2018

ANNUAL REPORT

Zambia AIRPORTS Corporation Limited

2018
ANNUAL REPORT

www.zacl.co.zm

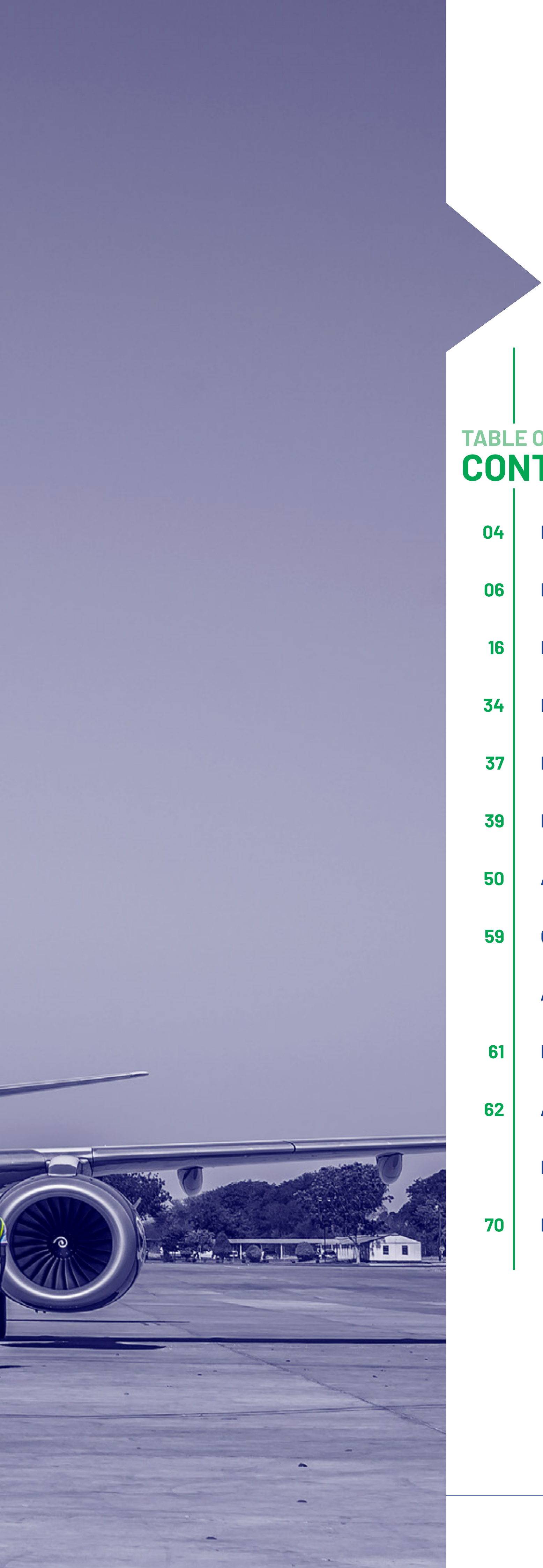
Zambia
AIRPORTS
Corporation Limited

VISION

To be the leading provider of world class airport and air navigation services

MISSION

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



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Highlights

Financial Highlights

	Dec 2018 ZMW	Dec 2017 ZMW	% Variation
Turnover	496,926,326	417,345,050	19.07%
Other Income	44,209,708	15,699,490	181.60%
Finance Charges	10,949,956	17,664,714	(38.01%)
Profit/ (Loss) before tax	83,628,068	45,504,180	83.78%
Cash & Cash Equivalents	41,556,765	32,582,325	27.54%
Asset Capitalisation	45,105,053	32,085,965	40.58%
Total Assets	**971,651,265**	**741,869,397**	**30.97%**

Financial Year Ending 31 December 2018

Traffic Highlights

	Dec 2018 ZMW	Dec 2017 ZMW	% Variation
Total Passenger Numbers	1,931,827	1,748,200	10.50%
Domestic	374,479	305,115	22.73%
International	1,557,348	1,443,085	7.92%
Paying Passengers	680,965	612,275	11.22%
Domestic	188,521	145,071	29.95%
International	492,444	467,204	5.40%
Total Aircraft Movements	**56,595**	**53,687**	**5.42%**

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Board Chairperson's Statement

Operational Results

I am delighted to present the Annual Report on the operations of Zambia Airports Corporation Limited for the year ended 31 December 2018.

The Corporation's operating revenue was K496 million for the financial year ended December 2018 compared to K417 million for the year ending December 2017. After expenses of K470 million, this resulted into a profit after tax of K80 million compared to profit after tax of K28.3 million in the year ending December 2017.

	Dec 2018 ZMW	Dec 2017 ZMW
Operating Income		
Airport Services	430,362,576	362,954,874
Air Navigation Services	66,563,750	54,390,176
Other Income	57,198,150	15,699,490
Total	**554,124,476**	**433,044,540**
Expenses	**470,496,408**	**387,540,360**
Tax	3,217,930	17,188,504
Profit/(Loss) After Tax	**80,410,138**	**28,315,676**

The major factors contributing to the increase in revenue is mainly the 10.5% growth in passenger numbers compared to the 8.5% increase in passenger numbers, as passenger service charge accounts for over 30% of aeronautical revenue. The average exchange rates in 2017 were 9.5576 whilst in 2018 it was 10.4072. The Corporation invoiced 80% of revenue units activities in Dollars but reported all transactions in Kwacha.

Among some of the milestones achieved in 2018 was that of the Best Safety Award in Africa for airports in the category of 2000 to 10,000 passengers awarded to Harry Mwaanga Nkumbula International Airport. The Corporation further passed the International Civil Aviation Organisation (ICAO) security audit and Aerodrome Certification at Kenneth Kaunda International Airport (KKIA).

1.1 Strategic Focus

The Corporation continued to implement the Strategic Plan 2017 to 2021 with major focus on growing non aeronautical revenue to sustain its operations in the medium to long term in addition to construction and modernization of infrastructure and equipment.

The strategic key focus areas continued to be in the following:

- Provision of high quality airport services that satisfies the expectations of our stakeholders;
- Provision of safe, efficient, reliable and expeditious air navigation services that satisfies the expectations of our stakeholders;
- Provision of suitable infrastructure that supports quality service delivery;
- To achieve sound financial returns that promotes a commercially viable entity;
- To positively contribute to our social and national economic development; and
- Be the employer of choice in the Aviation Industry.

The above strategic objectives will be attained by undertaking the following projects;

1. The Corporation has embarked on broadening its revenue base by investing in a new shopping mall, new cargo handling facility and a hotel to increase non-aviation revenue.
2. Construction of the new KKIA terminal and related buildings at a cost of US$ 360millon. The project was at an average of 70% completion stage as at the end of 2018.
3. The construction of the Copperbelt international airport at a cost of US$ 397million. The project was at an average of 33% completion stage as at end of 2018.
4. Modernisation and upgrading of air navigation equipment and in particular the installation of the new radar system and navigation aids.

The Corporation's revenue is composed of aeronautical and non- aeronautical revenue. Aeronautical revenue which comprises of passenger service charge, airport tax and charges and aircraft charges accounts for 90% of the total revenue, while the balance relates to non-aeronautical revenue. Non aeronautical comprise of car park, rentals, concessions and advertising.

The major driver of both income and expenses for aeronautical income is passenger and aircraft numbers. For 2018, the respective airports performed as follows;

Airport	Income 2018 (ZMW)	Income 2017 (ZMW)
Kenneth Kaunda International Airport (KKIA)	367,045,079	259,635,051
Simon Mwansa Kapwepwe International Airport (SMKIA)	54,661,896	49,948,714
Harry Mwaanga Nkumbula International Airport (HMNKIA)	69,569,686	52,460,872
Mfuwe International Airport (MIA)	5,649,665	5,218,994

Passenger Traffic

The total passenger traffic for the financial year under review and for the preceding year is summarized below.

Year	Description	Numbers	Growth
Dec 2018	Domestic Passengers	374,479	22.7%
Dec 2018	International Passengers	1,557,348	7.9%
	Total Passengers	**1,931,827**	
Dec 2017	Domestic Passengers	305,115	11.2%
Dec 2017	International Passengers	1,443,085	7.1%
	Total Passengers	**1,748,200**	

A further analysis of Passenger numbers by Airport

Airport	2018	2017	Growth
Kenneth Kaunda International Airport	1,355,700	1,224,163	10.7%
Simon Mwansa Kapwepwe International Airport	289,407	256,949	12.6%
Harry Mwaanga Nkumbula International Airport	256,657	239,875	7.0%
Mfuwe International Airport	30,063	27,213	10.5%

All the airports recorded a positive growth in passenger numbers compared to the previous period. There were a number of factors that contributed to this growth; notable endogenous and exogenous factors are as stated below:

- Introduction of two weekly direct flights into Europe by Turkish Airlines.
- Proflight Zambia introduced a bigger capacity aircraft servicing both SMKIA and HMNIA. The aircraft types are a Fokker 70 with a seat capacity of about 73 and a Bombardier Dash 8 with a seat capacity from KKIA of about 50.
- Increased Passenger uplifts by RwandAir resulting from increased frequencies and continued use of bigger aircraft when current period is compared to same period last year. Effective May 2018, RwandAir introduced an Airbus 330 on the Kigali-Lusaka-Johannesburg routes, with a seat capacity of 270 while maintaining other aircrafts such as the Boeing 737, Bombardier CRJ and a Bombardier Q400 on the route. This resulted in increased capacity on the route.

- Recently introduced flight between Lusaka and Kalumbila by Kafue Transport has stimulated domestic traffic.
- Increased weekly frequencies by; Proflight and Mahogany from Lusaka to Livingstone, and Air Malawi from Lusaka to Lilongwe -at Kenneth Kaunda International Airport from 4 to 6 flights during the course of the year.
- Increased competition between Mahogany and Proflight airlines has resulted into reduction of ticket fares hence this has attracted new travelers on the domestic routes.

1.2 Corporate Governance

The Corporation's governance structures are premised on transparency, responsibility, accountability and integrity. The roles of the Government, Board, Management and staff are well defined to avoid any conflict of interests.

Board Members

1. **Mr. Milingo Lungu**
   Chairperson
2. **Ms. Prisca Mwansa Chikwashi**
   Vice Chairperson
3. **Mr. Moonga Mumba**
   Member
4. **Mr. Sunday Chanda**
   Member
5. **Ms. Patricia Pakatamanja Zimba**
   Member
6. **Mr. Mukuli Chikuba**
   Member
7. **Mr. Nicholas Chikwenya**
   Member
8. **Mr. Charles Mushota**
   Member
9. **Mr. Fumu Mondoloka**
   Managing Director
10. **Mrs. Maggie B. Kaunda**
    Corporation Secretary


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Management

1. **Mr. Fumu Mondoloka**
   Managing Director

2. **Mr. Frank Chinambu**
   Director - Air Navigation Services

3. **Ms. Agness Chaila**
   Director - Airport services

4. **Mr. Tapiwa Chikumbu**
   Finance Director

5. **Mr. Gilford Malenji**
   Director - Human Resources

6. **Mrs. Maggie B. Kaunda**
   Corporation Secretary

Airport Managers

1. **Mr. Friday M. Mulenga**
   Airport Manager
   Kenneth Kaunda
   International Airport

2. **Mr. Augustine M. Chalwe**
   Airport Manager
   Mfuwe International Airport

3. **Mr. Joseph Mumbi**
   Airport Manager
   Simon Mwansa Kapwepwe
   International Airport

4. **Mr. Vivian M. Sikanyela**
   Airport Manager
   Harry Mwaanga Nkumbula
   International Airport

Main Board Meetings
Membership And Attendance

There were 4 scheduled Board Meetings and 4 Special Board Meetings held during the year which was attended as below:

Name	Meetings attended Scheduled	Special	Total No. of Meetings attended
Mr. Milingo Lungu	4	4	8
Ms. Prisca Mwansa Chikwashi	4	4	8
Mr. Moonga Mumba	4	4	8
Mr. Sunday Chanda	4	3	7
Ms. Patricia Pakatamanja Zimba	4	3	7
Mrs. Pamela Chibonga Kabamba	-	1	1
Mr. Mukuli Chikuba	3	2	5
Mr. Nicholas Chikwenya	3	4	7
Mrs. Maggie Banda Kaunda – Acting MD	3	3	6
Mr. Fumu Mondoloka – MD ZACL	1	-	1

Appointments, Remuneration and Human Relations Committee
Membership and attendance

There were 4 scheduled meetings and 5 Special Meetings for the year which were attended as follows:

Name	Meeting held Scheduled	Special	Meetings attended
Ms. Prisca Mwansa Chikwashi - Chairperson	4	5	9
Mr Sunday Chanda	4	5	9
Mr. Nicholas Chikwenya	4	5	9
Mrs. Maggie Banda Kaunda – Acting MD	4	4	8
Mr. Fumu Mondoloka – MD ZACL	1	1	2

Finance and Capital Projects Committee
Membership and attendance

There were 4 scheduled meetings and 2 special meetings for the year which were attended as follows:

Name	Meeting held Scheduled	Special	Meetings attended
Mr. Moonga Mumba - Chairperson	4	2	6
Mr. Paul Chintu	4	1	5
Mr. Job Lusanso	4	2	6
Ms. Patricia Pakatamanja Zimba	4	2	6

1.3 Corporate Social Responsibility

Zambia Airports Corporation Limited has for many years been engaged in various activities in the area of Corporate Social Responsibility, helping communities in close proximity to our four airports as well as providing a wide array of support towards institutions and facilities that work in line with our CSR objectives.

The Corporation remains deeply committed to making a substantial and tangible impact in the communities in which we operate and has focused on long term sustainable building projects, literacy programs and cultural preservation.

The Corporation aims to better the lives of the underprivileged Zambian therefore our social investment is directed at projects that ensure this desired outcome.

Education

Education is cardinal for the growth of any society and ZACL prides itself in championing this very important cause by continuing to sponsor literacy programs while supporting technical education and skills transfer. It is a well-known fact that literacy is the foundation for any and all education and should not be regarded as a privilege for a few but rather should be accessible to all. Zambia Airports Corporation Limited seeks to improve accessibility and availability of literacy services and materials by the promotion of reading, writing, speaking and listening. In the year under review, the Corporation partnered with Zambia Association of Literacy.

Orphans & Vulnerable Children

The Corporation takes great pride in empowering the underprivileged in our society and has made concerted efforts to make a difference in the lives of children who live under disparaging circumstances. Through our partnership with Habitat for Humanity, we aim to build and provide orphans and vulnerable children as well as those who may be looking after them with a new home in their areas of residence.

There are many other amenities that children lack which is why throughout the year, the Corporation identifies and provides basic essentials to facilities and institutions looking after orphans and vulnerable children. The Corporation also arranges special Christmas visits to our international airports with a number of treats in store for the children.

