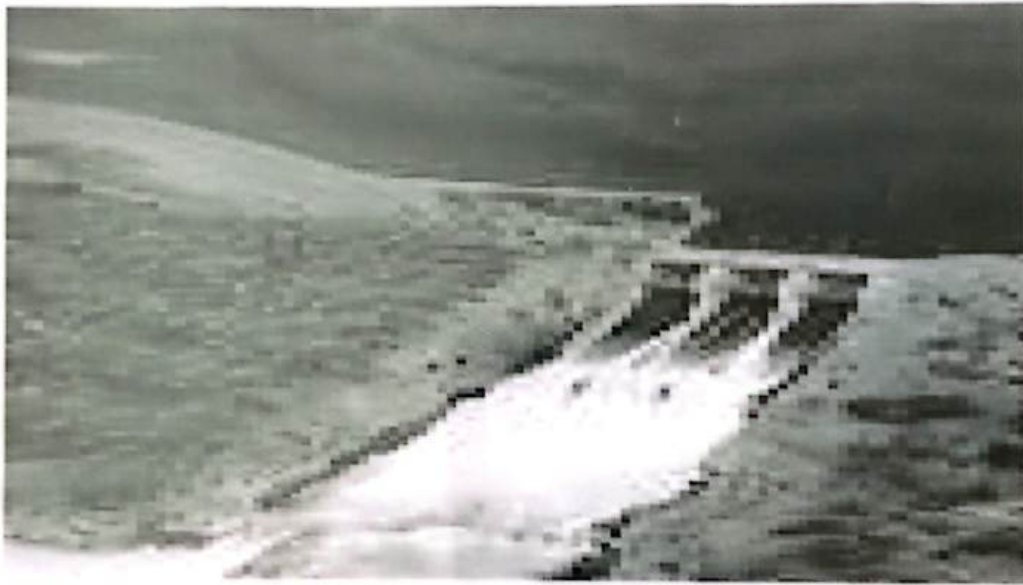




# CHIKANKATA TOWN COUNCIL



2019 ANNUAL  
FINANCIAL

Correspondence should be addressed to the  
Council Secretary  
Telephone: (213) 235544  
chikankata.d.council@gmail.com



In reply please quote:

No.:.....

## CHIKANKATA TOWN COUNCIL

P.O. BOX 360194  
CHIKANKATA, KAFUE  
ZAMBIA

CTC/115/13/13

27<sup>th</sup> December 2022

The Auditor General  
P.O Box 50071  
LUSAKA

Dear sir,

### SUBMISSION OF 2019 FINANCIAL STATEMENTS

We hereby submit the Financial Statements for the year ended 31<sup>st</sup> December 2019, that were adopted by Chikankata Town Council at a Special Council Meeting which was held on Friday 9<sup>th</sup> December 2022.

Yours faithfully  
CHIKANKATA TOWN COUNCIL

Brian S. Mazuba  
COUNCIL SECRETARY

# CHIKANKATA TOWN COUNCIL

---

**EXTRACT MINUTE OF THE SPECIAL COUNCIL MEETING HELD AT THE TWIN PALM UNIVERSITY AT TURNPIKE, CHIKANKATA ON FRIDAY 09<sup>TH</sup> DECEMBER 2022 AT 11:31 HOURS**

---

## **COUNCILLORS PRESENT:**

Conard Ngoma	Council Chairperson
Shepherd Mweene	Vice Council Chairperson
Friday Kasina	
Davies Katowa	
Willard Mazyambe	
Ian Namakala	
Martin Mwiinga	
Thomas Ngoma	
Barnabas Kanyama	
Steven Muchimba	
Kelvin Malambo	
N'gandu. Nkwilimba	
Angela Phiri	
Best Mayaya	
Oswell Mwanalila	

## **IN ATTENDANCE:**

Brian Mazuba	Council Secretary
John Kakinga	Deputy Council Secretary
Teddy N. Mwanza	District Planning Officer
Jonathan Manyanina	Acting. Deputy Council Treasurer
Fridah Kolala	Chief Human Resource Officer (Sitting in Committee Clerk)
Chinyama Ngongo	Assistant Accountant
John Chileshe	Senior Accountancy
Sylvester Siamupa	Administrative Officer
David Mulonda	Internal Auditor
Yvonne Ndhlovu	Procurement Officer
Namasiku Njovu	Public Relation

## **OPENNING PRAYER**

**Prior to the commencement of the meeting a prayer was offered by the Councillor Kelvin Malambo and**

thereafter the meeting was declared officially open at 11:31 hours.

**APOLOGIES** Apologies were received from:

- Councillor Steven Muchimba
- .Ellien Namazimuna (Her Royal Chieftainess Mwenda)
- Victor Kabwe (Council Treasurer)
- George Phiri (Director of Works)

**FHR: 09/12/2022: CHIKANKATA TOWN COUNCIL'S FINANCIAL STATEMENT FOR THE YEARS ENDED 31<sup>ST</sup> DECEMBER 2018, 2019 AND 2020.**

It was reported to the Council that following the Audit of the Council's Financial Statements for the years ended December 2018, 2019 and 2020, the Office of the Auditor General had expressed a qualified Audit Opinion. The Audited Financial Statement were presented as Appendix I, Appendix II and Appendix III for adoption.

