------------------|--------------------|---------------------|
|                               | K                  | K                   |
| At the beginning of the year  | 87,687,500         | 87,644,963          |
| Interest                      | 9,861,759          | 11,523,001          |
| Payments                      | <u>(9,942,356)</u> | <u>(11,480,464)</u> |
| At the end of the year        | <u>87,606,903</u>  | <u>87,687,500</u>   |
| Payable within next 12 months | 8,890,685          | 10,500,000          |
| Payable after 12 months       | <u>78,716,218</u>  | <u>77,187,500</u>   |
|                               | <u>87,606,903</u>  | <u>87,687,500</u>   |

## 22. Deferred liability

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 7 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:

|  | 2023               | 2022               |
|--|--------------------|--------------------|
|  | K                  | K                  |
| Current year contribution on defined contribution scheme | 13,235,855         | 10,241,783         |
| Interest on discontinued long service gratuity.          | <u>9,861,759</u>   | <u>11,523,001</u>  |
|  | <u>23,097,614</u>  | <u>21,764,784</u>  |
| <b>23. Trade and other payables</b>                      |                    |                    |
| Trade creditors  | 80,796,852         | 34,212,456         |
| Leave pay  | 58,066,314         | 33,252,777         |
| Gratuity   | 18,324,454         | 9,005,375          |
| Accruals   | 7,928,188          | 4,228,839          |
| Other creditors and provisions                           | 43,883,962         | 85,368,336         |
| Sundry debtors in credit                                 | <u>1,317,472</u>   | <u>1,319,052</u>   |
|  | <u>229,326,034</u> | <u>167,386,835</u> |

## 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 13.6% gearing ratio (2022: 3.8%).



## 24. Financial instruments-risk management (continued)

### Categories of financial instruments

#### Financial assets

|   |          | 2023               | 2022               |
|---|----------|--------------------|--------------------|
|   | Notes    | K                  | K                  |
| Cash and bank balances  | 16 (a)   | 203,063,017        | 179,655,833        |
| Staff loans and advances  | 14       | 1,023,077          | 341,905            |
| Deposits and prepayments  | 14       | 1,136,013          | 1,790,447          |
| Trade receivables   | 14       | 203,824,497        | 109,495,851        |
| Financial assets at amortised cost                                | 15(a)    | 13,118,099         | 11,888,714         |
| Financial assets at fair value through profit and loss            | 12,15(b) | 2,746,835          | 2,753,737          |
| Sundry creditors in debit   | 14       | <u>27,573,080</u>  | <u>7,734,403</u>   |
|   |          | <u>452,484,618</u> | <u>313,660,890</u> |
| <b>Financial liabilities held at amortised cost or fair value</b> |          |                    |                    |
| Trade creditors   | 23       | 80,796,852         | 34,212,456         |
| Leave pay   | 23       | 58,066,314         | 33,252,777         |
| Gratuity  | 23       | 18,324,454         | 9,005,375          |
| Accruals  | 23       | 7,928,188          | 4,228,839          |
| Other payables and provisions                                     | 23       | 62,892,754         | 85,368,336         |
| Tax liability   | 9        | 23,166,452         | 30,890,115         |
| Sundry debtors on credit  | 9        | 1,317,472          | 1,319,052          |
| Zambia National Commercial Bank Plc-long term loans               | 19       | 207,585,676        | 225,989,072        |
| Stanbic Bank Zambia Limited-finance leases                        | 21       | -                  | -                  |
| Employee terminal benefits  | 22       | <u>87,606,903</u>  | <u>87,687,500</u>  |
|   |          | <u>547,685,065</u> | <u>511,953,522</u> |

The Corporation undertakes certain transactions denominated 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:

## 24. Financial instruments-risk management (continued)

|                 |                        | 2023              | 2022              |
|-----------------|------------------------|-------------------|-------------------|
|                 |                        | K                 | K                 |
| <b>Currency</b> | <b>Asset</b>           |                   |                   |
| US Dollars      | Bank balances          | 4,114,397         | 1,114,135         |
| US Dollars      | Receivables            | <u>12,844,242</u> | <u>12,020,599</u> |
|                 |                        | <u>16,958,639</u> | <u>13,134,734</u> |
|                 | <b>Liabilities</b>     |                   |                   |
| US Dollars      | Trade creditors        | 1,671,184         | 1,894,528         |
| US Dollars      | ZANACO loans           | 5,813,561         | 7,882,607         |
| US Dollars      | Stanbic finance leases | —                 | —                 |
|                 |                        | <u>7,484,745</u>  | <u>9,777,135</u>  |