Health

Through our partnership with Habitat for Humanity, the Corporation provides clean drinking water to communities around the country.

The Corporation also continues to support numerous health initiatives and encourages its members of staff to engage in various sports disciplines as a way of keeping fit and healthy while maintaining overall wellness. The Corporations' Wellness Program for staff provides a framework for monitoring workplace impact mitigation and response management. The program is also structured to give employees an opportunity for regular medical check-ups.

Gender Equality

Gender equality is fundamental to a prosperous and productive society. Zambia Airports Corporation Limited is an advocate for female empowerment through various causes such as access to education and health care to name but a few. In honour of International Women's Day, each year the Corporation identifies an NGO working with women and girls to combat issues that directly affect their advancement. Materials are donated as part of support and Zambia Airports Corporation staff spends time with the affected girls to witness first-hand the role the NGO is playing as well as to understand how these issues have wider repercussions for society at large.

Cultural Heritage

In order for future generations to enjoy the nation's rich cultural heritage, ZACL continues to be a champion of cultural preservation through sponsorship of numerous Zambian traditional ceremonies. Being a proud Zambian Organization that is affiliated to the travel industry, we acknowledge the importance of ensuring our cultural practices continue and are passed on from generation to generation.

In the year under review, the Corporation made donations totalling K265,396.00 towards various causes under the CSR gambit including youth education, gender equality, health and cultural heritage.

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Managing Director's Report

2.1 Principal Activities

I am delighted to report on the activities of Zambia Airports Corporation Limited for the year ending December 2018. The Corporation took over the running of the seven provincial airports and three strategic aerodromes as directed by the Government of Republic of Zambia.
Among the milestones recorded by the Corporation, include the following:

- The Master Plan study of the Zambia airspace was completed in April 2018. This will help us inchanting a course towards addressing deficiencies in the surveillance of the whole country.
- The Wide Area Network (WAN) was implemented resulting in all the four international airports being on the ZACL domain, this has improved communication.

All these milestones could not have been achieved without the dedication and commitment by professional and immensely talented employees. The Corporation remains committed to our customers, employees and other stakeholders. Our continuous investment in technology and infrastructure will help us enhance our competitive edge and will ensure that we are ready for opportunities and that we stay on course for sustainable growth.

The Corporation's activities were focused on delivering the following strategic objectives:

- Increasing profitability by maximizing revenue and minimizing waste
- Enhancement of operational efficiency
- Modernization of infrastructure, machinery and equipment
- Maintaining a high level of quality assurance to meet regulatory compliance and service standards
- Investing in human capital by having continuous professional and skills development training.

The Corporation recorded a profit before tax of K83.6million and a profit after tax of K80.4million, giving a resultant performance that was 184% higher compared to the previous year. In terms of passenger movements, the Corporation recorded 11% growth when compared to the previous year. The major growth was recorded on domestic passengers due to the coming on board of Mahogany Air which has helped in stabilizing the air fares and increased scheduled flights.

2.2 Airport Services Division

The responsibilities of the Airport Services Division are as follows:

- Sales and Marketing Business
- Airport Safety and Security.
- Ground Handling Services
- Fire and Rescue Services
- Infrastructure Development and Maintenance

The Division's income is broken down into aeronautical revenue that is derived from tariffs consisting of Aircraft Landing, Aircraft Parking Charges and Passenger Charges (Service Charge, Aviation Security and Infrastructure Development Fees). Ground Handling Services are also included under Aeronautical Revenue. The other income is generated from Non-Aeronautical Revenue which is derived from commercial activities that include Car Parking, Retail Operations, Rental Concessions, and Advertising and Property Leases.

Aeronautical Revenue accounted for 91.62% of the company's performance for the year under review whilst 8.38% was generated by Non-Aeronautical Revenue.

The Corporation's main income contributor remains Passenger Service Charge which accounted for 32.36% of total revenues. With increased traffic into our airports we recorded a year on year growth in passenger numbers of 11%.

2.3 New Route Developments Business

- Turkish Airlines introduced two weekly direct flights into Europe effective 12th December, 2018.
- United Air Charters introduced scheduled flights on the Lusaka-Kalumbila route effective 01st October 2018.
- Proflight introduced flights on the Lusaka-Harare route.

Positive Factors

- Two weekly direct flights into Europe reintroduced by Turkish Airlines.
- Proflight Zambia introduced a bigger capacity aircraft servicing both SMKIA and HMNIA. The aircraft types are a Fokker 70 with a seat capacity of about 73 and a Bombardier Dash 8 with a seat capacity of about 50.
- Increased Passenger uplifts by RwandAir resulting from increased frequencies and continued use of the bigger aircraft comparing current period to same period last year. Effective May 2018, RwandAir introduced an Airbus 330 on the Kigali-Lusaka-Johannesburg routes, with a seat capacity of 270 while maintaining other aircrafts such as the Boeing 737, Bombardier CRJ and a Bombardier Q400 on the route. This resulted in increased capacity on the route.
- Kafue Transport has stimulated domestic traffic using the recently introduced flights between Lusaka and Kalumbila.
- Increased competition between Mahogany and Proflight has resulted into reduction of ticket fares hence attracting travellers on the domestic front.
- Increased weekly frequencies by; Proflight, Mahogany and Malawian Airlines at Kenneth Kaunda International Airport from 4 to 6 flights during the course of the year.

Negative Factors

- The continued limited bed capacity in Livingstone and Mfuwe continues to adversely affect traffic to the tourist airports, particularly for international tourists during peak season.
- The country's relatively expensive accommodation rates when compared to other similar catchment areas in neighbouring countries, deters would be visitors.
- A low cost carrier, Fastjet airlines pulled most of the South African Traffic into Victoria Falls due to a combination of the low air fares and accommodation charges. South Africa remains the biggest market for the Livingstone and Victoria Falls region.
- On a Macro level, immigration policies have continued to affect travel to Zambia as countries surrounding Zambia have increasingly relaxed border rules by allowing tourists to obtain visa upon arrival. Countries such as Kenya, Ethiopia, Zimbabwe, Mozambique, Namibia and Rwanda are among the new movers of this motion.
- Marketing budget allocation for marketing of the country is insufficient compared to neighbouring countries
- Fastjet Tanzania suspended flights into Lusaka effective December 2018.

The year 2018 recorded a total passenger growth of 11% compared to 2017. While this was a positive performance, the growth was less when compared to the period between 2010 and 2013 which had an average growth of 14%. The total passenger traffic for the financial year under review and for the twelve preceding calendar years is summarized in the table below.

Airport	Domestic	% Change	International	% Change	Total	% Change
2006	148, 289	18.93%	696, 888	24.54%	845, 177	23.52%
2007	182, 372	22.98%	866, 404	24.32%	1, 048, 776	24.09%
2008	258, 549	41.77%	922, 362	6.46%	1, 180, 911	12.60%
2009	167, 661	-35.15%	745, 202	-19.21%	912, 863	-22.70%
2010	191, 451	14.19%	894, 796	20.07%	1, 086, 247	18.99%
2011	224, 810	17.42%	992, 861	10.96%	1, 217, 671	12.10%
2012	247, 562	10.12%	1, 114, 551	12.26%	1, 362, 113	11.86%
2013	300, 055	21.20%	1, 243, 089	11.53%	1, 543, 144	13.29%
2014	314, 679	4.87%	1, 259, 563	1.33%	1, 574, 242	2.02%
2015	295, 608	-6.06%	1, 290, 908	2.49%	1, 586, 516	0.78%
2016	274, 344	-7.19%	1, 347, 919	4.42%	1, 622, 263	2.25%
2017	305, 115	11.22%	1, 443, 085	7.06%	1, 748, 200	7.76%
2018	374, 479	22.73%	1, 557, 348	7.92%	1, 931, 827	10.50%

The passenger movement performance analysed by airport between 2018 and 2017 is tabulated below.

2018		KKIA	SMKIA	HMNIA	MFW	Total
Jan-Dec	Domestic	207,877	87,276	50,617	28,709	374,479
	International	1,147,823	202,131	206,040	1,354	1,557,348
	Total	1,355,700	289,407	256,657	30,063	1,931,827
2017		**KKIA**	**SMKIA**	**HMNIA**	**MFW**	**Total**
Jan-Dec	Domestic	172,524	64,343	42,469	25,779	305,115
	International	1,051,639	192,606	197,406	1,434	1,443,085
	Total	1,224,163	256,949	239,875	27,213	1,748,200
% Growth						
Jan-Dec	Domestic	20.5%	35.6%	19.2%	11.4%	22.7%
	International	9.1%	4.9%	4.4%	-5.6%	7.9%
	Total	10.7%	12.6%	12.6%	10.5%	10.5%

2.4 General Passenger Movement

In 2018, a total of 1,931,827 commercial passengers passed through the four main airports KKIA, SMKIA, HMNIA and MIA. This compared to the same period last year with 1,748,200 passengers, giving a 10.5% growth in passenger movements. In this context, commercial passengers include both arriving and departing passengers, transit passengers, domestic and international passengers. Domestic passenger movements grew by 22.7% from 305,115 passengers in 2017 to 374,479 passengers 2018. International passenger movements grew by 7.9% from 1,443,085 passengers in 2017 to 1,557,348 passengers in 2018.

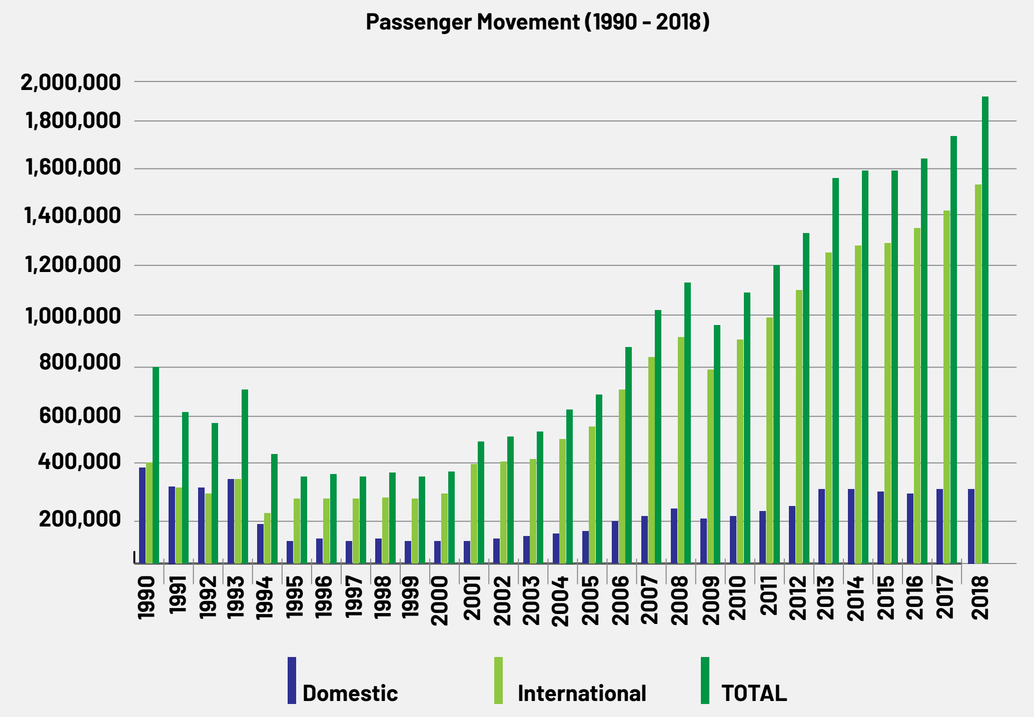
When compared to the same period last year, KKIA, SMKIA, HMNIA and MIA International Airports grew by 10.7%, 12.6%, 7% and 10.5% respectively.

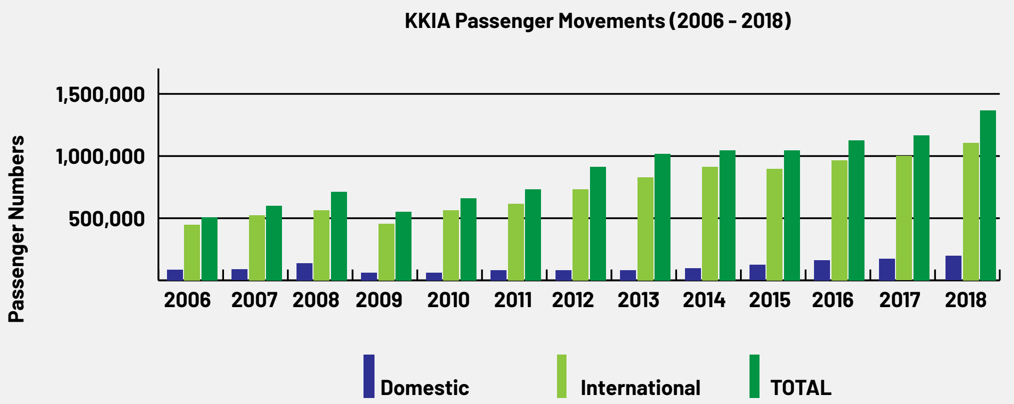
The respective airports passenger performance was as follows;

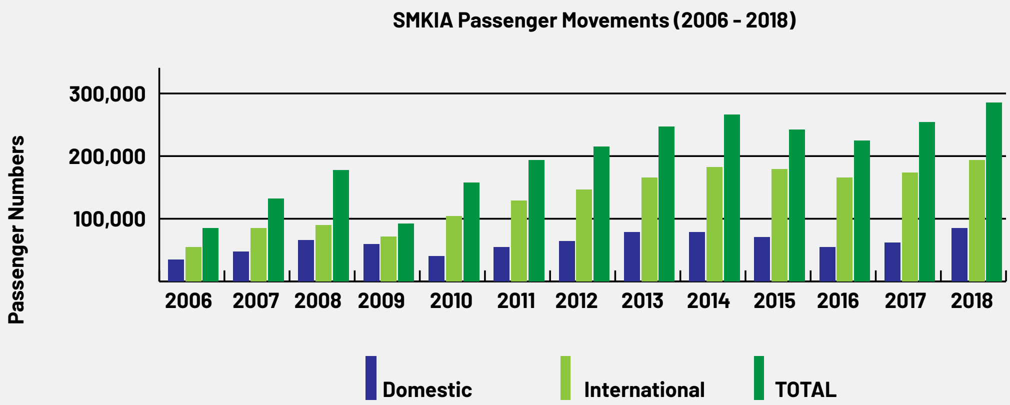
Airport	Passenger No.
Kenneth Kaunda International Airport (KKIA)	1,355,700
Simon Mwansa Kapwepwe International Airport (SMKIA)	289,407
Harry Mwaanga Nkumbula International Airport (HMNIA)	256,657
Mfuwe International Airport (MIA)	30,063

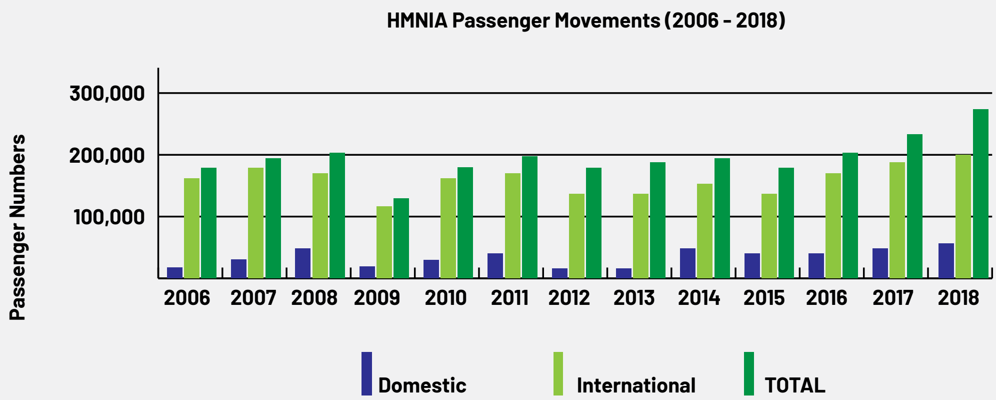
KKIA had the largest number of passengers being the main gateway in the country. The airport handled 70% of total general passenger movements in 2018. SMKIA and HMNIA handled 15% and 13% of total passengers respectively. The smallest airport, MIA carried 2% of the total traffic.