**After due deliberations and on a proposal by Councillor M. Mwiinga and duly seconded by Councillor S. Mweene it was: -**

**RESOLVED TO RECOMMEND THAT:**

- **Chikankata Town Council's financial Statements for the years ended 31<sup>st</sup> December 2018, 2019 and 2020 presented to the Special Full Council Meeting be ADOPTED.**

---

Signed on..... This day of..... year of 20.....



**BRIAN MAZUBA**  
**COUNCIL SECRETARY/COMMISSIONER FOR OATH**



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## REPORT OF THE COUNCIL

Chikankata Town Council has the pleasure of presenting the report together with the financial statements for the year ended 31<sup>st</sup> December, 2019 which disclose the sources, utilization and balances of cash for the Council during the period under review.

### Background and Location of the Council

The Council is located in Chikankata District in Southern Province of Zambia along Great North Road. The District is about 407 km north of Livingstone City, the tourist capital of Zambia and 75 km south of the Nation's capital, Lusaka. The latitudinal and longitudinal position of Chikankata District is within 29° and 27° east and 15° and 17° south respectively.

Chikankata District has a total area of 5,252 square kilometers (km<sup>2</sup>). The Census of population undertaken by the Central Statistics office in 2018 revealed that the population of Chikankata District had reached 127, 604 of which 49.57% are male and 50.43% being female with a growth rate of 1.3%. The district has (2) Chiefs namely, Chieftainess Mwenda and Chief Naluama.

The District was created in December 2011 following National Governmental change in the same year that saw the ascending to power of the Patriotic Front Part (PF) through a majority vote. The move was initiated in an effort to bring government services closer to the people through reduction of distance that masses travel to access service and ensure ease of accessibility to service providers. This decision was necessitated due to the vastness of Chikankata District that led to limited servicing and thus slow development of the area.

The address of the registered office of Chikankata Town Council (CTC) is as follows:

The Civic Centre

P.O Box 360194

## CHIKANKATA

### Composition of the Council

Chikankata Town Council is a body corporate established under Article 152 of the Constitution of Zambia (Amendment) Act No.2 of 2016 and Section 6 of the Local Government Act No. 2 of 2019 of the laws of Zambia. As a Local Authority, Chikankata Town Council administers the Chikankata District.

The Council is composed of an elected Council Chairperson, twelve (12) elected Councillors from twelve (12) Wards, and two (2) Chiefs as provided for under Article 153 (2)(c) of the Constitution of Zambia (Amendment) Act No.2 of 2016. The current Council was elected into office in 2016 to serve for a five-year term running up to 2021. The Deputy Council Chairperson was elected from among the Councillors in 2016 for the period of two and half years.

The Councilors who held office during the year were:

The District also has one (1) elected Member of Parliament for Chikankata Constituency. The Member of Parliament that held office during this term was:

S/N	NAME	GENDER	POSITION	WARD
1	Ngoma Conard	Male	Council Chairperson	Not applicable
2	Mweene Shepherd	Male	Vice Chairperson	Kasengo
3	Mazyambe Willard	Male	Councillor	Namalundu
4	Kanyama Barnabas	Male	Councillor	Musaya
5	Mwindilila Micheal	Male	Councillor	Nansenga
6	Kasina Friday	Male	Councillor	Chitete
7	Namakala Ian	Male	Councillor	Malala
8	Nyemba Evidence	Female	Councillor	Mabwetuba
9	Katowa Davies	Male	Councillor	Upper Kaleya
10	Neta Samson	Male	Councillor	Nzingu
11	Kandabilo Jason	Male	Councillor	Turnpike
12	Mwiinga Martin	Male	Councillor	Chakanza
13	Simoonje Makiwa	Male	Councillor	Munyomezyi
14	Elly Namazimuna	Female	Chieftainess Mwenda	Not applicable
15	Samson Kacholola	Male	Chief Naluama	Not applicable

The District also has one (1) elected Member of Parliament for Chikankata Constituency. The Member of Parliament that held office during this term was:

S/N	NAME	GENDER	CONSTITUENCY
1	Chrispine Kabwe Mwiinga	Male	Chikankanta

The affairs of Central Government in the District are coordinated by the District Commissioner. During the year under review Mr Kayanda Trevor was the Acting District Commissioner for Chikankata District.

#### **The Council Secretariat**

The Secretariat of Chikankata Town Council is headed by the Council Secretary. The Council Secretary and the rest of the Council Officers are appointed by the Local Government Service Commission.

The Council Secretary is assisted by four (4) Heads of Departments responsible for Finance, Planning, Works and Human Resource and Administration and two (2) units namely Procurement and Internal Audit.

#### **Functions of the Council**

The main function of the Council is the delivery of local public goods and services to the people in the District and discharge of all or any of the functions set out in Article 147 (2) as listed in the annex part C of the Constitution of Zambia (Amendments) Act No.2 of 2016 and First Schedule of the Local Government Act No. 2 of 2019 which include, among others, power to make By-Laws, power to make regulations, imposition of levies, fees and charges and to formulate local policies to promote, guide and regulate development in the district through various relevant departments of the Council.