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

|            | Mid-market<br>exchange rate<br>as at 31 Dec<br>2023 | Mid-market<br>exchange<br>rate as at 31<br>Dec 2023 | Average<br>currency<br>appreciation<br>during the year |
|------------|---|---|--|
| US Dollars | <u>25.6675</u>                                      | <u>K18.0525</u>                                     | <u>42.18%</u>  |

As at 31 December 2023, Kwacha depreciated by 42% when compared to December 2022.

### 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.

## 24. Financial instruments-risk management (continued)

### Exposure

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

|  |          | 2023               | 2022               |
|--|----------|--------------------|--------------------|
|  | Note     | K                  | K                  |
| Cash and bank balances                                 | 16 (a)   | 203,063,017        | 179,655,833        |
| Staff loans and advances                               | 14       | 1,023,077          | 341,905            |
| Deposits and prepayments                               | 14       | 1,136,013          | 1,790,447          |
| Trade receivables                                      | 14       | 203,824,497        | 109,495,851        |
| Financial assets at amortised cost                     | 15(a)    | 13,118,099         | 11,888,714         |
| Financial assets at fair value through profit and loss | 12,15(b) | 2,746,835          | 2,753,738          |
| Sundry creditors in debit                              | 14       | <u>27,573,080</u>  | <u>7,734,403</u>   |
|  |          | <u>452,484,618</u> | <u>313,660,890</u> |

### 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 its 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.

## 24. Financial instruments-risk management (continued)

|   | Notes | 1 to 3 months      | 3 months to 1 year | More than 1 year   | Total              | 2022               |
|---|-------|--------------------|--------------------|--------------------|--------------------|--------------------|
|   |       | K                  | K                  | K                  | K                  | K                  |
| <b>Liabilities</b>                        |       |                    |                    |                    |                    |                    |
| Trade payables                            | 23    | 80,796,852         | -                  | -                  | 80,796,852         | 30,212,456         |
| Leave pay                                 | 23    | 14,516,579         | 43,549,735         | -                  | 58,066,314         | 33,252,777         |
| Gratuity                                  | 23    | 6,108,151          | 12,216,303         | -                  | 18,324,454         | 9,005,375          |
| Accruals                                  | 23    | 7,928,188          | -                  | -                  | 7,928,188          | 4,228,839          |
| Other creditors and provisions            | 23    | 62,892,754         | -                  | -                  | 62,892,754         | 85,368,336         |
| Zambia National Commercial Bank PLC loans | 20    | 21,329,171         | 65,389,488         | 120,867,017        | 207,585,676        | 225,989,072        |
| Sundry debtors in credit                  |       | 1,317,472          | -                  | -                  | 1,317,472          | 1,319,052          |
| Tax liability                             | 9c    | 23,166,452         | -                  | -                  | 23,166,452         | 30,890,115         |
| Deferred liability                        | 22    | <u>2,190,173</u>   | <u>6,700,512</u>   | <u>78,716,218</u>  | <u>87,606,903</u>  | <u>87,687,500</u>  |
|   |       | <u>220,245,792</u> | <u>127,856,038</u> | <u>199,583,235</u> | <u>547,685,065</u> | <u>511,953,522</u> |

|   | Notes     | 1 to 3 months      | 3 months to 1 year | More than 1 year | Total              |
|---|-----------|--------------------|--------------------|------------------|--------------------|
| <b>Assets</b>   |           |                    |                    |                  |                    |
| Bank and cash balances                                | 16(a)     | 203,063,017        | -                  | -                | 203,063,017        |
| Financial assets at amortised cost                    | 15(a)     | 13,118,099         | -                  | -                | 13,118,099         |
| Staff loans and advances                              | 14        | 1,023,077          | -                  | -                | 1,023,077          |
| Deposits and prepayments                              | 14        | 1,136,013          | -                  | -                | 1,136,013          |
| Trade receivables                                     | 14        | 203,824,497        | -                  | -                | 203,824,497        |
| Sundry creditors in debit                             | 14        | 27,573,080         | -                  | -                | 27,573,080         |
| Financial assets at fair value through profit or loss | 12, 15(b) | <u>2,746,835</u>   | <u>-</u>           | <u>-</u>         | <u>2,746,835</u>   |
|   |           | <u>452,484,618</u> | <u>-</u>           | <u>-</u>         | <u>452,484,618</u> |

## 24. Financial instruments-risk management (continued)

### 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 Securities 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.