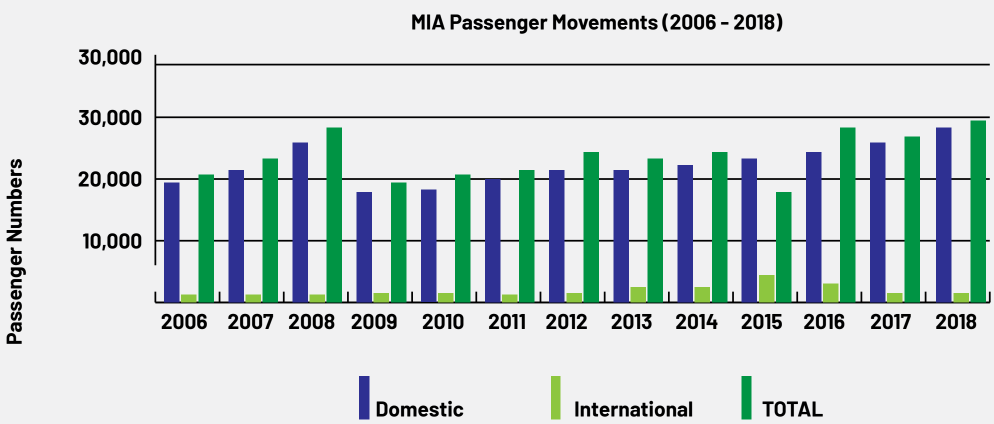
Below are the detailed passenger movements by airport.











Paying Passenger Movements

The Corporation recorded a positive growth of 30% for domestic and 5% for international paying passengers in 2018. Growth recorded was about 11.2% compared to the previous year. This performance is attributable to the positive growth posted by the entire four international airports.

Kenneth Kaunda International Airport recorded 9% growth compared to the previous year, Simon Mwansa Kapwepwe International Airport recorded 27% compared to the previous year, while Harry Mwaanga Nkumbula International airport recorded a negative growth of 3.1%, however when compared to the previous year, a 4% growth was recorded and Mfuwe recorded 12% growth.

Station	Passenger Category	2017 Financial Year				2018 Financial Year				Compared To Last Year	
		ACT	BUD	VAR	% DIFF	ACT	BUD	VAR	% DIFF	GROWTH	% DIFF
	Dom	77 756	72 795	4 961	6.82%	97 255	83 356	13 899	16.67%	19 499	25.08%
KKIA	Int.	328 487	332 084	(3 597)	-1.08%	347 459	344 827	2 632	0.76%	18 972	5.78%
Sub Total		**406 243**	**404 879**	**1 364**	**0.34%**	**444 714**	**428 183**	**16 531**	**3.86%**	**38 471**	**9.47%**
	Dom	32 597	26 534	6 063	22.85%	51 010	33 402	17 608	52.71%	18 413	56.49%
SMKIA	Int.	56 325	56 722	(397)	-0.70%	62 096	57 621	4 475	7.77%	5 771	10.25%
Sub Total		**88 922**	**83 256**	**5 666**	**6.81%**	**113 106**	**91 023**	**22 083**	**24.26%**	**24 184**	**27.20%**
	Dom	22 188	20 375	1 813	8.90%	26 115	23 204	2 911	12.54%	3 927	17.70%
HMNIA	Int.	81 571	85 898	(4 327)	-5.04%	82 044	88 439	-6 395	-7.23%	473	0.58%
Sub Total		**103 759**	**106 273**	**(2 514)**	**-2.37%**	**108 159**	**111 643**	**-3 484**	**-3.12%**	**4 400**	**4.24%**
	Dom	12 530	13173.68	(644)	-4.89%	14 141	13 280	861	6.48%	1 611	12.86%
Mfuwe	Int.	821	1018.66	(198)	-19.40%	845	959	-113.61	-11.85%	24	2.92%
Sub Total		**13 351**	**14 192**	**(841)**	**-5.93%**	**14 986**	**14 238**	**748**	**5.25%**	**1 635**	**12.25%**
	Dom	145 071	132 877	12 194	9.18%	188 521	153 242	35 279	23.02%	43 450	29.95%
Consolidated	Int.	467 204	475 723	(8 519)	-1.79%	492 444	491 845	599	0.12%	25 240	5.40%
Grand Total		**612 275**	**608 600**	**3 675**	**0.60%**	**680 965**	**645 088**	**35 877**	**5.56%**	**68 690**	**11.22%**

2.5 Aircraft Movement

During the period January to December, 2018, the Corporation recorded total aircraft movements of 56,595 compared to 53,687 in 2017 recording a positive growth of 5.4%.

Airport	Passenger No.
Kenneth Kaunda International Airport	34,879
Simon Mwansa Kapwepwe International Airport	9,719
Harry Mwaanga Nkumbula International Airport	9,237
Mfuwe International Airport	2,760

Domestic aircraft movements increased by 10% from 28,312 aircraft movements in 2017 to 31,132 aircraft movements in 2018 while international aircraft movements increased by 0.3% from 25,375 aircraft movements in 2017 to 25,463 aircraft movements in 2018.

KKIA, SMKIA, HMNIA and MIA, grew by 2.4%; 10.9%; 12.4% and 4.9% respectively. The reasons given as affecting passenger movement are therefore the same as in this case (See table below).

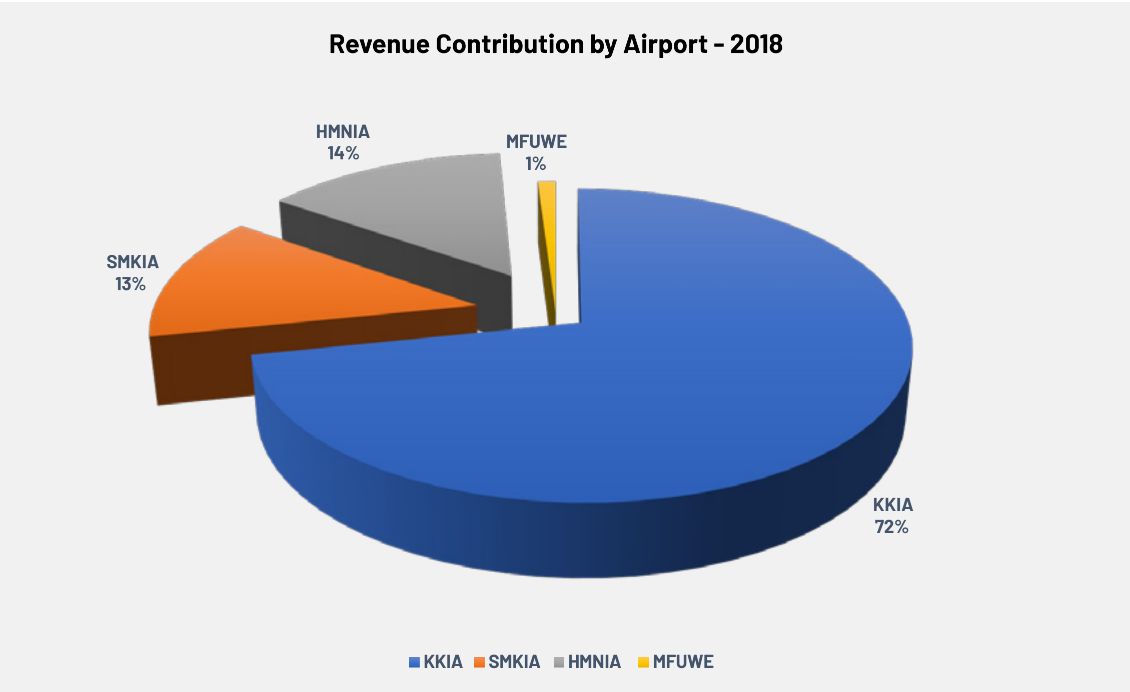
Consolidated Aircraft Movements: 2007 - 2018

Airport	Domestic	% Change	International	% Change	Total	% Change
2007	22 828	9.10%	22 023	34.29%	44 851	20.17%
2008	32 464	42.21%	19 670	-10.68%	52 134	16.24%
2009	24 515	-24.49%	18 359	-6.66%	42 874	-17.76%
2010	34 726	41.65%	22 357	21.78%	57 083	33.14%
2011	41 774	20.30%	25 164	12.56%	66 938	17.26%
2012	38 189	-8.58%	26 287	4.46%	64 476	-3.68%
2013	38 330	0.37%	27 908	6.17%	66 238	2.73%
2014	40 453	5.54%	26 594	-4.71%	67 047	1.22%
2015	38 648	-4.46%	27 745	4.33%	66 393	-0.98%
2016	31 042	-19.68%	27 383	-1.30%	58 425	-12.00%
2017	28 312	-8.79%	25 375	-7.33%	53 687	-8.11%
2018	31 132	9.96%	25 463	0.35%	56 595	5.42%

2.6 Total Revenue Contribution By Airport

During the period January to December, 2018, the Corporation recorded total aircraft movements of 56,595 compared to 53,687 in 2017 recording a positive growth of 5.4%.

Airport	Actual	Budget	Variance	% Variance	% Contribution
KKIA	307,803,568	308,440,624	(637,056)	-0.21%	71.52%
SMKIA	53,661,896	59,450,925	(5,789,029)	-10.79%	12.47%
HMNIA	63,664,067	64,737,095	(1,073,028)	1.69%	14.79%
MFUWE	5,233,045	5,419,415	(186,370)	3.56%	1.22%
TOTAL	**430,362,576**	**438,048,058**	**(7,685,482)**	**1.79%**	**100%**



2.7 Revenue Contribution By Product Category - Airport Services

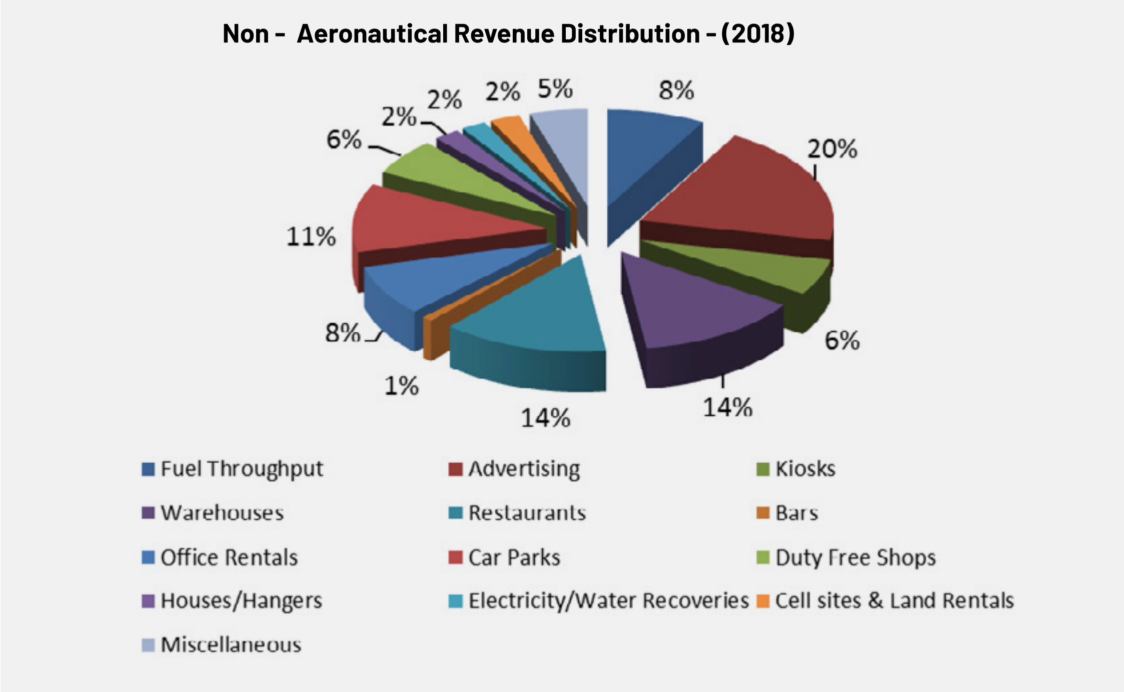
The total income made by the division was **K430,362,576** of which **K400,614,946**, representing **93.09%** was aviation income and **K29,747,630** representing **6.91%** was from non-aviation income. Below is a presentation of the percentage contribution by category;

Aeronautical Revenue

2018	Revenue (ZMK)	% Contribution
Passenger Service Charge	141,584,054	32.90%
Landing Fees	64,095,616	14.89%
Parking Fees	3,208,767	0.74%
Ground Handling	91,486,067	21.26%
Security Charges	31,216,275	7.25%
Cute and Cuss	8,589,040	2.01%
Infrastructure Fee	60,435,127	14.04%
SUB TOTAL	**430,362,576**	**93.09%**

Non-Aeronautical Revenue

2018	Revenue (ZMK)	% Contribution
Fuel Throughput	2,230,241	0.52%
Advertising	4,368,659	1.01%
Kiosks	1,725,176	0.40%
Warehouses	3,428,891	0.80%
Restaurants	2,314,397	0.54%
Bars	85,084	0.02%
Office Rentals	2,314,260	0.54%
Car Parks	4,086,767	0.95%
Duty Free Shops	1,942,938	0.45%
Houses/Hangers	735,070	0.17%
Electricity/Water Recoveries	693,273	0.16%
Cell sites & Land Rentals	898,789	0.21%
Concessions	2,881,468	0.67%
SUB TOTAL	**29,747,630**	**6.91%**
TOTAL	**430,362,576**	**100.00%**



2.8 Cargo Movements

During the period under review, 20,860.07 metric tons of cargo and mail was handled predominantly through Kenneth Kaunda International Airport. This was 9.3% more than the year 2017. The growth can be attributed to increased exports of flowers and fruits and also Farmers from Mkushi who started new exports of passion fruits in the period under review.
Airlines uplifting this cargo from KKIA are South African Airways Cargo, DHL Cargo, Emirates Airlines, Euro Cargo Aviation, Ethiopian Airlines Cargo and Kenya Airways Cargo.