**Financial Results**

	2019	2018
	Kwacha	Kwacha
Cash Receipts	10,651,212	11,860,179
Payments	<u>11,722,146</u>	<u>10,111,581</u>
Increase in Cash and Cash Equivalents	<u>- 1,070,934</u>	<u>1,748,598</u>

**Key Policies Adopted During the Year**

The Council did not adopt any new policies during the year under review.

**Related Party Transactions**

There were no related party transactions during the financial year under review.

**Property, Plant and Equipment**

The Council purchased property, plant and equipment amounting to K2, 144, 051

No property, plant and equipment were disposed of during the year.

**Intangible Assets**

There were no purchases of intangible assets during the year under review.

**Employees**

The average number of employees during the year was 67. The total amount spent on employees' remuneration and welfare during the year was K 5,443,831

**Health and Safety of Employees**

The Council is aware of its responsibilities regarding the safety and health of employees as prescribed in the Occupational, Health and Safety Act No.36 of 2010 and took appropriate measures to safeguard their safety and health.

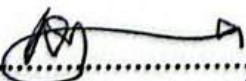
**Corporate Social Responsibility**

The Council did not make any corporate social responsibilities towards the support of various socially responsible causes during the year under review.

**Auditors**

In line with Article 250 of the Constitution of Zambia (Amendment) Act No.2 of 2016 and Section 44(2) of the Local Government Act No. 2 of 2019, the Council is audited by the Auditor-General.

By order of the Council.

Signature: .....

Name: CONRAD NKHOMA.....

Position: Council Chairperson

Date: 22/12/22.....

**STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS**

The Chikankata Town Council is responsible for preparing the financial statements for the year ended 31<sup>st</sup> December, 2019 which are free from material misstatement, whether due to fraud or error, and are prepared, in all material respects, in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS). In preparing the financial statements, the Council selected applicable policies from Local Authorities Accounting Policies (LAAPs) of October 2019 and then applied them consistently, making judgment and estimates that were reasonable and prudent.

The Council is also responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The Auditor-General will audit the financial statements and the report is shown on pages 7 to 9.

The Council accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with the Cash Basis IPSAS, the requirements of the Local Government Act No. 2 of 2019, the Public Finance Management Act No.1 of 2018 and Local Authorities Accounting Policies (LAAPs) of 2019.

The Council further accepts responsibility:

- for the maintenance of accounting records that may be relied upon in the preparation of financial statements,
- for designing, implementing and maintaining systems of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Nothing has come to the attention of the Council to indicate that Chikankata Town Council will not remain a going concern for at least twelve months from the date of this statement.

In the opinion of the Council, proper books of accounts were maintained to support preparation of Financial Statements that present fairly the financial results of the Town Council for the financial year ended 31<sup>st</sup> December, 2019.

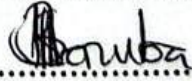
Signed on behalf of the Council on ..... by;

Name EDWARD NTHOMA

Signature: 

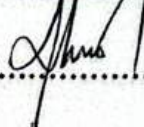
Position: Council Chairperson

Name Brian S. Mguba

Signature: 

Position: Council Secretary

Name VICTOR B. KABWE

Signature: 

Position: Council Treasurer



REPUBLIC OF ZAMBIA  
OFFICE OF THE AUDITOR GENERAL

**INDEPENDENT AUDITOR'S REPORT**

STAND No. 7951  
HAILE SELASSIE AVENUE  
LONGACRES  
P.O BOX 50071  
LUSAKA, ZAMBIA

**E-mail:** [auditorg@ago.gov.zm](mailto:auditorg@ago.gov.zm)

**Website:** [www.ago.gov.zm](http://www.ago.gov.zm)

**Telephone:** +260252611/252771

To: The Minister – Ministry of Local Government and Rural Development

**Report on the Audit of the Financial Statements for Chikankata Town Council**

**Qualified Opinion**

I have audited the financial statements of the Chikankata Town Council for the financial year ended 31<sup>st</sup> December, 2019 which comprise the Statement of Cash Receipts and Payments, the Statement of Comparison of Budget and Actual Amounts, Statement of Cash Receipts and Payments for Local Government Equalization Fund and the Statement of Cash Receipts and Payments for Constituency Development Fund (CDF) and a summary of significant accounting policies and other explanatory information on pages 11 to 35.

In my opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements of Chikankata Town Council present fairly, in all material respects, its cash receipts and payments and balances for the year ended 31<sup>st</sup> December, 2019 in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS) and the Local Authorities Accounting Policies (LAAPs).

**Basis for Qualified Opinion**

**Difference in the amount of cash at the year end of the year between the statement of cash receipts and payments and the corresponding note**

Whereas the Statement of Cash Receipts and Payments showed that cash at the end of the year was K1,952,208, Note 22 showed that cash at the end of the year was K 2,628,659 resulting in a variance of K676,451.



**REPUBLIC OF ZAMBIA  
OFFICE OF THE AUDITOR GENERAL**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Chikankata Town Council in accordance with the International Organisation of Supreme Audit Institutions (INTOSAI) Code of Ethics together with the ethical requirements that are relevant to my audit of the financial statements in Zambia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the INTOSAI Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

**Emphasis of Matter**

I draw attention to part 1.1 of the summary of significant accounting policies to the financial statements which describe the roadmap of the Council to adoption of Accrual Basis Financial Reporting Framework as result of which the Council has not produced Accrual Basis type of financial statements required by the Local Government Act No. 2 of 2019.