## 24. Financial instruments–risk management (continued)

### Fair value measurements (continued)

|   | Notes    | 2023               |                    | 2022               |                    |
|---|----------|--------------------|--------------------|--------------------|--------------------|
|   |          | Carrying amount    | Fair value         | Carrying amount    | Fair value         |
|   |          | K                  | K                  | K                  | K                  |
| <b>Financial assets</b>                               |          |                    |                    |                    |                    |
| Bank and cash balance                                 | 16(a)    | 203,063,017        | 203,063,017        | 179,655,833        | 179,655,833        |
| Financial assets at amortised cost                    | 15(a)    | 13,118,099         | 13,118,099         | 11,888,714         | 11,888,714         |
| Deposits and payments                                 | 14       | 1,023,077          | 1,023,077          | 109,495,851        | 109,495,851        |
| Receivables from employees                            | 14       | 1,136,013          | 1,136,013          | 341,905            | 341,905            |
| Trade receivables                                     | 14       | 203,824,497        | 203,824,497        | 1,790,447          | 1,790,447          |
| Sundry creditors in debit                             | 14       | 27,573,080         | 27,573,080         | 7,734,403          | 7,734,403          |
| Financial assets at fair value through profit or loss | 12,15(b) | <u>2,746,835</u>   | <u>2,746,835</u>   | <u>2,753,738</u>   | <u>2,753,738</u>   |
|   |          | <u>452,484,618</u> | <u>452,454,618</u> | <u>313,660,891</u> | <u>313,660,891</u> |
| <b>Financial liabilities</b>                          |          |                    |                    |                    |                    |
| Trade payables  | 23       | 80,796,852         | 80,796,852         | 34,212,456         | 34,212,456         |
| Leave pay   | 23       | 58,066,314         | 58,066,314         | 33,252,777         | 33,252,777         |
| Income Tax payable                                    | 9(c)     | 23,166,452         | 23,166,452         | 30,890,115         | 30,890,115         |
| Other payables and provisions                         | 23       | 62,892,754         | 62,892,754         | 85,368,336         | 85,368,336         |
| Accruals  | 23       | 7,928,188          | 7,928,188          | 4,228,839          | 4,228,839          |
| Gratuity  | 23       | 18,324,454         | 18,324,454         | 9,005,375          | 9,005,375          |
| Deferred liability                                    | 22       | 87,606,903         | 87,606,903         | 87,687,500         | 87,687,500         |
| Zambia National Commercial Bank PLC                   | 20       | 207,585,676        | 207,585,676        | 225,989,072        | 225,989,072        |
| Sundry debtors in credit                              | 23       | <u>1,317,472</u>   | <u>1,317,472</u>   | <u>1,319,052</u>   | <u>1,319,052</u>   |
|   |          | <u>547,685,065</u> | <u>547,685,065</u> | <u>511,953,522</u> | <u>511,953,522</u> |

## 24. Financial instruments-risk management (continued)

### Credit risk trade debtors analysis

|                       | 2023               |                    |                    | 2022               |                    |                    |
|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                       | Gross              | Impairment         | Net                | Gross              | Impairment         | Net                |
|                       | K                  | K                  | K                  | K                  | K                  | K                  |
| Current               | -                  | -                  | -                  | 58,812,606         | 464,051            | 58,348,555         |
| Past due 0 -30 days   | 96,142,399         | 68,574             | 96,073,825         | 55,629,297         | 6,089,691          | 49,539,606         |
| Past due 31-90 days   | 107,474,977        | 11,361,041         | 96,113,936         | 7,741,305          | 6,133,615          | 1,607,690          |
| Past due 91-120 days  | 16,285,177         | 12,096,105         | 4,189,072          | 4,570,741          | 4,570,741          | -                  |
| Past due 121-180 days | <u>154,371,523</u> | <u>146,923,859</u> | <u>7,447,664</u>   | <u>120,320,487</u> | <u>120,320,487</u> | <u>-</u>           |
|                       | <u>374,274,076</u> | <u>170,449,579</u> | <u>203,824,497</u> | <u>247,074,436</u> | <u>137,578,585</u> | <u>109,495,851</u> |