The following is a summary of cargo performance;

Period	Category	Cargo	Mail	Total
2018				
	Unloaded	12,171	172	12,343
	Loaded	7,130	6	7,136
	Transit	1,309	72	1,381
Jan - Dec	**Total**	**20,610**	**250**	**20,860**
2017				
	Unloaded	11,158	188	11,346
	Loaded	6,607	21	6,628
	Transit	979	135	1,114
Jan - Dec	**Total**	**18,743**	**344**	**19,087**
%Growth				
	Unloaded	11,158	188	11,346
	Loaded	6,607	21	6,628
	Transit	979	135	1,114
Jan - Dec	**Total**	**18,743**	**344**	**19,087**

2.9 Scheduled Airlines

In the year under review the Airports were serviced by the following airlines

AIRLINES	KKIA	HMNIA	SMKIA	MFUWE
South Africa Airways	✓	✓	✓	×
Kenya Airways	✓	✓	✓	×
South African Airlink	✓	✓	✓	×
Ba-Comair	×	✓	×	×
RwandAir	✓	×	×	×
Emirates Airlines	✓	×	×	×
Fly Africa*	✓	×	×	×
Ethiopian Airlines	✓	×	✓	×
South African*Express	✓	×	×	×
Air Zimbabwe*	✓	×	×	×
Malawian Airlines	✓	×	×	×
Fast Jet	✓	×	×	×
Air Botsawana*	✓	×	×	×
Air Namibia	✓	×	×	×
Angola Airlines	✓	×	×	×
Mahogany Air	✓	✓	✓	×

2.10 Zambia Based Charter Operator

AIRLINES	KKIA	HMNIA	SMKIA	MFUWE
Pro Charter	✓	✓	✓	×
Staravia	✓	×	✓	×
Avocet	✓	×	✓	×
Skytrails	×	✓	×	×
Corporate Air	✓	✓	✓	×
Royal Air Charters	✓	×	×	×

2.11 Cargo Airline

AIRLINES	KKIA	HMNIA	SMKIA	MFUWE
SAA Cargo	✓	×	×	×
Kenya Airways	✓	×	×	×
Ethiopian Airlines	✓	×	×	×
Stabo Air	✓	×	×	×
Emirates Airlines	✓	×	×	×

* Ceased to operate during the year under review.

** Begun operations during the year under review.

2.11 Airport Services Projects

2.11.1 Kenneth Kaunda International Airport

The KKIA project is effected to be completed in 2020 in order to put up ZESCO power station. The project progress is as follows;

Items	Description	Amount	Status
	Project cost – Broken down as follows:	US$ 360 Million	
1	New Terminal building Apron		88%
	New Terminal Building Pavilion		74%
2	Fire & Rescue Services Station		100%
3	Rescue Centre		100%
4	Presidential Pavilion		74%
5	Presidential Apron		100%
6	Hotel		81%
7	Cargo Warehouse		86%
8	Water Tank & Pump House		100%
9	Air Traffic Control Building & Control Tower		89%
10	Taxi ways Widening		25%
11	Taxi ways Delta Extension		90%
12	Commercial Complex		80%
13	Viaduct		100%
14	Overall Project		80%

2.11.2 Copperbelt International Airport

The contract for the Design and Construction of the new Airport Infrastructure (Greenfield) in Ndola was awarded to AVIC International Holding Corporation Limited at a cost of US$397 million.
The works are on course and will be completed in 2020.

Items	Description	Amount	Status
	Project cost – Broken down as follows:	US$ 397 Million	
1	New Terminal Building		13%
2	Business Complex		43%
3	Viaduct		30%
4	Air Traffic Control		24%
5	Building and Control Tower		-
6	Runway and Taxiway		85%
7	Overall Project Progress		33%

2.11.3 Mfuwe International Airport

Description	Amount	Status
Mfuwe International Airport	US$ 122,364,454	Awaiting Funding

Quality Management

External Audits

- SABS Conducted stage 1 audits on KKIA and HMNIA from 7th to 9th May 2018.
- These audits were in preparation for the ISO9001:2015 recertification

Aerodrome Certification.

- In October 2018 KKIA attained aerodrome certification after fulfilling the International standard requirement as prescribed by Zambia Civil Aviation Authority (CAA) The process was verified and ratified by International Civil Aviation Organization (ICAO).

Documentation.

- The Quality Policy was amended to take into account issues identified during the preliminary audit by SABS.
- The Quality Manual was revised and distributed to all sections at KKIA and HMNIA
- The Risk assessment forms which were bought from WWISE were launched and risk identification process commenced.

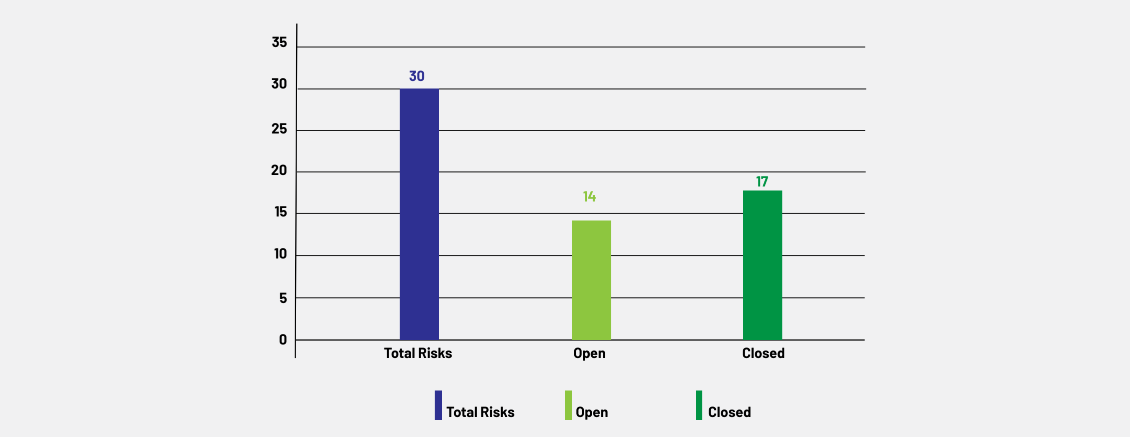
Risk Management

Risk and Compliance Management Policy Statement

Significant Risk & Compliance Issues

A total of thirty (30) significant risk & compliance issues were identified and addressed during the year, more than 50% of the issues were addressed.

Figure 1 below depicts the resolution of the significant risks for 2018.

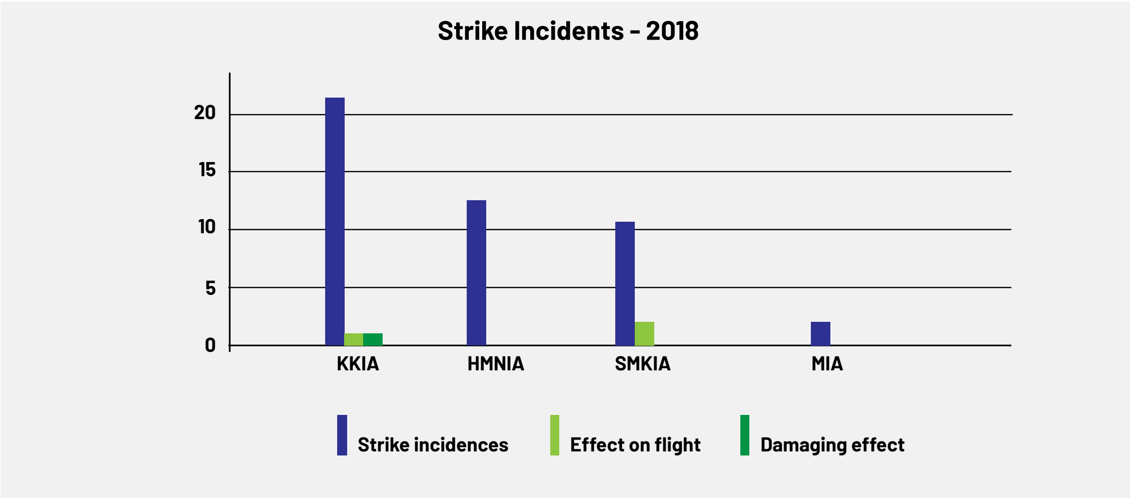


Environment Policy

The Corporation reviewed its environmental policy during the year with the view of strengthening its commitment to environmental protection based on ISO14001:2015.
An environmental management committee was established to spearhead implementation of the Environmental Management System (ISO14001:2015) and Provide leadership in pursuit of environmental sustainability.

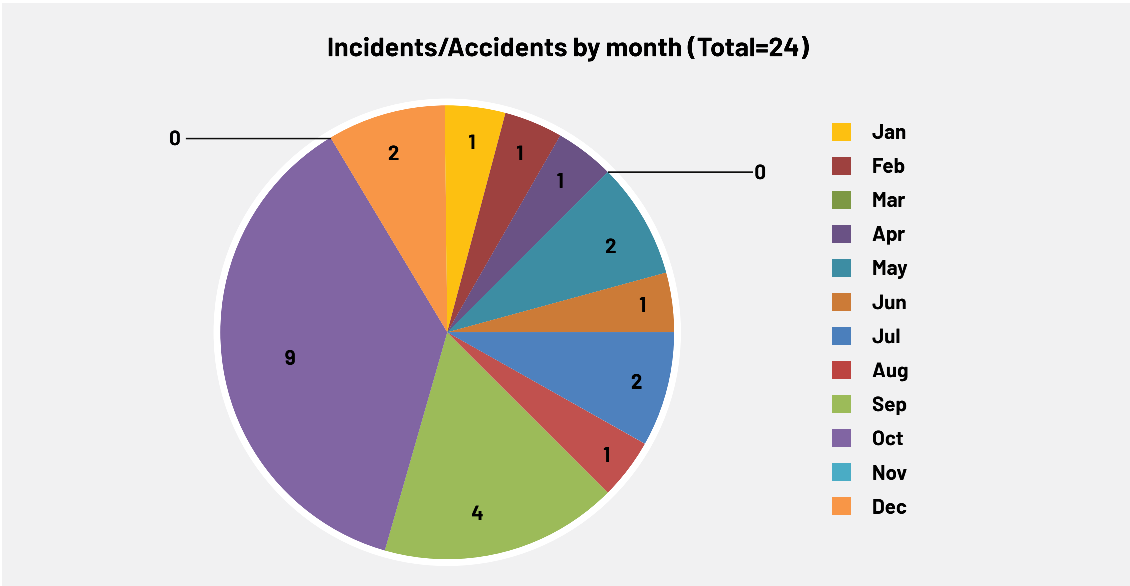
Wildlife Strike Incidents

KKIA recorded 22 strikes in the year 2018, with one (1) of damaging effect on the aircraft. HMNIA and Mfuwe recorded 13 and 2 strikes respectively with no record of a damaging strike whilst SMKIA recorded 11 incidences with 2 having an effect on the flight though not damaging.



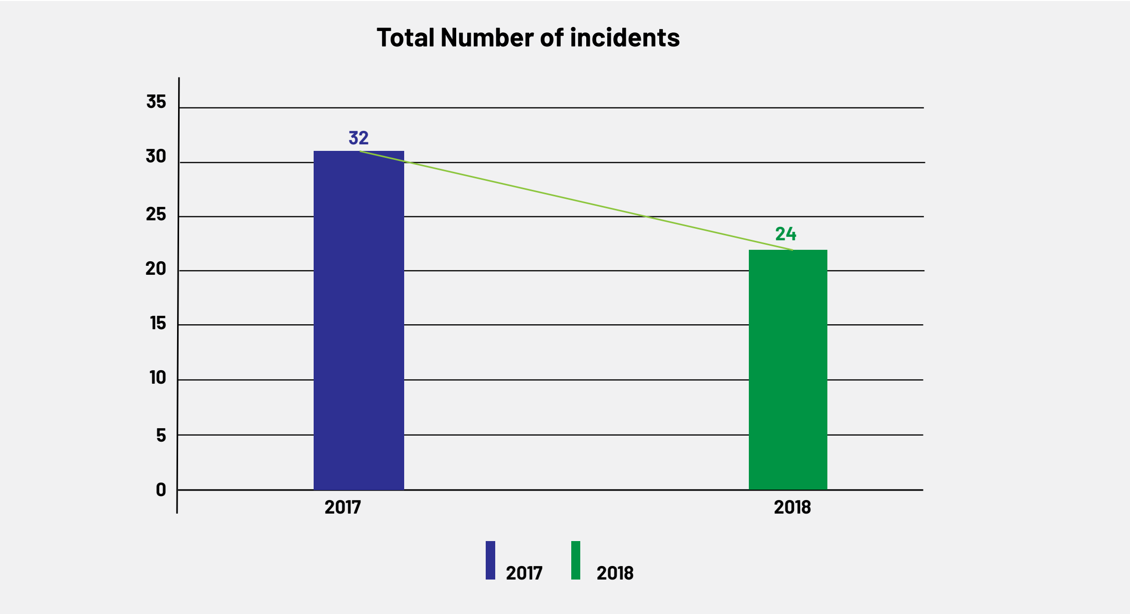
Safety Management System – (SMS)

The implementation of SMS continued in 2018, the SMS Manual was approved and sent to CAA for acceptance.
A total of 24 Safety Incidents were recorded and broken down as follow:



During the year, the Corporation recorded a total of 24 ground incidents/accidents compared to 32 in 2017 resulting in a reduction of 25%.

The reduction was mainly attributed to several interventions that SHEQ had embarked on such as ramp safety enforcement, training, awareness and the introduction of hazard reporting system.



Air Navigation Services Division

Functions and Responsibilities

The responsibility of the Air Navigation Services Division is the provision of Air Navigation Services throughout the Zambian air space.

Key Focus Areas

The key focus areas in line with stakeholder expectations are:

- Safety
- Capacity
- Cost effectiveness
- Efficiency
- Environmental Sustainability

Revenue

The main sources of income under this Division are as stated below:

- Over-flights,
- International Navigation
- Domestic Navigation

Revenue from Over-flight constitutes the biggest component to the total Air Navigation Services Revenue.

Revenue

The Division recorded total revenue of K66.6Million, of which 70.83% related to Overflights while 29.17 counts for Air Navigation fees.