My opinion is not modified in respect of these matters.

**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 Cash Basis International Public Sector Accounting Standard, the Local Government Act No. 2 of 2019, the Public Finance Management Act No. 1 of 2018 and Local Authorities Accounting Policies (LAAPs), and for such internal controls 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

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



**REPUBLIC OF ZAMBIA  
OFFICE OF THE AUDITOR GENERAL**

**Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs 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 ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

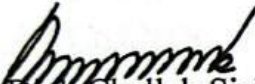
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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 controls.
- Obtain an understanding of internal controls 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 Council's internal controls.
- 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 Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.



**REPUBLIC OF ZAMBIA  
OFFICE OF THE AUDITOR GENERAL**

- 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.

I 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 I identify during my audit.

  
Dr. Dick Chellah Sichembe  
**AUDITOR GENERAL**  
**OFFICE OF THE AUDITOR GENERAL**



**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2019**

	Note	2019 Kwacha	2018 Kwacha
<b>RECEIPTS</b>			
Local taxes	2	1,672,110	2,091,952
Fees and Charges	3	979,733	571,416
Licences	4	144,934	56,031
Levies	5	854,315	759,255
Permits	6	41,526	12,222
Local Government Equalisation Fund	7	6,448,263	6,237,321
Constituency Development Fund	8	-	1,600,000
Other Grants	9	410,000	300,000
Borrowings	10	-	-
Commercial Venture	11	100,331	231,981
Other Receipts	12	-	-
<b>TOTAL RECEIPTS</b>		<b>10,651,212</b>	<b>11,860,179</b>
<b>PAYMENTS</b>			
Personnel Emoluments	13	5,443,831	5,481,135
Use of goods and services	14	3,861,478	3,518,392
Financial Charges	15	61,938	83,704
Social benefits	16	15,403	-
Non-financial assets acquisition	17	2,144,051	729,443
Financial Assets	18	-	-
Loan Repayments	19	81,439	59,349
Other payments (CDF)	20	114,006	239,559.34
<b>TOTAL PAYMENTS</b>		<b>11,722,146</b>	<b>10,111,581</b>
<b>Increase/(decrease) in Cash</b>		<b>(1,070,934)</b>	<b>1,748,598</b>
<b>Foreign Exchange Losses</b>	21	-	-
Cash at beginning of the year	22	3,023,142	1,274,544
<b>Cash at the end of the year</b>	22	<b>1,952,208</b>	<b>3,023,142</b>

Incorporated in the payments recognised in this Statement are those for Local Government Equalisation and Constituency Development Funds. However, the details of payments under each of these Funds are presented separately in each Fund's own Statement of Cash Receipts and Payments. The council had a decrease in cash as it had cash at the beginning of the year.

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2019**

	Original Budget	Adjustments	Final Budget	Actual Amounts	% Performance	Variance	% Variance
	Kwacha	Kwacha	Kwacha	Kwacha		Kwacha	
<b>RECEIPTS</b>							
Local taxes	1,697,405	-	<b>1,697,405</b>	1,672,110.08	99%	25,295	1%
Fees and Charges	2,943,560	-	<b>2,943,560</b>	979,732.51	33%	1,963,827	67%
Licences	134,477	-	<b>134,477</b>	144,933.92	108%	(10,457)	-8%
Levies	670,200	-	<b>670,200</b>	854,314.62	127%	(184,115)	-27%
Permits	46,000	-	<b>46,000</b>	41,526.00	90%	4,474	10%
Local Government E	8,166,110	-	<b>8,166,110</b>	6,448,263.45	79%	1,717,846	21%
Constituency Develop	1,600,000	-	<b>1,600,000</b>	-	0%	1,600,000	100%
Other Grants	-	-	-	410,000.00	0%	(410,000)	0%
Borrowings	-	-	-	-	0%	-	0%
Commercial Venture	64,240	-	<b>64,240</b>	100,330.98	156%	(36,091)	-56%
Other Receipts	-	-	-	-	0%	-	0%
<b>TOTAL RECEIPTS</b>	<b>15,321,992</b>	<b>-</b>	<b>15,321,992</b>	<b>10,651,212</b>	<b>70%</b>	<b>4,670,780</b>	<b>30%</b>
<b>PAYMENTS</b>							
Personnel							
Emoluments	5,943,489	-	5,943,489	5,443,831	92%	499,658	8%
Use of goods and services	6,965,385	-	6,965,385	3,861,478	55%	3,103,907	45%
Financial Charges	150,000	-	150,000	61,938	41%	88,063	59%
Social benefits	-	-	-	15,403	0%	(15,403)	0%
Non-financial							
assets acquisition	598,878	-	598,878	2,144,051	358%	(1,545,173)	-258%
Financial Assets	-	-	-	-	0%	-	0%
Loan Repayments	-	-	-	81,439	0%	(81,439)	0%
Other payments	1,664,240	-	1,664,240	114,006	7%	1,550,234	93%
<b>TOTAL PAYMENTS</b>	<b>15,321,992</b>	<b>-</b>	<b>15,321,992</b>	<b>11,722,146</b>	<b>77%</b>	<b>3,599,846</b>	<b>23%</b>

The composition of budget adjustments and explanations of major variances are provided in note 23.