### Impairment losses

|   | 2023               | 2022                |
|---|--------------------|---------------------|
|   | K                  | K                   |
| <b>Movement in impairment provision</b> |                    |                     |
| At the beginning of the year            | 137,578,585        | 154,220,560         |
| Charge during the year                  | <u>32,870,993</u>  | <u>(16,641,975)</u> |
| At the year end of the year             | <u>170,449,578</u> | <u>137,578,585</u>  |

**Note:** included in the impairment is K623,100 worth of goods a supplier has failed to deliver since 2019. The Corporation is in litigation over the same amount and the supplier has agreed to pay the amount in instalments of K50, 000.00. The supplier is yet to make the first instalment.

## 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

## 25. Related party transactions (continued)

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

### (b) Transactions with related parties

|   | 2023              | 2022              |
|---|-------------------|-------------------|
| (i) Key management compensation                 | K                 | K                 |
| Salaries and other short term employee benefits | <u>18,324,454</u> | <u>12,067,719</u> |
| Termination benefits                            | <u>9,861,759</u>  | <u>4,442,353</u>  |
| (ii) Directors fees                             | <u>5,852,215</u>  | <u>674,181</u>    |
| (iii) Revenue grant-GRZ                         | <u>26,691,019</u> | <u>10,941,341</u> |

### (c) Balances due from related parties

Executive Directors and key management

|                        |                |          |
|------------------------|----------------|----------|
| (i) Loans and advances | <u>405,867</u> | <u>-</u> |
|------------------------|----------------|----------|

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

## 26. Dividend

|                       | 2023     | 2022     |
|-----------------------|----------|----------|
|                       | K        | K        |
| The proposed dividend | <u>-</u> | <u>-</u> |

The Directors do not recommend a dividend for the year ended 31 December 2023 due to several capital projects the Corporation has embarked on with a view of broadening the revenue base.

|  | 2023 | 2022 |
|--|------|------|
|  | K    | K    |

## 27. Contingent liabilities

|  |     |     |
|--|-----|-----|
|  | --- | --- |
|--|-----|-----|

### 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.

|  | 2023 | 2022 |
|--|------|------|
|  | K    | K    |

## 28. Capital commitments

|  |     |     |
|--|-----|-----|
| Approved by the Board but not contracted | --- | --- |
|--|-----|-----|

## 29. Recovery from Effects of Covid -19

The robust year-end results of 2023 marked the complete recovery of the Zambian aviation industry from the effects of the pandemic. This revitalized momentum reflects a robust rebound and a renewed confidence in air travel, driven by the fading impact of the COVID-19 crisis. The Corporation facilitated the transportation of 2,056,312 general passengers, reaching a historic peak since its establishment in 1989. This represents an increase of 24% when compared to 1,653,077 passengers recorded in 2022 and a recovery to pre COVID-19 levels of 111% when compared to 1,850,715 passengers recorded in 2019. The total passenger numbers for both domestic and international travel in 2023 exceeded the 2022 figures by 26.1% and 23.8%, respectively. Furthermore, the full-year 2023 international and domestic traffic reached 140.3% and 103.3% of their pre-COVID-19 performance levels, respectively. The favorable domestic performance can be credited to the competitive pricing provided by domestic airlines for travel to and from Lusaka, as well as the reintroduction of flights by Proflight between Ndola and Mansa.

While the growth in air passenger traffic is anticipated to persist, it is likely to be more gradual compared to the rapid expansion witnessed in the past three years during the peak of the COVID-19 pandemic. There are promising prospects for air passenger demand, supported by improving macro-economic conditions such as supply chain normalization and lower inflation rates, potentially leading to an earlier relaxation of current monetary policy tightening measures. Maximizing returns on capital deployed by leveraging the existing infrastructure, equipment, and operational capacity remains a crucial focus of the Corporations operational strategy.