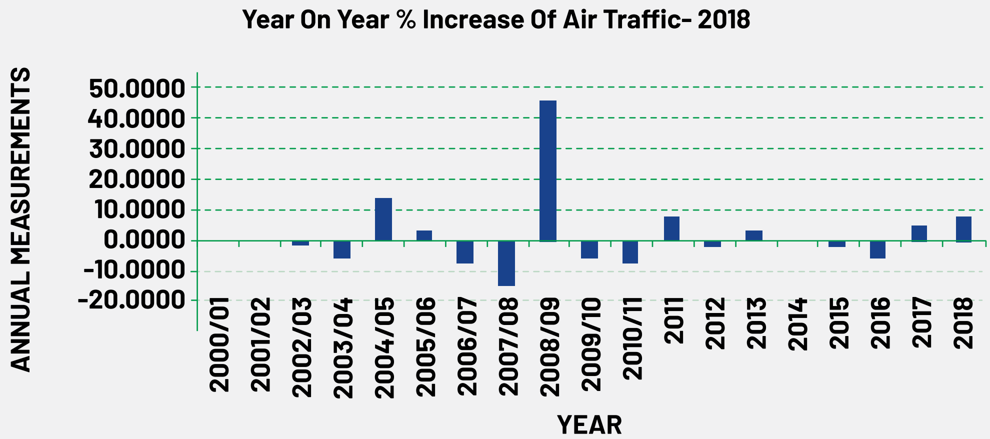
Aircraft movement during the period under review is analysed as follows:

Aircraft Movements Comparison

Category	2018	2017	VARIANCE	%
Domestic	28,543	25,696	2,847	11.08
International	23,623	23,294	329	1.41
Over-Flights	19,239	17,901	1,338	7.47
Others	11,012	10,910	102	0.93
Total	82,417	77,801	4,616	5.93

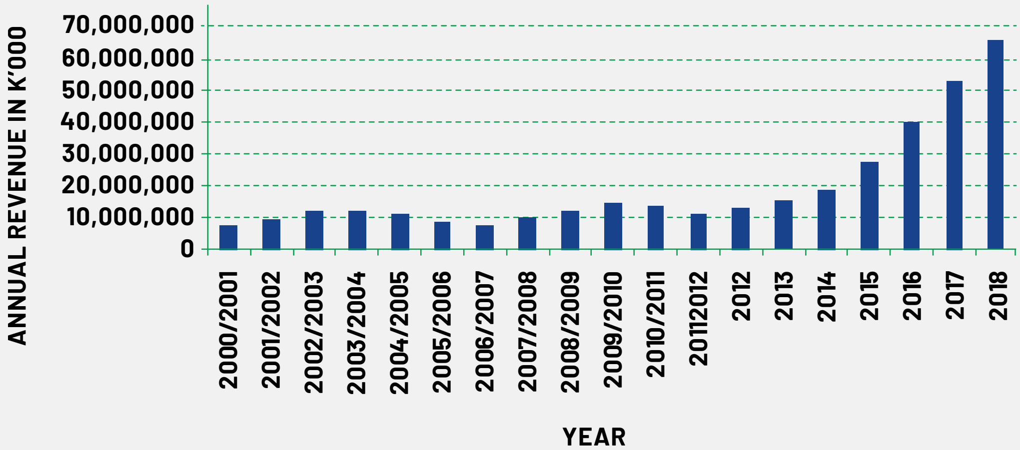
Aircraft movement trends - April 2000 to December, 2018

Percentage Increase of Air Traffic – Year on Year Chart – 2018

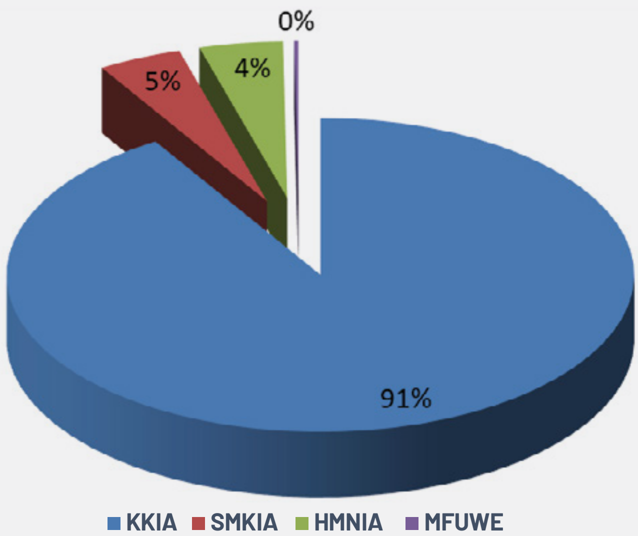


Revenue Progression Charts

Revenue From April 2000 To December 2018 In Kwacha



Revenue By Airport - Year 2018



The revenue percentage contributions by category are as follows: 92 % over-flights, 26% International Navigation and 3 % Domestic Navigation.

Air Navigation Projects

In the period under review the Air Navigation Services Department (ANS) implemented its part of the corporate strategy by initiating and undertaking the following projects:

	Project	Status
1	Implementation of the Aeronautical Telecommunication network (ATN) project.	Completed
2	Upgrade of the Aeronautical Information Management System including WGS84 Survey	Work In progress
3	Develop the Lusaka Flight Information Region (FIR) Airspace Master Plan Implementation Plan	Work In progress
4	RCAG Upgrade Project	Work In progress
5	Implement under Government the Zambia Air Traffic management Radar System (ZATM-RADAR) project safety case	Completed
6	KKIA Instrument Landing System Replacement	Work In progress
7	Procurement of Non Directional Beacons For Mansa, Mfuwe, Kasaba bay, and Kaoma	Awaited Funding
8	Replacement of Very High Frequency (VHF) Aerodrome Ground to Air Radios at the major designated and provincial airports.	Awaited Funding
9	Equipping the New ATC Tower at KKIA	Awaited Funding

The above projects are intended to enhance safety, efficiency and reliability in the provision of air navigation services in the Zambian airspace.

3.0 Human Resources

The Human Resources Department generally continued to provide effective operational and advisory services to the Corporation during the year under review.

The staff headcount for the period ending 31 December 2018 was eight hundred and seventy one (871) against approved establishment of nine hundred ten (910). A total of forty nine (49) staffs were engaged to take up critical positions.

Labour Turnover

The Corporation recorded Thirty-Five (35) separations during the year under review which included Sixteen (16) resignations, three (3) normal retirements, Three (3) deaths, Seven (7) dismissals, Four (04) termination of contract (P&P and FTC), and Two (2) Medical discharges.

Training and Development

The Corporation provided staff training and development in the continued effort to maintain a skilled, competent and motivated workforce and ensure provision of high quality service to the customers.

The Corporation continued to support employees to attain higher qualifications and skills at colleges and universities in relevant areas of the business operation. The Corporation availed 82 training programs of which a total of 1,199 participants attended both locally and abroad in the following key areas of operations:

Type of course	No. of programs	Participants
Technical	10	266
Operational	57	716
Management	14	202
QMS	01	15
HIV/AIDS	00	00

Industrial and Labour Relations

The Corporation enjoyed good and harmonious industrial relations during the year under review. Management continued to foster dialogue with employee representatives and managerial staff in order to promote rapport, good working relationship and employee participation in decision making of the Corporation.

2017 Management / Union Negotiations

Management and the Two (2) Unions (AAWUZA and NUAAW) concluded negotiations for improved salaries and conditions of service for 2019. The salient points of the negotiations were an increase of basic salaries by an average of 25% across the board.Labour Day

ZACL joined the rest of the world in commemorating Labour Day on 1st May 2018. In appreciation for the dedicated long service rendered to the Corporation, Thirty-Five (35) employees who had clocked Ten (10) years of unbroken service and Eight (8) who had clocked Twenty (20) years of unbroken service were presented with Long Service Certificates and monetary awards.

Retirees Benefits

The Corporation was up to date with payment of retirement benefits despite having a deficit funding of the closed in-housing Pension Scheme amounting to over K82 million as at the year end.

Terminal Benefits (In-house Pension Scheme)

The Corporation had an outstanding deficit funding of the closed in-house pension scheme amounting to over K82 million as at the year end. The Corporation established a sinking fund in 2017 to bridge the deficit funding and ultimately facilitate transfer of the in-house pension to a Fund Manager.

Organisational Review and Job Evaluation Exercise

The Corporation engaged KPMG Consultants to conduct a Comprehensive Organizational Review and Job Evaluation exercise. The exercise commenced during the last quarter of 2018 and was expected to be completed early 2019.

Corpoarate Financial Results

Revenue

The Corporation turnover in the year under review was K497 Million compared to that of the previous year 2017 of K417 Million; this was 19.2% above last year. These results are mostly due to the depreciation of the kwacha against other convertible currencies. Paying passengers numbers at the four airports only increased by 7.8%.

Airport Services	Dec 2018 (ZMW)	Dec 2017 (ZMW)	%
Passenger Service Charge	141,584,054	121,339,385	16.68%
Landing Fees	64,095,616	53,314,722	20.22%
Ground Handling Fees	91,486,067	76,505,783	19.58%
Aviation Security	31,216,275	26,089,296	19.65
Aircraft Parking	3,208,767	2,397,361	33.85%
Aviation Infrastructure fees	60,435,127	51,562,900	17.21%
Cute and Cuss	8,589,040	6,921,883	24.09%
Other	29,747,630	24,823,031	19.84%
Total	**430,362,576**	**362,954,361**	**18.57%**
Air Navigation			
Over flights	47,146,613	38,251,232	23.26%
Navigation fees	19,417,137	16,139,457	20.31%
Others	-	-	
Total	**66,563,750**	**54,390,689**	**22.38%**
Total Operating income	**496,926,326**	**417,345,050**	**19.07%**
Average exchange rate	10.4072	9.5576	
Year End rates	11.9420	10.0123	19.27%

Table 2 – Expenses

Expenses	Dec 2018 (ZMW)	Dec 2017 (ZMW)	%
Personnel	218,762,899	184,841,502	18.35%
Depreciation	45,076,144	38,868,379	15.97%
Finance costs	10,949,956	17,664,714	(38.01%)
Other costs	195,707,409	147,554,576	32.63%
Total	**470,496,408**	**388,929,171**	**20.97%**
Profit/(Loss) before Tax and Exchange Gain/(Loss)	71,558,919	45,504,180	57.26%
Exchange Gain/(Loss)	12,069,149	14,737	
Income tax	(3,217,930)	(17,188,504)	(81.28%)
Profit /(Loss) after Tax and Exchange Gain/(loss)	80,410,138	28,315,676	183.98%

Operating Turnover by Airport

Airport Services	Dec 2018 (ZMW)	Dec 2017 (ZMW)	%
Kenneth Kaunda	299,898,577	256,814,086	16.78%
Simon Mwansa Kapwepwe	57,799,172	48,201,675	19.91%
Harry Mwaanga Nkumbula	67,499,351	53,048,096	27.24%
Mfuwe	5,165,476	4,891,017	5.61%
Air Navigation income	66,563,750	54,390,689	22.38%
Exchange gain/(loss)	12,069,149	14,737	81,796.92%

The Corporation recorded a profit of K80,410,138 Million after taking into account income tax of K3,217,930 Million.

Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2018

MPH Chartered Accountants

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1.0 Directors' Report

The Directors submit their report and audited financial statements for the year ended 31 December, 2018.

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, Simon Mwansa Kapwepwe, Harry Mwaanga Nkumbula and Mfuwe as well as provision of air navigation services throughout Zambia. The Corporation is also in charge of six provincial and three strategic aerodromes.

3. Share Capital

The Corporation's Authorised, Issued and fully paid up Share Capital comprises 16,458,500 ordinary shares of K1 each.

4. Results

The Corporation's results are as follows:

	2018 (ZMW)	2017 (ZMW)
Operating revenue	496,926,326	417,345,050
Profit before tax	83,628,068	45,504,180
Income tax expense	(3,217,930)	(17,188,504)
Profit after tax	80,410,538	28,315,676

The Corporation achieved revenue of K497 million during the twelve months to 31 December 2018 compared to K417 million for the previous 12 months. Operating costs during the period amounted to K460 million (2017 – K388 million) resulting into a profit before tax of K83.6 million (2017 – K45.5 million) after taking into account other income of K44.2 million (2017-K15.7 million) and other charges.

5. Directors and Secretary

The Directors and the Secretary during the year under review were as follows:

Mr. Milingo Lungu	-	Chairperson
Ms. Prisca Mwansa Chikwashi	-	Vice Chairperson
Mr. Moonga Mumba	-	Member
Mr. Sunday Chanda	-	Member
Ms. Patricia Pakatamanja Zimba	-	Member

Mr. Mukuli Chikuba	-	Member
Mr. Nicholas Chikwenya	-	Member
Mr. Charles Mushota	-	Member
Mr. Fumu Mondoloka	-	Managing Director

The Secretary is:
Mrs. Maggie Banda Kaunda
Zambia Airports Corporation Limited
Kenneth Kaunda International Airport
PO Box 30175
LUSAKA

6. Industrial Relations

The Corporation enjoyed industrial harmony throughout the year.

7. Employees

The Corporation had 871 full time employees at 31 December 2018 (31 December 2017 – 855) and total salaries and wages paid were K219 million for the year ended 31 December 2018 (December 2017 – K185 million). The average number of employees in each month for the year was:

January 2018	**850**
February 2018	**850**
March 2018	**850**
April 2018	**853**
May 2018	**851**
June 2018	**850**
July 2018	**853**
August 2018	**860**
September 2018	**871**
October 2018	**873**
November 2018	**870**
December 2018	**871**

8. Gifts and donations

The Corporation made donations of K222,093 during the year (2017 – K161,953).

9. Property, Plant and Equipment

Additions to property, plant and equipment totaling K45 million were made during the year (2017 – K32 million).

10. Other Material Facts, Circumstances and Events

The Directors are not aware of any material fact, circumstance or event which occurred between the accounting date and the date of this report which might influence an assessment of the Corporation's financial position or the results of its operations.

11. Financial Statements

The financial statements set out on pages 10 to 51 have been approved by the Directors.

12. Auditors

MPH Chartered Accountants the Corporation's auditors retire at the forthcoming Annual General Meeting and have expressed willingness to continue. A resolution for their reappointment will be submitted to the Annual General Meeting.

Statement of Directors' Responsibilities

The Corporation's Directors are responsible for the preparation and fair presentation of financial statements of Zambia Airports Corporation Limited, comprising the statement of financial position as at 31 December 2018, and statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with the International Financial Reporting Standards and the Companies Act of Zambia. The Directors' responsibility includes: designing, implementing and monitoring internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The Directors' have made an assessment of the Corporation's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Approval of the Financial Statement

The financial statements of the Corporation as indicated above and set out on pages 10 to 51 were approved by the Board on 24th May, 2018 and were signed on its behalf by:

....	....
Milingo Lungu	Fumu Mondoloka
Chairperson	**Director**

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 2018, and the Statement of Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the Corporation`s financial statements give a true and fair view of the financial position of the Corporation as at 31 December, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies Act of Zambia.