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE LOCAL GOVERNMENT  
 EQUALISATION FUND (LGEF) FOR YEAR ENDED 31<sup>ST</sup> DECEMBER 2019**

		2019 KWACHA	2018 KWACHA
<b>RECEIPTS</b>			
Funding	7(a)	6,448,263	6,237,321
<b>TOTAL RECEIPTS</b>		<u>6,448,263</u>	<u>6,237,321</u>
<b>PAYMENTS</b>			
<b>Operational Expenditure Payments:</b>	7(b)		
Salaries and Wages		4,320,885	4,473,217
Terminal Benefits		-	-
Utility bills		-	4,857
Service Provision		39,086	26,413
Goods and Services		2,715	-
Administrative Costs		377,833	395,999
Other Costs		641,268	342,584
<b>Sub-Total</b>		<u>5,381,787</u>	<u>5,243,071</u>
<b>Capital Expenditure Payments:</b>	7(c)		
Infrastructure Development		312,665	-
Rehabilitation Works		-	-
Asset Acquisition		1,113,560	88,900
Other Costs		-	75,047
<b>Sub-Total</b>		<u>1,426,226</u>	<u>163,947</u>
<b>TOTAL PAYMENTS</b>		<u>6,808,012</u>	<u>5,407,018</u>
<b>Increase/(decrease) in cash</b>		<u>- 359,749</u>	<u>830,304</u>
Cash at beginning of the year		1,187,509	357,205
<b>Cash at end of the year</b>		<u>827,760</u>	<u>1,187,509</u>

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY  
 DEVELOPMENT FUND (CDF) FOR YEAR ENDED 31<sup>ST</sup> DECEMBER 2019**

		2019 KWACHA	2018 KWACHA
<b>RECEIPTS</b>			
Funding	8(a)	-	1,600,000
Other sources	8(b)	-	-
<b>TOTAL RECEIPTS</b>		<u>-</u>	<u>1,600,000</u>
<b>PAYMENTS</b>			
Infrastructure Development	8(c)	672,785	64,018
Rehabilitation Works	8(d)	-	474,078
Asset Acquisition	8(e)	-	-
Administrative Costs	8(f)	15,116	12,315
<b>TOTAL PAYMENTS</b>		<u>687,901</u>	<u>550,411</u>
<b>Increase/(decrease) in Cash</b>		<u>- 687,901</u>	<u>1,049,589</u>
Cash at beginning of the year		<u>1,753,904</u>	<u>704,315</u>
<b>Cash at the end of the year</b>		<u>1,066,003</u>	<u>1,753,904</u>

Note 8 explains the composition and other details relating to the various elements included in this Statement.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of the Preparation of the Financial Statements

The Financial Statements have been prepared in accordance with Cash Basis IPSAS, *Financial Reporting under the Cash Basis of Accounting*, issued by the International Public Sector Accounting Standards Board (IPSASB) and Local Authorities Accounting Policies (LAAPs).

These financial statements have been prepared in accordance with the historical cost convention as the basis of measurement, unless specified otherwise.

The accounting policies have been applied consistently throughout the period.

#### 1.1 Migration to Accrual Basis Financial Reporting

Chikankata Town Council is required, under the Local Government Act No. 2 of 2019 to produce a Statement of Comprehensive Income and a Statement of Financial Position. The production of these statements entails adoption and application of Accrual Basis of Accounting in financial reporting. However, the Act does not specify which particular accrual basis of accounting to use. In applying Cash Basis of Accounting, the Council followed guidance listed below:

(a) Cash Basis IPSAS, *Financial Reporting under the Cash Basis of Accounting*.

This standard provides that public sector entities adopting Accrual Basis for the first time may apply Cash Basis IPSAS provisions as an intermediate step to assist them in the transition to Accrual Basis IPSASs. In this vein, the Council has produced these financial statements under Cash Basis IPSAS as part of its transition to Accrual Basis of Accounting.

(b) Accounting Pronouncement: 2018/3 – Applicability of International Public Sector Accounting Standards (IPSASs).

This pronouncement issued by the Zambia Institute of Chartered Accountants (ZICA) pursuant to the Accountants Act, 2008 requires the adoption of Accrual Basis of Accounting by public entities by 31<sup>st</sup> December, 2022. The Council is preparing to adopt Accrual Basis IPSASs on 1<sup>st</sup> January, 2022

(c) Treasury and Financial Management Circular No 10 of 2019 issued by the Secretary to the Treasury pursuant to the Public Financial Management Act, No. 1 of 2018. The Treasury and Financial Management Circular provides as follows:

- i. That in order to have a standard financial reporting framework, all Local Authorities should adopt the International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting as a first step in migration to IPSASs Accrual Basis of Accounting.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- ii. Local Authorities shall use Part 2 of Cash Basis IPSAS which requires extra disclosures called 'Encouraged Additional Disclosures' in Cash Basis financial statements for the years ending 31<sup>st</sup> December 2019 up to 2021.
- iii. All Local Authorities shall adopt and apply Accrual Basis IPSAS of Accounting starting 1<sup>st</sup> January, 2022 by following the guidelines provided in IPSAS 33 – "First Time Adoption of Accrual Basis IPSASs".
- iv. That the three (3) year transition period provided under IPSAS 33 should commence on 1<sup>st</sup> January, 2022 and should end on 31<sup>st</sup> December, 2024. Thereafter, all Local Authorities shall be required to comply fully with Accrual Basis IPSASs.