## 30. Environmental Sustainability

The Corporation remains unwavering in its commitment to environmental sustainability. It has taken proactive steps by meticulously tracking and documenting its carbon emissions for the year 2023, aligning

### **30 Environmental Sustainability**

with the International Civil Aviation Organization (ICAO) Net Zero target. This comprehensive inventory will form the basis for establishing annual targets aimed at reducing the Corporation's carbon footprint through the adoption of eco-friendly strategies.

Throughout 2023, the Corporation conducted a thorough assessment of its Environmental Management System (EMS) as part of its strategic objective to attain ISO14001:2015 certification. This assessment was conducted to evaluate the Corporation's EMS against ISO standards, identifying areas of strength and areas needing improvement in its environmental processes. The subsequent Gap Analysis Report not only laid the groundwork for a practical EMS implementation plan but also enabled the Corporation to identify opportunities for enhancing sustainability efforts, especially given the heightened scrutiny the aviation industry faces regarding climate change.

Furthermore, the Corporation is actively promoting the implementation of Free Routing Airspace (FRA). This initiative encourages airlines to opt for direct flight routes, which is expected to result in significant cost savings for participating airlines while also contributing to a more sustainable future for the African aviation industry.

Whilst the airports play a role in inducing climate change, they are also prone to suffering climate change related risks shocks which which may impact on our operations, infrastructure, and business continuity. Increased intensity of storms, high winds and extreme temperatures introduce risks of infrastructure damages, increased flight delays/temporary airport closures, blown off ground equipment as well as increased demand of energy for cooling purposes. High temperatures are also expected to affect the take-off run for airports requiring the Corporation to expand on some of the runways which would be deemed short. High temperatures may also lead to equipment damage because of overheating as well as cause damage to pavements and other infrastructure.

ZACL is implementing Business Continuity Management System which will address Climate change events likely to cause business disruptions whilst other risks are addressed through the Enterprise Risk Management system.

Changes in biodiversity wildlife and ecosystems increase the presence of wildlife hazard which is already considered a high risk for the Corporation. The Corporation has in the recent years experienced an increase in wildlife presence and strike incidences around the airports with a possible linkage to climate change.

### **31. Events after the reporting date**

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

## Appendix I

### Detailed Statements of Comprehensive Income

|  | 2023                 | 2022                 | 2021                 |
|--|----------------------|----------------------|----------------------|
|  | K                    | K                    |                      |
| <b>Revenue</b>                               | <u>942,229,883</u>   | <u>617,966,177</u>   | <u>396,936,610</u>   |
| <b>Other income</b>                          |                      |                      |                      |
| Capital grants amortised                     | 18,186,549           | 18,184,899           | 10,433,154           |
| Revenue grant received-GRZ                   | 26,691,019           | 10,941,341           | 10,379,138           |
| Sundry income                                | <u>11,369,328</u>    | <u>6,546,778</u>     | <u>4,517,894</u>     |
| <b>Total other income</b>                    | <u>56,246,896</u>    | <u>35,673,018</u>    | <u>25,330,186</u>    |
| <b>Finance costs</b>                         |                      |                      |                      |
| Interest on loans                            | (26,608,092)         | (32,485,070)         | (34,384,401)         |
| Interest income on short term investments    | 1,185,421            | 2,455,858            | 2,823,243            |
| Net exchange (loss)/gain                     | <u>67,028,045</u>    | <u>11,936,671</u>    | <u>(8,653,679)</u>   |
| <b>Net finance costs</b>                     | <u>41,605,374</u>    | <u>(18,092,541)</u>  | <u>(40,214,837)</u>  |
| Less:  |                      |                      |                      |
| <b>Expenditure</b>                           |                      |                      |                      |
| Depreciation                                 | <u>(48,712,445)</u>  | <u>47,407,257</u>    | <u>(47,496,886)</u>  |
| <b>Employee costs</b>                        |                      |                      |                      |
| Salaries and wages                           | (371,734,087)        | (298,536,505)        | (249,943,886)        |
| Other staff costs                            | (105,480,855)        | (43,998,944)         | (54,871,101)         |
| Directors social tours                       | <u>-</u>             | <u>-</u>             | <u>(487,138)</u>     |
|  | <u>(477,214,942)</u> | <u>(342,535,449)</u> | <u>(305,302,125)</u> |
| <b>Other operating expenses (Appendix 2)</b> | <u>(295,677,365)</u> | <u>(144,836,477)</u> | <u>(145,597,013)</u> |
| Profit (loss) on disposal                    | 11,972               | 100,767,471          | -                    |
| <b>Profit/(loss) before tax</b>              | 218,501,245          | -                    | (116,344,065)        |
| Income tax (charge)/credit                   | <u>(12,019,657)</u>  | <u>(11,827,158)</u>  | <u>(22,245,185)</u>  |
| <b>Profit after tax</b>                      | <u>206,467,916</u>   | <u>88,940,313</u>    | <u>(138,589,250)</u> |