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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were 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 these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

We refer to notes 15, 23 and 25 (exposure to credit risk) of the financial statements.

Key Audit Matter	Our Response
i. **Existence, accuracy and recoverability of trade receivables.** Debtors represent a significant financial statements caption in the books of the Corporation. Further determination of the recoverability of the debtors involves significant judgement.	Our audit procedures in with respect to the audit of the existence, accuracy and recoverability of trade and other receivables included, among others;: • Assessing the existence of the trade receivables through direct confirmation of a sample of debtors balances; • Where not confirmed, review of payments from the sampled debtors received after the reporting date; • Review of supporting documents giving rise to the sampled debtors balances;

- Review of the reconciliation of the payable ledger.
- Review of debtors statements and reconciliations with selected debtors;
- Review of computation of impairment for compliance with IFRS 9; and
- Assessing the recoverability of trade and other receivables and the adequacy of the impairment provision.

Disclosures of the trade and other receivables balances, the trade debtors ageing and the impairment provisions have been made in notes 15 and 25 to the financial statements. Debit balances in creditors' accounts have been disclosed separately in note 15. We consider the disclosures to be appropriate.

ii. Existence and Accuracy Trade Payables

Trade and other payables are a significant component of the liabilities of the Corporation. In prior years trade and other payables included long outstanding unreconciled balances.

Our audit procedures in respect to the audit of the existence, accuracy and valuation of trade and other payables included, among others:

- Assessing the existence of the trade payables through direct confirmation of the creditors balances;
- Review of payments made to creditors after the reporting date;
- Review of reconciliations with creditors;
- Review of the reconciliations and reworking of the payables ledger during 2018;
- Review of suppliers statements where available; and
- Review of the revaluation of foreign currency denominated liabilities.

Disclosures of the trade and other payables balances have been made in notes 23 and 24 to the financial statements. Debit balances in creditors' accounts have been disclosed separately in note 15. We consider the disclosures to be appropriate.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor`s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor`s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organisation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Other Information

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

Report on Other Legal and Regulatory Requirements

Companies Act, 2017

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

i. There is a relationship, interest or debt which us, as the Company's auditor, have in the Company;
ii. There are serious breaches by the Company's directors, of corporate governance principles or practices contained in part VII's sections 82 to 122 of the Zambia Companies Act of 2017; and
iii. There is an omission in the financial statements as regards particulars of any loan made to a Corporation officer (a director, company secretary or executive officer of the company) during the year, and if reasonably possible, disclose such information in our opinion.

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

MPH Chartered Accountants **Lusaka, Zambia**

Hampande Hachongo (AUD/F000186)

Statement of Profit or Loss and Other Comprehensive Income

	Note	2018 ZMW	2017 ZMW
Revenue	9	496,926,326	417,345,050
Expenditure			
Depreciation	12	(45,076,144)	(38,868,379)
Employee costs	31	(218,762,899)	(184,841,502)
Other operating expenses	32	(195,707,409)	(147,554,576)
		37,379,874	**46,080,593**
Other income	Appendix 1	44,209,708	15,699,490
Profit from operations		**81,589,582**	**61,780,083**
Finance income and costs	10	2,038,486	(16,275,903)
Profit before tax		**83,628,068**	**45,504,180**
Income tax expense	11(a)	(3,217,930)	(17,188,504)
Profit after tax		**80,410,138**	**28,315,676**
Other comprehensive income		-	-
Total comprehensive income		**80,410,138**	**28,315,676**

Statement of Financial Position

	Note	2018 ZMW	2017 ZMW
Assets			
Non-Current Assets			
Property, plant and equipment	12	759,692,033	573,581,734
Financial assets at fair value through profit or	13	3,120,439	2,615,608
loss		**762,812,472**	**576,197,342**
Current Assets	14	3,893,658	4,408,916
Inventories	11 (b)	9,902,865	-
Tax recoverable	15	132,122,743	114,942,037
Trade and other receivables	16(a)	19,570,091	13,738,777
Financial assets at amortised cost	16(b)	1,792,671	-
Financial assets at fair value through profit or	17(a)	41,556,765	32,582,325
loss		**208,838,793**	**165,672,055**
Cash and cash equivalents		**971,651,265**	**741,869,397**
Total Assets			
Equity and Liabilities			
Equity			
Share capital	18	16,458,500	16,458,500
Amount received pending allotment of shares		13,928,678	13,928,678
Revaluation reserve		222,477,324	227,443,637
Accumulated profit		155,274,168	72,223,550

		408,138,670	**330,054,365**
Non-Current Liabilities			
Capital grants		269,732,172	90,525,929
Long-term loans	19	88,097,122	86,003,404
Deferred income tax	20	16,713,345	19,387,513
Obligations under finance leases	11(d)	6,989,174	-
Deferred liability	21	73,986,653	65,830,871
	22	**455,518,466**	**261,747,717**
Current Liabilities			
Short term portion of long-term loans		26,800,324	37,267,861
Obligations under finance leases	20	6,569,160	2,666,748
Trade and other payables	21	66,422,313	76,803,376
Income tax payable	23	-	22,169,330
Bank overdraft	11(b)	21,343	-
Deferred liability	17	8,180,989	11,160,000
	22	**107,994,129**	**150,067,315**
Total Equity and Liabilities		**971,651,265**	**741,869,397**

The financial statements set out on pages 10 to 51, which have been prepared on a going concern basis, were approved by the Board on ......24th May, 2018............ and were signed on its behalf by:

....
Milingo Lungu
Chairperson

....
Fumu Mondoloka
Director

Statement of Changes in Equity

	Share capital ZMW	Amount received awaiting allotment of shares ZMW	Revaluation reserves ZMW	Accumulated profit/(losses) ZMW	Total ZMW
Total comprehensive Income					
At 1 January 2017	16,458,500	13,928,678	217,853,722	36,267,394	284,508,294
Profit for the year	-	-	-	28,315,676	28,315,676
Deferred tax on valuation	-	-	17,230,395	-	17,230,395
Transfer	-	-	(7,640,480)	7,640,480	-
At 31 December 2017	**16,458,500**	**13,928,678**	**227,443,637**	**72,223,550**	**330,054,365**
Total comprehensive Income					
At 1 January 2018	16,458,500	13,928,678	227,443,637	72,223,550	330,054,365
Profit for the year	-	-	-	80,410,138	80,410,138
Deferred tax on valuation	-	-	2,674,167	-	2,674,167
Dividend paid	-	-	-	(5,000,000)	(5,000,000)
Transfer	-	-	(7,640,480)	7,640,480	-
At 31 December 2018	**16,458,500**	**13,928,678**	**222,477,324**	**155,274,168**	**408,138,670**

Revaluation Reserves

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

Accumulated Profit / (Loss)

The accumulated profit/(loss) represents accumulated retained earnings from the operations of the Corporation.

Amount Received Pending Allotment of Shares

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

The notes on pages 29 to 49 form part of these financial statements

The accounting policies and notes on pages 14 to 51 form part of these financial statements.

Statement of Cash Flows

	Note	2018 ZMW	2017 ZMW
Cash inflow from operating activities			
Profit before tax		83,628,068	45,504,180
Profit on disposal of motor vehicle		(348,398)	-
Interest paid	10	10,949,956	17,664,714
Interest received	10	(919,293)	(1,374,074)
Financial assets at fair value through profit or loss		(504,831)	-
Madison Unit Trust fair value adjustment		(55,484)	-
Unrealised exchange (gain)/losses	10	-	(14,737)
Depreciation	12	45,076,144	38,868,379
Amortisation of capital grants	19	(6,875,147)	(6,875,147)
(Increase) in inventories		515,258	(1,184,404)
(Increase) / decrease in trade and other receivables		(17,180,706)	(114,124)
(Decrease) / increase in trade and other payables		(10,381,063)	15,758,354
Increase / (decrease) in deferred liability		5,176,770	5,940,903
Revenue grants received-GRZ		(5,673,359)	-
Net cash flows from operating activities		**103,407,915**	**114,174,044**
Returns on investment and servicing of finance			
Interest received	10	919,293	1,374,074
Interest paid	10	(10,949,956)	(17,664,714)
Decrease / (increase) in assets at amortised cost		(5,831,314)	9,641,647
Decrease / (increase) in assets at fair value through profit or loss		(1,737,186)	-
Dividend paid		(5,000,000)	-
Net cash flows from/(used on) returns on investments and Servicing of finance	18	**(22,599,163)**	**(6,648,993)**

Income tax paid	11(b)	(35,290,12)	(41,780,698)
		(35,290,125)	**(41,780,698)**
Investing activities			
Purchase of plant and equipment		**(26,625,488)**	**(29,159,720)**
Net cash flows used on investing activities		**(26,625,488)**	**(29,159,720)**
Financing activities			
Long-term loan received		11,031,912	-
Finance lease repaid	21	(7,587,980)	(6,743,197)
Revenue grants received-GRZ		5,673,359	-
Repayment of loans		(19,405,731)	(42,186,034)
Proceeds from sale of motor vehicle		348,398	-
Net cash flows from financing activities		**(9,940,042)**	**(48,929,231)**
Movement in cash and cash equivalents			
Net cash flow		8,953,097	(12,344,598)
Cash and cash equivalents at beginning of the year		32,582,325	44,926,923
Cash and cash equivalents at end of the year		**41,535,422**	**32,582,325**

2.0 Accounting Policies

a. 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, Works, Supply and Communications.

b. Principal Activities

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

c. Basis of Preparation and Accounting Policies

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

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

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

The preparation of financial statements in conformity with IFRs 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 6.0.**

d. Going Concern

During the year, the Corporation recorded a profit before tax of K83.6 million (2017: profit of K45.5 million) and its current liabilities reduced to K108 million from K150 million in the previous period. The Corporation meets its day to day working capital requirements from its own generation of funds through the collection of various fees.

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

The validity of this assumption depends on continued profitable operations.

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

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

e. Significant accounting policies

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

2.1 Revenue Recognition

Revenue represents the invoiced value of navigation, landing, over flights, ground handling and parking fees relating to aircraft traffic, passenger service fees relating to passenger traffic, rentals and concessions relating to accommodation facilities provided at airport terminals and warehouses.

Revenue is recognised on an accrual basis.

2.2 Property, Plant and Equipment

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

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

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

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

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

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

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

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

Borrowing costs, being interest payable on loans are added to the carrying amounts of the related capital works in progress.
The assets' residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the statement of comprehensive income in the other operating income.
When revalued assets are sold, the amounts included in the revaluation surplus relating to these assets are transferred to the retained earnings.

2.3 Leased Assets

Where property, plant and equipment are financed by leasing agreements which give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest; the capital element is applied to reduce the outstanding obligations and the interest element is charged to the income statement over the period of the lease so as to produce a constant periodic rate of interest in the remaining balance of the liability under the lease agreement for each of the accounting periods.

All other leases are operating leases and the annual rentals are charged to the income statement on a straight line basis over the lease term.

Depreciation on the relevant assets is charged to the income statement over their useful lives.

2.4 Financial Assets

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

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instruments which the Corporation has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities and Equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Corporation are recognised at the proceeds received, net of direct issue costs. Repurchase of the Corporation's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

Compound Instruments

The component parts of convertible loan notes issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Corporation's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium/other equity . Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to retained profits/other equity . No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

Financial Liabilities

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

Financial Liabilities at FVTPL

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

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Corporation manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Corporation's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

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

Gains or losses on financial guarantee contracts issued by the Corporation that are designated by the Corporation as at FVTPL are recognised in profit or loss.

Fair value is determined in the manner described in notes 24.

Financial Liabilities Measured Subsequently at Amortised Cost

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

Financial Guarantee Contract Liabilities

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

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

Foreign Exchange Gains and Losses

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

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

Derecognition of Financial Liabilities

The Corporation de-recognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

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

Derivative Financial Instruments

The Corporation enters into foreign exchange forward contracts to manage exchange rate risk. Where forward contracts are accounted for as derivatives, they are recognised initially at fair value at the date the contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Corporation has both legal right and intention to offset. A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

2.5 Inventories

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

2.6 Cash and Cash Equivalents

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

2.7 Borrowing Costs

Borrowing costs, being interest payable on loans, are accounted for on an accruals basis.

Transaction costs arising on arranging a new financial liability are debited to the liability and amortized over the life of that liability. Borrowing costs are charged to the statement of comprehensive income for the year in which they are incurred.

2.8 Grants

Revenue grants are credited to income in the year in which they are received.
Capital grants are deferred and credited to the statement of comprehensive income in equal annual installments over the expected useful lives of the related assets.

2.9 Short Term and Long Term Loans

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

2.10 Taxation

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

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

2.11 Foreign Currencies

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

II. **Transactions and Balances**
Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the date of transactions. Foreign exchange gains and losses resulting from such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive income.
Translation differences on monetary items, such as equity at fair value through income, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as assets at fair value through other comprehensive income, are included in fair value reserve in equity.

2.12 Employee Benefits

I. Pension obligations

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

II. Termination benefits

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

III. Gratuity

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

2.13 Provisions

Restructuring costs and legal claims

Provisions for restructuring costs and legal claims are recognised when: the Corporation has a present legal or constructive obligation as 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.

2.14 Dividend Distribution

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

3.0 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 2018 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.

4.0 Management of Financial Risk

4.1 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.

4.2 Credit Risk

The Corporation has exposure to credit risk, which is the risk that a counter party 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.

4.3 Capital Management

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

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

5.0 Application of New and Revised International Financial Reporting Standards (IFRSs)

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

In the current year, a number of amendments to IFRSs and new Interpretations issued by the International Accounting Standards Board (IASB) have become effective and are mandatorily effective for an accounting period that begins on or after 1 January 2018.