Based on these guidelines, the Council has not yet commenced production of Accrual Basis financial statements required by the Local Government Act, 2019. However, the Council has adopted Part 2 Cash Basis IPSAS, *Financial Reporting under the Cash Basis of Accounting* to help it transition its financial reporting to Accrual Basis IPSASs.

### 1.2 Reporting Entity

The Financial Statements are prepared for Chikankata Town Council (CTC). The financial statements encompass the Council as specified in the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Local Government Act No.2 of 2019, and the Public Finance Management Act No.1 of 2018. It also includes projects and activities of the Constituency Development Fund and the Local Government Equalisation Fund in the district.

### 1.3 Authorisation Date

The financial statements were authorized for issue on ..... by the ordinary Council.

### 1.4 Revenue

Revenue is recognised when cash is received. It is generated from various sources as explained below:

#### a. Local Taxes

Article 161 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 authorizes Chikankata Town Council as a Local Authority to levy, impose, recover and retain local taxes. Further, the Local Government Act No. 2 of 2019 section 25(1) prescribes, subject to the Constitution and the Business Regulatory Act of 2014, a system of local taxes which Local Authorities can raise by passing by-laws imposing levies on:

- leviable persons owning or occupying property or premises situated within the area of the District;
- leviable persons carrying on a business, trade or occupation within the area of the District; or
- the purchase or sale of a commodity within the area of the District.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### b. Fees and Charges

Section 27 (1) of the Local Government Act No.2 of 2019 empowers Local Authorities, subject to the Business Regulatory Act, 2014, to impose fees or charges payable to the Council:

- For any licence or permit issued under any regulation or by-law made under the Act. These may include health permits, fire certificate licences, burial permits and extension of business hours permits;
- For any service or facility provided or goods or documents supplied by the local authority in pursuance of or in connection with the performance of any function of the local authority. These may include survey fees, consent fees, building inspection fees, waste collection fees and parking fees.

### 1.5 Expenditure

Expenditure is recognised when payment is made for expenses incurred. The Council incurs expenditure relating to the discharge of its functions which includes expenses relating to personal emoluments, use of goods and services, social benefits and acquisition of non-financial assets.

Items of a capital nature are expensed at the time of payment and such transactions are depicted in the appropriate class and heading in the financial statements. Since capital expenditure is expensed when incurred, neither depreciation nor amortization is charged on non-current assets.

### 1.6 Reporting on Gross Basis

Transactions are reported on gross basis without netting off similar classes of receipts and payments. However, transactions may be reported on net basis when they relate to transactions the Council administers on behalf of other entities recognised in the Financial Statements

### 1.7 Cash in hand at the Beginning and the End of the Year

Cash at the beginning and end of the year consist of cash on hand, demand deposits and cash equivalents held at such dates.

Cash on hand refers to notes and coins held by the Council at the reporting date and it includes petty cash and cash collections not yet deposited into bank accounts. Demand deposits consist of reconciled balances held in the Council's bank accounts which it can use on demand. Cash equivalents, on the other hand, refer to short term high liquid investments that can easily be converted to known amounts of cash and are subject to insignificant risk of change in values.

The Council recognises all short term high liquid investments having maturities of three months or less as cash equivalents.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1.8 Local Government Equalization Fund

Article 163(2) of the Constitution of Zambia (Amendment) Act No. 2 of 2016 provides that Parliament shall annually appropriate monies to the Local Government Equalisation Fund which shall be disbursed by the Ministry responsible for finance to Local Authorities. Receipts under LGEF supplement revenue generated by the Council. The Council uses at least 20% of the funds received from the equalization fund, in any financial year, to finance capital expenditure and the balance to meet operational expenses.

### 1.9 Constituency Development Fund

The Constituency Development Fund (CDF) was established under Article 162(1) of the Constitution of Zambia (Amendment) Act No. 2 of 2016.

The fund was set up to finance micro-community projects for poverty reduction in communities and it is financed by monies appropriated by Parliament.

The administration of CDF is regulated by the Constituency Development Fund Act No. 11 of 2018. The Council maintains separate bank accounts for each constituency. Transfers are made from CDF into constituency bank accounts from which payments are made to finance approved CDF projects.

### 1.10 Other Grants

These include grants in lieu of rates and support from Cooperating Partners. Grants in lieu of rates are paid by the Government to the Council to cover property rates of Government properties in the district. Support from Cooperating Partners may consist of cash receipts under bilateral and multilateral agreements.

### 1.11 Presentation Currency

The presentation currency is Zambian Kwacha.