## Appendix II

### Other Operating Expenses

|                                | 2023                      | 2022                      |
|--------------------------------|---------------------------|---------------------------|
|                                | K                         | K                         |
| Aviation security              | 35,412,176                | 11,122,114                |
| Books and periodicals          | 260,750                   | 830,942                   |
| Cargo and mail                 | 6,636,631                 | 5,126,822                 |
| Cleaning Services              | 7,127,987                 | 7,397,823                 |
| Cleaning expenses              | 2,106,193                 | 2,709,762                 |
| Consultancy                    | 912,419                   | 2,391,873                 |
| Directors` fees                | 2,323,760                 | 674,181                   |
| Directors` expenses            | 3,528,455                 | -                         |
| Electricity                    | 21,272,515                | 15,092,633                |
| External audit                 | 1,170,031                 | 916,455                   |
| Firefighting foam              | 1,684,609                 | 1,360,485                 |
| Hire of transport              | 18,966,568                | 11,563,759                |
| Insurance                      | 2,393,740                 | 5,183,092                 |
| Land rates                     | 19,187,572                | 5,938,367                 |
| Legal fees                     | 869,651                   | 258,355                   |
| Motor vehicle expenses         | 7,515,200                 | 6,184,959                 |
| Office expenses                | 618,625                   | 436,431                   |
| Postage                        | 423,422                   | 292,149                   |
| Printing and stationary        | 7,463,130                 | 6,568,139                 |
| Protective clothing            | 3,896,942                 | 960,581                   |
| Repairs and maintenance        | 38,151,220                | 23,465,026                |
| Security expenses              | 223,439                   | 480,513                   |
| SITA charges                   | 17,422,584                | 22,343,150                |
| Staff uniforms                 | 4,693,355                 | 502,588                   |
| Subscriptions-Corporation      | 1,319,980                 | 965,064                   |
| Telephone and internet         | 3,168,969                 | 2,996,455                 |
| Travel expenses - local        | 5,588,003                 | 2,772,080                 |
| Travel expenses-foreign        | 4,309,640                 | 2,135,690                 |
| Water                          | <u>965,106</u>            | <u>355,639</u>            |
| <b>Balance carried forward</b> | <b><u>219,612,572</u></b> | <b><u>141,025,132</u></b> |

## Appendix II (continued)

|                                   | 2023               | 2022               |
|-----------------------------------|--------------------|--------------------|
|                                   | K                  | K                  |
| <b>Balance Brought forward</b>    | 219,612,672        | 141,025,132        |
| Aerodrome's support               | 9,343,622          | 3,330,733          |
| Bad debts provision               | 23,525,719         | (16,638,505)       |
| Bank charges                      | 1,784,540          | 1,455,434          |
| Beverages                         | 1,384,205          | 372,943            |
| Corporate Promotion & Advertising | 5,574,308          | 1,436,218          |
| Donations                         | 596,443            | 75,000             |
| Entertainment                     | 213,065            | 105,915            |
| Greenfield expenses               | -                  | 1,705              |
| IATA charges                      | 13,707,381         | 8,392,625          |
| IT Expenses                       | 11,600             | 1,592,636          |
| Licensing                         | 3,391,925          | 745,618            |
| Marketing                         | 320,348            | 490                |
| Regulatory expenses               | 2,085,544          | 2,672,693          |
| Mulungushi VIP                    | -                  | 3,323              |
| Sundry expenses                   | 11,120             | 47,067             |
| Tender Evaluation Expenses        | 377,046            | 170,700            |
| VAT expenses                      | (364,594)          | (110,245)          |
| CANSO & ACI Expenses              | 1,432,763          | 157,000            |
| Rental Tax                        | <u>3,324,482</u>   | <u>-</u>           |
| <b>Total operating expenses</b>   | <u>295,677,365</u> | <u>144,836,487</u> |



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