Standard		Effective date and impact
IFRS 9 – Financial Instruments	IFRS 9 introduced new requirements for: 1. The classification and measurement of financial assets and financial liabilities, 2. Impairment of financial assets, and 3. General hedge accounting The transition provisions of IFRS 9 allow an entity not to restate comparatives. The Corporation has elected not to restate comparatives in respect of the classification and measurement of financial instruments.	The amendments are effective on January 1, 2018. The impact of the amendments are disclosed in note 8.2.
IFRS 15 – Revenue from Contracts with Customers	IFRS 15 specifies how and when an IFRS reporter will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles	Annual periods beginning on or after January 1, 2018. Earlier application is permitted. The Corporation's accounting policies for its revenue streams are disclosed in detail in note 5.1 below. Apart

	based five-step model to be applied to all contracts with customers: • **Step 1:** Identify the contract(s) with a customer. • **Step 2:** Identify the performance obligations in the contract. • **Step 3:** Determine the transaction price. • **Step 4:** Allocate the transaction price to the performance obligations in the contract. • **Step 5:** Recognise revenue when (or as) the entity satisfies a performance obligation IFRS 2 was amended by the clarifications related to classification and measurement of certain share-based payment transactions. More specifically:	from providing more extensive disclosures for the Corporation's revenue transactions, the application of IFRS 15 has not had a significant impact on the financial position and/or financial performance of the Corporation.
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	• IFRS 2 now contains the accounting requirements related to treatment of vesting and non-vesting conditions in cash-settled share-based payment transactions; • The guidance on share-based payment transactions with a net settlement feature for withholding tax obligations was added, • IFRS 2 introduced	These changes are effective for Financial Years beginning on or after 1 January 2018. The amendment to IFRS 2 has had no impact on the Corporation.

	new accounting requirements for modifications of share-based payment transactions from cash-settled to equity-settled. All these amendments shall be applied prospectively.	
Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Amendments to IFRS 4)	The amendments provide two options for entities that issue insurance contracts within the scope of IFRS 4: • an option that permits entities to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets (the "overlay approach"); • an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4 (the "deferral approach"). The application of both approaches is optional and an entity is permitted to stop applying them before the new insurance contracts standard is applied.	The Amendments to IFRS 4 are effective 1 January 2018. The amendments have had no impact on the financial statements of the Corporation.
Amendments to IAS 40 – Transfers of Investment Property	The amendments in Transfers of Investment Property (Amendments to IAS 40) are:	The amendments to IAS 40 are effective 1 January 2018. The amendment has

	• Paragraph 57 of IAS 40 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. • The list of evidence in paragraph 57(a) – (d) was designated as non-exhaustive list of examples instead of the previous exhaustive list.	had no impact on the financial statements of the Corporation.
Annual improvements to IFRSs 2014- 2016 Cycle(Amendments to IFRS 1, IFRS 12 and IAS 28) IFRS 1- First-time Adoption of International Financial Reporting Standards IFRS 12- Disclosure of Interests in Other Entities	The amendment deleted the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose. Clarified the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as	The amendments are effective for financial periods beginning on or after 1 January 2018. The amendments have had no impact on the financial statements of the Corporation.

	held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued.	
IAS 28- Investments in Associates and Joint Ventures	Clarified that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.	
IFRIC 22 Foreign Currency Transactions and Advance Consideration	IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.	IFRIC 22 is effective for annual reporting periods beginning on or after 1 January 2018. The amendments have had no impact on the financial statements of the Corporation.

5.2 Impact of the application of IFRS 9 on Financial Performance

The tables below show the amount of adjustment for each financial statement line item affected by the application of IFRS 9 for the current year.

Impact on profit or loss, other comprehensive income and total comprehensive income at 31 December, 2018:

Increase in administrative expenses
Decrease in income tax
Decrease in profit for the year
Impact on other comprehensive income for the year (net of tax)
Items that will not be reclassified subsequently to profit or loss:

Impact on assets, liabilities and equity as at 31 December, 2018

Trade and other receivables
Total effect on net assets
Retained earnings
Total effect on equity

5.3 New and revised IFRSs in issue but not yet effective

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

Title	Description	Effective Date
IFRS 16	IFRS 16 requires lessees to recognise most leases on their statement of financial position. Lessees will have a single accounting model for all leases, with two exemptions (low value assets and short term leases). Lessor accounting is substantially unchanged. There will be additional disclosure requirements.	1 January 2019 with limited early application permitted.
IFRS 17 Insurance Contracts	The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts	The Standard is effective for annual reporting periods beginning on or after 1 January 2021.
Amendments to IFRS 9 Prepayment Features with Negative Compensation	The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.	The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted.
Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures	The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the	1 January 2019. Earlier application is permitted.

	allocation of losses of the investee or assessment of impairment in accordance with IAS 28).	
Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs	**IAS 12 Income Taxes** The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.	Annual periods beginning on or after 1 January 2019. Earlier application is permitted.
	IAS 23 Borrowing Costs The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The changes could impact the Corporation. **IFRS 3 Business Combinations** The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including re measuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be re-measured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.	
Amendments to IAS 19 Employee	**IFRS 11 Joint Arrangements** The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not re-measure its PHI in the joint operation.	1 January 2019. Earlier application is permitted.

Benefits Plan Amendment, Curtailment or Settlement	The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).	
IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.
IFRIC 23 Uncertainty over Income Tax Treatments	IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to: • determine whether uncertain tax positions are assessed separately or as a group; and • assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings: – If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings. – If no, the entity should reflect the effect of uncertainty in determining its accounting tax position.	The Interpretation is effective for annual periods beginning on or after 1 January 2019.

Notes to the Financial Statements

		2018 ZMW	2017 ZMW
9	**Revenue**		
	Over flight fees	47,146,613	38,251,232
	Air Navigation fees	19,417,137	16,138,944
	Passenger service charges	141,584,054	121,339,385
	Security charges	31,216,275	26,089,296
	Cute and Cuss	8,589,040	6,921,883
	Landing fees	64,095,616	53,314,137
	Parking fees	3,208,767	2,397,361
	Fuel through put fees	3,059,404	2,230,241
	Car park	3,541,467	4,086,767
	Ground handling	91,486,067	76,505,783
	Rentals	23,146,759	18,507,121
	Aviation infrastructure fees	60,435,127	51,562,900
		496,926,326	**417,345,050**
10	**Finance Income and Costs**		
	Interest on loans	(10,949,956)	(17,664,714)
	Interest on short term investments	919,293	1,374,074
	Net exchange gain	12,069,149	14,737
		2,038,486	**(16,275,903)**
11	**Income Tax Expense**		
	(a) **Recognised in the statement of Comprehensive Income**		
	Income tax on normal income	-	12,777,839
	Income tax on taxable other income	3,217,930	4,410,665
		3,217,930	**17,188,504**

(b) **Tax Reconciliation**

The tax on the Corporation's profit before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	2018 ZMW	2017 ZMW
Tax at 35% on profit before tax	29,269,824	15,926,463
Non- deductible expenses	6,267,683	6,823,142
Non recognized deferred tax assets	(32,319,577)	(5,561,101)
	3,217,930	**17,188,504**

(c) **Income Tax Payable**

	2018 ZMW	2017 ZMW
Tax payable at beginning of year	22,169,330	46,761,524
Charge for the year (note 11(a))	3,217,930	17,188,504

Taxation paid	(35,290,125)	(41,780,698)
Taxation (recoverable)/payable at end of year	**(9,902,865)**	**22,169,330**

(d) Income tax returns have been filed with the Zambia Revenue Authority for all the years up to 31 December 2017. Quarterly tax returns for the period ended 31 December 2018 were made on the due dates during the year.

(e) **Deferred Income Tax**

	1 January ZMW	Charged to profit & loss ZMW	Not charged to profit & loss ZMW	Charged to equity ZMW	31 December ZMW
31 December 2017					
Deferred income tax liability					
(Recognised)					
Revaluation reserves	**36,617,907**	-	-	**(17,230,395)**	**19,387,512**
Deferred Income Tax Asset					
(not recognised)					
Accelerated capital	(146,647,034)	-	131,687,703	-	(14,959,331)
Allowance		-	(23,748,755)	-	5,158
Exchange gains	23,753,913	-	27,969,529	-	-
Exchange losses	(27,969,529)	-	(51,534,140)	-	(34,346,498)
Debt impairment provision	17,187,642	-	(273,619)	-	(273,619)
Deferred cost	-	-	84,100,718	-	(49,574,290)
	(133,675,008)	-	84,100,718	(17,230,395)	(30,186,778)
	(97,057,101)				
31 December 2018					
Deferred income tax liability					
(Recognised)					
Revaluation reserves	**19,387,512**	-	-	**(2,674,167)**	**16,713,345**
Deferred Income Tax Asset					
(not recognised)					
Accelerated capital allowance	(14,959,331)	-	(18,020,075)	-	(32,979,406)
Exchange gains	5,158	-	4,219,044	-	4,224,202
Exchange losses	-	-	-	-	-
Debt impairment provision	(34,346,498)	-	5,441,709	-	(28,904,789)
Deferred cost	(273,619)	-	(41,298)	-	(314,917)
	(49,574,290)	-	(8,400,620)	-	(57,974,910)
	(30,186,778)	-	**(8,400,620)**	**(2,674,167)**	**(41,261,565)**
	(49,574,290)				
	(30,186,778)				

12 Property, Plant and Equipment

	Airport Terminal, Runways, Taxiways and Aprons ZMW	Motor Vehicles ZMW	Equipment and Furniture ZMW	Capital Work in Progress ZMW	Total ZMW
Cost					
At 1 January 2017	591,529,422	23,468,934	231,866,965	13,076,257	859,941,578
Additions	5,554,522	1,929,601	9,810,902	14,790,940	32,085,965
Transfers	191,056	-	-	(191,056)	-
At 31 December 2017	**597,275,000**	**25,398,535**	**241,677,867**	**27,676,141**	**892,027,543**
At 1 January 2018	597,275,000	25,398,535	241,677,867	27,676,141	892,027,543
Additions	-	2,381,416	15,863,438	26,860,199	45,105,053
Equipment from GRZ	-	-	186,081,390	-	186,081,390
Disposal	-	(792,677)	(112,428)	-	(905,105)
At 31 December 2018	**597,275,000**	**26,987,274**	**443,510,267**	**54,536,340**	**1,122,308,881**
Depreciation					
At 1 January 2017	105,026,478	14,426,665	160,124,287	-	279,577,430
Charge for the year	14,586,835	3,436,730	20,844,814	-	38,868,379
At 31 December 2017	**119,613,314**	**17,863,395**	**180,969,100**	-	**318,445,809**
At 1 January 2018	119,613,314	17,863,395	180,969,100	-	318,445,809
Charge for the year	14,749,056	2,270,350	28,056,738	-	45,076,144
Disposal	-	(762,677)	(112,428)		(905,105)
At 31 December 2018	**134,362,370**	**19,371,068**	**208,913,410**	-	**362,616,848**
Net book value					
At 31 December 2018	**462,912,630**	**7,616,206**	**234,596,857**	**54,536,340**	**759,692,033**
At 31 December 2017	**477,661,687**	**7,535,140**	**60,708,767**	**27,676,141**	**573,581,734**

b. The Corporation's airport terminals, runways, taxiways and aprons were revalued at 31 March 2008 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. Surplus on valuation and depreciation no longer required totaling K305,619.40 million was transferred to revaluation reserve.

c. The Corporation acquired certain property, plant and equipment from the Government of the Republic of Zambia, which were the assets of the Department of Civil Aviation. These financial statements include only the value of the assets transferred from the Department of Civil Aviation, which were with the Government based on a valuation carried out by the Government Valuation Department and a letter from the Ministry of Transport and Communications. Title to Harry Mwaanga Nkumbula and Simon Mwansa Kapwepwe 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.

d. Included in the property, plant and equipment are leased motor vehicles with a net book value of K6,582,512 (2017:K6,184,148).

e. Included in property, plant and equipment are fully depreciated assets with a total cost of K52,006,325 (2017:K38, 679,014).

		2018 ZMW	2017 ZMW
13	**Financial Assets at fair value through Profit and / or Loss**		
	ZEGA Limited.- 10% interest	**3,120,439**	**2,615,608**
14	**Inventories**		
	Consumable stores	**3,893,658**	**4,408,916**
15	**Trade and other Receivables**		
	Trade debtors	173,270,346	190,752,302
	Less: provision for impairment losses (note 25)	(61,238,329)	(84,927,909)
		112,032,017	105,824,393
	Sundry creditors in debit	1,872,101	2,994,971
	Less: provision for impairment losses	-	(1,047,518)
		1,872,101	1,947,453
	Staff loans and advances	4,922,017	4,815,086
	Deposits and prepayments	12,974,760	2,355,105
	Interest receivable	321,848	-
		132,122,743	**114,942,037**
16(a)	**Financial Assets at Amortised Cost**		
	Zambia Industrial Commercial Bank	6,707,501	6,907,501
	Atlasmara Bank	12,749,304	6,719,619
	Finance Building Society	113,286	111,657
		19,570,091	**13,738,777**
	180 days fixed term deposits	113,286	111,656
	91 days fixed term deposits	19,456,805	13,627,121
		19,570,091	**13,738,777**

16(b)	**Financial assets at fair value through profit or loss**		
	Madison Unit Trust	1,792,671	-
		1,792,671	**-**
	Cash and Cash Equivalents		
17	Cash in hand and at bank (note (a))	41,556,765	32,582,325
	Bank overdrafts	(21,343)	-
		41,535,422	**32,582,325**
	(a) Cash in hand and at bank		
	Bank balances	41,539,862	32,571,715
	Cash in hand	16,903	10,610
		41,556,765	**32,582,325**

Included in the cash in hand and at bank is USD 40,000 deposited as security for the credit cards issued by Access Bank Zambia Limited

18	**Share Capital**		
	Authorised, issued and fully paid		
	16,458,500 ordinary shares of K1 each	**16,458,500**	**16,458,500**

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

19	**Capital Grants**		
	At beginning of the year	90,525,929	97,401,076
	Addition during the year	186,081,390	-
	Amortisation during the year	(6,875,147)	(6,875,147)
		269,732,172	**90,525,929**

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

20	**Long-Term Loans**		
	Zambia National Commercial Bank Plc		
	Loan (1)	539,143	5,679,176
	Loan (2)	-	64,570,353
	Loan (3)	-	17,525,417
	Loan (4)	-	35,496,319
	Loan (5)	103,455,035	-
	Loan (3,4 & 5 combined)	10,903,268	-
	Loan (6)	114,897,446	123,271,265
	Balance at the year end	**26,800,324**	**37,267,861**
	Portion repayable within next 12 months	88,097,122	86,003,404
	Portion repayable after 12 months	**114,897,446**	**123,271,265**

The ZANACO facilities represent US$30,000,000 loans bearing interest at 10% and repayable by June 2022. The loans are secured by the assignment of foreign currency receivables from IATA.

21	**Obligations Under Finance Leases**		
	At beginning of the year	2,666,748	6,483,700
	Additions during the year	18,479,566	2,926,245
	Repayments during the year	(7,587,980)	(6,743,197)
	At end of year	**13,558,334**	**2,666,748**
	Repayable within next 12 months	6,569,160	2,666,748
	Repayable after 12 months	6,989,174	-
		13,558,334	**2,666,748**

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

22 Deferred Liability

Deferred Liability relates to provision for terminal benefits amounting to K82.1 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.

At the beginning of the year	76,990,871	80,357,203
Interest	14,810,516	8,858,576
Payments	(9,633,745)	(12,224,908)
	82,167,642	**76,990,871**
Repayable within next 12 months	8,180,989	11,160,000
Repayable after 12 months	73,986,653	65,830,871
	82,167,642	**76,990,871**

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

For the new defined contribution scheme, the Corporation contributes 10% of basic salary whilst employees contribute 5%. The total charge to income is as follows:

	Current year contribution on defined contribution scheme	5,403,166	6,025,242
	Interest on discontinued long service gratuity.	14,810,516	8,858,576
		20,213,682	**14,883,818**
23	**Trade and other Payables**		
	Trade creditors(note i)	46,009,161	47,526,411
	Debtors in credit	1,676,856	6,249,367
	Leave pay	10,241,100	7,269,728
	Gratuity	6,319,139	4,704,380
	Accruals	375,817	483,315
	Other creditors and provisions	1,800,240	10,570,175
		66,422,313	**76,803,376**

Note (i)

Current	17,023,421	350,943
Past due-1-90 days	17,924,369	9,333,344
Past due-91-365 days	7,469,821	6,040,931
Past over 365 days	3,591,550	31,801,193
	46,009,161	**47,526,411**

24 Financial Instruments

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 5316% gearing ratio (2017: 38%).

Categories of Financial Instruments

Financial Assets

	Note		
Cash and bank balances	17 (a)	41,556,765	32,582,325
Receivables from employees	15	4,922,017	4,815,086
Deposits and prepayments	15	12,974,760	2,355,105
Trade receivables	15	112,032,017	105,824,393
Financial assets at amortised cost	16(a)	19,570,091	13,738,777
Financial assets at fair value	16(b)	1,792,671	-
Trade payables debit balances	15	1,872,101	1,947,453
Interest receivable	15	321,848	-
		195,042,270	**161,263,139**

Financial Liabilities Held at Amortised Cost or Fair Value

Trade payables	23	46,009,161	47,526,411
Trade receivables-credit balances	23	1,676,856	6,249,367
Leave pay	23	10,241,100	6,249,367
Gratuity	23	6,319,139	4,704,380
Accruals	23	375,817	483,315
Other payables and provisions	23	1,800,240	10,570,175
Zambia National Commercial Bank Plc-long-term loans	20	114,897,446	123,271,265
Stanbic Bank Zambia Limited-finance leases	21	13,558,334	2,666,748
Employee terminal benefits	22	82,167,642	76,990,871
		277,045,734	**279,732,260**

Financial Risk Management Objectives

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

Market Risk

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

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

Foreign Currency Risk Management

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

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

Currency	Asset/Liabilities		
US Dollars	Trade creditors	(3,852,718)	(592,399)
US Dollars	Bank balances	3,472,737	1,640,567
US Dollars	Receivables	11,036,752	16,696,376
US Dollars	ZANACO loans	(9,459,913)	(12,311,983)
US Dollars	Stanbic finance leases	(1,102,690)	(266,347

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

	Mid-market exchange rates as at 31 Dec 2018	Mid-market exchange rates as at 31 Dec 2017	Average currency deppreciation during the year
US Dollars	**11.942**	**10.0123**	**1.46%**

At 31 December 2018, if the US Dollar had appreciated or depreciated by 10% against the Kwacha, with all other variables held constant, the increase or decrease in the profit for the year would have been K9,417 (2017: K515,621).

Interest Rate Risk Management

The exposure to interest rate 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.

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

	Note		
Trade receivables	15	112,032,017	105,824,393
Trade payables-debit balances	15	1,872,101	1,947,453
Staff loans and advances	15	4,922,017	4,815,086
Deposit and prepayments	15	12,974,760	2,355,105
Interest receivable	15	321,848	-
Financial assets at amortised cost	16(a)	19,570,091	13,738,777
Financial assets at fair value through profit or loss	16(b)	1,792,671	-
Cash and bank balances	17(a)	41,556,764	32,582,325
		195,042,269	**161,263,139**

Liquidity Risk Management

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

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

	Note	1 to 3 months ZMW	3 months to 1 year ZMW	More than 1 year ZMW	Total ZMW
31 December 2018					
Liabilities					
Trade payables	23	46,009,161	-	-	46,009,161
Trade receivables-credit balances	23	1,676,856	-	-	1,676,856
Leave pay	23	-	10,241,100	-	10,241,100
Gratuity	23	-	6,319,139	-	6,319,139
Accruals	23	375,817	-	-	375,817
Other creditors and provisions	23	1,800,240	-	-	1,800,240
Zambia National Commercial Bank loans	20	-	26,800,324	88,097,122	114,897,446
Stanbic bank Zambia Limited-leases	21	-	6,569,160	6,989,174	13,558,334
Employee terminal benefits	22	-	8,180,989	73,986,653	82,167,642
		49,862,074	**58,110,712**	**169,072,949**	**277,045,735**
31 December 2017					
Assets					
Bank and cash balances	17(a)	41,556,765	-	-	41,556,765
Financial assets at amortised cost	16(a)	19,456,805	113,286	-	19,570,091
Staff loans and advances	15	1,147,171	1,178,029	2,596,817	4,922,017
Deposits and prepayments	15	12,974,760	-	-	12,974,760
Trade receivables	15	112,032,017	-	-	112,032,017
Trade payables-debit balances	15	1,872,101	-	-	1,872,101
Financial assets at fair value through profit or loss	6(b)	1,792,671	-	-	1,792,671
		190,832,290	**1,291,315**	**2,596,817**	**194,720,422**
31 December 2017					
Liabilities					
Trade payables	23	47,526,411	-	-	47,526,411
Trade receivables-credit balances	23	6,249,367	-	-	6,249,367
Leave pay	23	-	7,269,728	-	7,269,728
Gratuity	23	-	4,704,380	-	4,704,380
Accrual	23	483,315	-	-	483,315
Other creditors and provisions	23	10,570,175	-	-	10,570,175
Zambia National Commercial Bank loans	20	-	37,267,861	86,003,404	123,271,265
Stanbic Zambia Limited-lease	21	-	2,666,748	-	2,666,748
Employee terminal benefits	22	-	11,160,000	65,830,871	76,990,871
		64,829,268	**63,968,717**	**151,834,275**	**279,732,260**
31 December 2017					
Assets					
Bank and cash balances	17(a)	32,582,325	-	-	32,582,325
Financial assets at amortised cost	16	13,627,120	111,657	-	13,738,777
Staff loans and advances	15	1,858,358	2,956,728	-	4,815,086
Deposits and prepayments	15	2,355,105	-	-	2,355,105
Trade receivables	15	105,824,393	-	-	105,824,393
Trade payables in debit balances	15	1,947,453	-	-	1,947,453
		158,194,754	**3,068,385**	**-**	**161,263,139**

Fair Value Measurements

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

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

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

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

Fair value of the Corporation`s financial assets and financial liabilities that are measured at fair value on a recurring basis.

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period.

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

		2018		2017	
	Note	Carrying amount ZMW	Fair value ZMW	Carrying amount ZMW	Fair value ZMW
Financial Assets					
Bank and cash balance	17(a)	41,556,764	41,556,764	32,582,325	32,582,325
Financial assets at amortised cost	16(a)	19,570,091	19,570,091	13,738,777	13,738,777
Trade receivables	15	112,032,017	112,032,017	105,824,393	105,824,393
Receivables from employees	15	4,922,017	4,922,017	4,815,086	4,815,086
Deposits and prepayments	15	12,974,760	12,974,760	2,355,105	2,355,105
Sundry creditors in debit	15	1,872,101	1,872,101	1,947,453	1,947,453
Financial assets at fair value through profit or loss	16(b)	1,792,671	1,792,671	-	-
Interest receivable	15	321,848	321,848	-	-
Financial Liabilities					
Trade payables	23	46,009,161	46,009,161	47,526,411	47,526,411
Trade receivables-credit balances	23	1,676,856	1,676,856	6,249,367	6,249,367
Employee terminal benefits	22	82,167,642	82,167,642	76,990,871	76,990,871
Other payables and provisions	23	1,800,240	1,800,240	10,570,175	10,570,175
Leave pay	23	10,241,100	10,241,100	7,269,728	7,269,728
Gratuity	23	6,319,139	6,319,139	4,704,380	4,704,380
Accrual	23	375,817	375,817	483,315	483,315
Zambia National Commercial Bank	20	114,897,446	114,897,446	123,271,265	123,271,265
Stanbic bank Zambia Limited	21	13,558,334	13,558,334	2,666,748	2,666,748

25 Financial Risk Management

Exposure to credit risk

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

	Note		
Carrying Amounts			
Trade receivables	15	112,032,017	105,824,393
Sundry creditors in debit	15	1,872,101	1,947,453
Staff loans and advances	15	4,922,017	4,815,086
Deposit and prepayments	15	12,974,760	2,355,105
Financial assets at amortised cost	16(a)	19,570,091	13,738,777
Financial assets at fair value through profit or loss	16(b)	1,792,671	-
Interest receivable	15	321,848	-
Cash and cash equivalents	17(a	41,556,764	32,582,325
		195,042,269	**161,263,139**

Impairment Losses

The aging of trade receivables at the reporting date was:

	2018			2017		
	Gross ZMW	Impairment ZMW	Net ZMW	Gross ZMW	Impairment ZMW	Net ZMW
Current	41,453,183	(1,243,595	40,209,588	7,528,326	-	7,528,326
Past due 0 -30 days	40,123,570	(4,706,495)	35,417,075	15,476,975	(9,080,732)	6,396,243
Past due 31-90 days	10,416,730	(770,838)	9,645,892	5,964,498	-	5,964,498
Past due 91-120days	6,727,598	(1,259,406)	5,468,192	1,003,317	-	1,003,317
Past due 121-180 days	74,549,265	(53,257,995)	21,291,270	160,779,186	(75,847,177)	84,832,009
	173,270,346	**(61,238,329)**	**112,032,017**	**190,752,302**	**(84,927,909)**	**105,824,393**

Movement in Impairment Provision		
At beginning of the year	84,927,909	69,033,664
Provisions write off during the year	(78,690,845)	(612)
Charge during the year	55,001,265	15,894,857
At year end	**61,238,329**	**84,927,909**

26 Related Party Transactions

(a) Identification of Related Parties

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

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

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

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

(b) Transactions with Related Parties

i. Key management compensation

Salaries and other short term employee benefits	8,210,296	6,978,343
Termination benefits	5,388,005	9,044,324
ii. Directors fees	**2,742,065**	**1,686,740**
iii. Surveillance radar system-GRZ	**186,081,390**	**-**
iv. Aerodrome support-GRZ	**5,673,359**	**-**

(c) Balances due from related parties

Directors and key management

i. Loans and advances	2,033,676	1,352,871

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

27 Dividend

The proposed dividend (K0.243 per share)	4,000,000	-

The proposed dividend is subject to approval by the Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

28 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.

29 Capital Commitments

Approved by the board but not contracted	40,602,800	37,861,362

The proposed dividend is subject to approval by the Shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

30 Events Subsequent to the Reporting Date

As at the date of signature of these financial statements, there were no material facts or circumstances that have occurred between the accounting date and the date of approval of the financial statements which may require adjustment to or disclosure in these financial statements.

31 Comparatives

Comparatives figures under note 23 for 2017 have been reclassified in order to have meaningful comparison with the current year.

		2018 ZMW	2017 ZMW
13	**Employee Costs**		
	Salaries and wages	178,103,483	143,623,951
	Other staff costs	40,659,414	41,217,551
		218,762,899	**184,841,502**
32	**Other Operating Expenses**		
	Printing and stationary	7,633,641	6,192,558
	Books and periodicals	269,347	57,862
	Subscriptions-Corporation	455,980	483,875
	Office expenses	106,684	485,454
	Postage	760,461	4,886,017
	Telephone and internet	3,543,592	3,005,138
	Cleaning materials	1,912,373	1,996,790
	Travel expenses – local	5,852,311	8,485,727
	Travel expenses-foreign	3,828,111	2,403,684
	Electricity	4,874,912	3,458,085
	Water	507,482	346,366
	Land rates	3,423,823	1,568,395
	Hire of transport	6,339,135	5,566,966
	Aviation security	4,023,986	12,686,940
	Security expenses	2,667,751	2,623,398
	Cargo and mail	11,112,892	7,347,774
	Cleaning services	2,790,079	1,865,119
	SITA charges	7,369,640	6,467,571
	Insurance	463,831	281,901
	Staff uniforms	3,048,490	739,081
	Protective clothing	1,412,768	2,646,375
	Firefighting form	735,483	713,350
	Motor vehicle expenses	4,755,300	3,996,012
	Repairs and maintenance	32,430,984	19,075,996
	Consultancy	5,067,852	1,660,425
	Legal fees	570,758	613,428
	External audit	645,988	814,499
	Directors` fees and expenses	2,742,065	1,686,740
	Balance Carried Forward	**119,345,719**	**102,155,526**
	Entertainment	350,997	299,993
	Marketing	61,801	13,299
	Corporate promotions and advertising	5,204,676	6,431,014
	Donations	222,093	161,953
	Tender evaluation expenses	616,123	293,936
	Licensing	461,686	804,252
	Specialised Government services	64,178	337,918
	VAT expenses	(185,126)	(26,147)
	Sundry expenses	72,004	257,960
	Beverages	1,013,632	993,771

Bank charges	1,131,878	5,958,242
IATA charges	7,929,262	7,407,661
Debt Impairment Provision	55,001,265	15,894,857
Provision Against Sundry Debtors	-	1,047,518
Council of Air Navigation Services Organisation	21,500	700
Greenfield Airport Expenses	516,526	384,134
Mulungushi VIP Expenses	388,223	494,900
Aerodrome Support	1,693,583	-
Aci Council Meeting	-	4,643,089
AFCAC	1,797,389	-
Total Expenditure	**195,707,409**	**147,554,576**

	2018 ZMW	2017 ZMW
Revenue	**496,926,326**	**417,345,050**
Other income		
Capital grants amortised	6,875,147	6,875,147
Revenue grant received-GRZ	5,673,359	-
Sundry income	3,881,973	8,824,343
Profit on disposal	348,398	-
Financial assets at fair value through profit and loss	504,831	-
Madison Unit Trust fair value adjustment	55,484	-
Interest on Madison Unit Trust	321,848	-
Static creditors balances written back	22,432,944	-
Provision against debit balances in trade payables written back	4,115,724	-
Total Other Income	**44,209,708**	**15,699,490**
Finance costs		
Interest on loans	(10,949,956)	(17,664,714)
Interest income on short term investments	919,293	1,374,074
Net exchange gain	12,069,149	14,737
Net Finance Costs	**2,038,486**	**(16,275,903)**
Less:		
Expenditure		
Depreciation		
	(45,076,144)	**(38,868,379)**
Employee Costs		
Salaries and wages	(178,103,485)	(143,623,951)
Other staff costs	(40,659,414	(41,217,551)
	(218,762,899)	**(184,841,502)**
Other Operating Expenses (note 32)	(195,707,409)	(147,554,576)
Profit before tax	83,628,068	45,504,180
Income tax	(3,217,930)	(17,188,504)
Profit After Tax	**80,410,138**	**28,315,676**

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