### 1.12 Foreign Currencies

Transactions in other currencies are converted into Zambian Kwacha using the ruling Bank exchange rates at the time of payment. Balances expressed in foreign currencies at the year-end are translated into Kwacha at the ruling rate then. The resulting difference from the conversion and translation are charged to the Statement of Cash Receipts and Payments.

### 1.13 Borrowings

Borrowings comprise actual cash inflows received from financial institutions, bilateral and multilateral institutions.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1.14 Budgets and Actual Amounts

A final budget includes all adjustments (supplementary and re-allocations) made to the original approved budget during the year.

The approved budget is developed on the same accounting and classification basis, and for the same period as for the financial statements. All material differences between final budgets and actual amounts are explained in the notes to the annual financial statements. Budget differences of 20% and above are considered material.

### 1.15 Encouraged Disclosures of Accrual Type of Items

During the year, the Council adopted Part 2 of Cash Basis IPSAS which provides extra Accrual Basis type of disclosures called Encouraged Additional Disclosures as follows:

#### i. Property, Plant and Equipment

These are assets that have useful economic lives or service potential of more than one year. They are recorded and disclosed at either cost or valuation. Valuations are conducted by the Government Valuation Department and the Council's own Valuation staff. Where valuation has been undertaken, the applicable valuation bases are as follows:

- Land                                      Current Value
- Buildings                                Cost or Market Value
- Plant and Equipment                Cost

#### ii. Investments in Other Entities

The Council discloses the following details about its investments in other entities:

- (a) Name of the entity
- (b) Principal activity of the entity
- (c) Percentage of shareholding in the entity
- (d) Receipts in form of dividends and other returns on the investments

#### iii. Administered Transactions

Administered transactions are cash flows resulting from transactions administered by the Council as an agent of Central Government and any of its agencies. All cash collected in this manner is deposited into an account of the Central Government or its appropriate agent and such accounts are not controlled by the Council. The Council deems as part of cash under its control any collections made and administered by the Council on behalf of the Central Government but are allowed to be deposited in any of its bank accounts prior to its transfer to the Central Government or any of its agents.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### iv. Related Party Transactions

A related party is one that has the ability to control the Council or exercise significant influence over the Council in making financial and operating decisions. The related party entity is also any entity that is subject to common control with the Council.

Related parties include:

- (a) Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Council;
- (b) Associates being entities over which the Council has significant influence
- (c) Individuals that have significant influence over the Council, and close members of the family of any such individual;
- (d) Key management personnel, and close members of the family of key management personnel; and
- (e) Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

The key management personnel of the Council are:

- (a) the Mayor/Chairperson, elected councillors, Co-opted members of the Audit and Procurement Committees, chiefs who are part of the council representing other chiefs in the district, and
- (b) The Principal Officers and Chief Officers.

Spouses, children and grandchildren, grandparents, brothers, sisters, parents in law, brothers in law, and sisters in law of key management personnel are related parties to the Local Authority. The Council discloses the nature of the related party relationship as well as information about those transactions and outstanding balances as a note to the financial statements. Such transactions may include remuneration, loans and contracts awarded to key management personnel and their close relatives.

### v. External Assistance

External assistance comprises loans and grants from multilateral and bilateral agencies provided under agreements specifying the purposes for which the assistance will be utilized.

Chikankata Town Council discloses total external assistance received in cash during the period, total external assistance paid by the agencies for the benefit of the council, external assistance received in form of loans and grants, their classifications, purposes for which it was received and undrawn balances.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### vi. Payments to Third Parties

Third party payments also known as direct payments are those that are made by third parties to construct or acquire property, plant and equipment and or pay for services on behalf of Chikankata Town Council. These do not constitute cash receipts and payments by the Council. They include payments for goods and services made by multilateral and bilateral aid agencies and non-governmental organizations and are included in the disclosures of external assistance.

**NOTES TO THE FINANCIAL STATEMENTS**

**2. Local Taxes**

During the year, the Council generated local tax cash receipts as follows:

	KWACHA	KWACHA
Residential Rates	409,000	-
Industrial / Commercial Rates	1,215,825	2,028,781
Mining Rates	-	-
Personal Levy	47,285	63,171
	<u>                    </u>	<u>                    </u>
<b>TOTAL</b>	<b><u>1,672,110</u></b>	<b><u>2,091,952</u></b>

The Council relied on the Valuation Roll updated for the period 2013 – 2018 to determine the property rates receivable.

**3. Fees and Charges**

The Council generated cash receipts in form of fees and charges arising from offering various services as follows.

	2019 KWACHA	2018 KWACHA
Fees and charges	731,233	524,107
Land Development Charges	248,500	47,309
	<u>                    </u>	<u>                    </u>
<b>Total</b>	<b><u>979,733</u></b>	<b><u>571,416</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

**a. Fees and charges**

The Council generated the following fees:

<b>Fees and Charges Type</b>	<b>2019</b>	<b>2018</b>
	<b>ZMK</b>	<b>ZMK</b>
Consent Fees	16,090	9,310
Survey Fees	750	-
Building Inspection fees	167,400	3,300
Plan Scrutiny Fees	2,190	150
Rentals/Lease of Council's properties	69,200	71,850
Application Form Fees	30,084	2,050
Sketch Fees	-	-
Search Fees	100	150
Market Fees	33,976	36,781
Parking Fees	1,145	3,865
Bus Station Fees	-	80
Affidavit Fees	269	-
Grave Reservation		-
Refuse Disposal Fees		-
Notice of Marriage		-
Abattoir/Meat Inspection Fees	192,153	157,371
Farm Produce Levy		-
Communication Mast Levy	105,000	65,000
Land Record		-
Billboard and Banner	39,368	59,182
Lease of Council Transport	52,110	65,800
Illegal Vending Fees	5,020	-
Penalties	-	-
Site Rent		-
Change of ownership of plot	7,000	38,000
Other Fees and Charges/other income	9,379	11,218
<b>TOTAL</b>	<b>731,233</b>	<b>524,107</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**b. Land Development Charges**

The Council collected a total of K248,500 as premium from sell of private plots on behalf of General Miti .Out of which the council is supposed to retain a percentage of 20% and 80% will be paid to the owner of the land.

Charges Type	2019	2018
	KWACHA	KWACHA
Service charges - residential plots	-	27,550
Service charges - Industrial plots	-	-
Premium plots - Residential	248,500	-
Premium plots - Commercial	-	-
Lease charges	-	-
Other	-	19,759
<b>TOTAL</b>	<b>248,500</b>	<b>47,309</b>

**4. Licences**

A total of K 146,534.00 cash receipts was raised from issuance of various licences.

Licence Type	2019	2018
	KWACHA	KWACHA
Manufacturers licence	-	-
Retail licence	83,233	2,297
Wholesale licence	-	5,000
Occupancy licence	1,600	-
Commercial travellers licence	-	-
Hawkers licence	-	-
Peddlers licence	-	-
Stall licence	-	-
Liquor licence	4,576	8,059
Firearm and ammunition licence	33,850	13,850
Petroleum licence	21,600	10,426
Restaurant licence	-	-
Dog licence	-	-
Other licences	75	16,399
<b>TOTAL</b>	<b>144,934</b>	<b>56,031</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**5. Levies**

The Council generated cash receipts by charging levies as follows:

Type of Levy	2019	2018
	KWACHA	KWACHA
Livestock Levy	51,365	86,983
Bird Levy	11,867	9,177
Fish Levy	10,995	13,366
Pole Levy	-	-
Charcoal Levy	82,684	40,852
Sand Levy	46,615	70,462
Miscellaneous levies	650,790	538,415
<b>TOTAL</b>	<b>854,315</b>	<b>759,255</b>

**6. Permits**

The Council generated K60,270 cash receipts from issuing various permits as follows:

Type of Permit	2019	2018
	KWACHA	KWACHA
Health Permit	21,502	2,800
Burial Permits and Grave sites	180	
Fire Certificates	18,730	2,200
Extension of business hours permits		
Public permits (social gatherings, etc)		
Other Permits	1,114	7,222
<b>TOTAL</b>	<b>41,526</b>	<b>12,222</b>

**7. Local Government Equalisation Fund**

**a. Funding**

	2019	2018
	KWACHA	KWACHA
1st Funding	616,799.80	619,143.06
2nd Funding	677,309.13	620,509.13
3rd Funding	617,309.13	619,143.06
4th Funding	617,309.13	620,509.13
5th Funding	617,309.13	620,509.13
6th Funding	617,309.13	669,143.06
7th Funding	672,129.50	620,509.13
8th Funding	662,129.50	609,893.85
9th Funding	675,329.50	618,980.93
10th Funding	675,329.50	618,980.93
<b>TOTAL</b>	<b>6,448,263</b>	<b>6,237,321</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**b. Operational Expenditure**

The Council applied amounts totalling K 5, 381, 787 of LGEF receipts towards meeting operational expenses representing 83% of the total LGEF funding for the reporting period. These expenses are included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments.

**c. Capital Expenditure**

The Council applied amounts totalling K1, 426, 226 of LGEF receipts towards meeting capital expenditure representing 22% of the total LGEF funding for the reporting period. This expenditure is included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments. The excess funds during this period are funds brought forward from 2018 LGEF.

**8. Constituency Development Fund**

The various elements constituting Statement of Cash Receipts and Payments for CDF are analyzed as follows:

**a) CDF Funding**

	2019 KWACHA	2018 KWACHA
Constituency		
Chikankata	-	1,600,000
	-	-
<b>Total Funding</b>	<b>-</b>	<b>1,600,000</b>

**b) Other CDF Sources of Funding**

There were no other sources of Funding from in the financial year under review.

**c) Infrastructure Development**

	2019 KWACHA	2018 KWACHA
Constituency		
Chikankata	672,785	64,018
<b>Total Infrastructure development payments</b>	<b>672,785</b>	<b>64,018</b>

Infrastructure development works included construction of mothers' shelters at various clinics and classroom blocks.

**d) Rehabilitation Works**

	2019 KWACHA	2018 KWACHA
Constituency		
Chikankata	-	474,078
	-	-
<b>Total Rehabilitation payments</b>	<b>-</b>	<b>474,078</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**e) Asset Acquisition**

The Council did not acquire any assets using CDF funds.

**f) Administrative Costs**

	2019 KWACHA	2018 KWACHA
<b>Constituency</b>		
Chikankata	15,116	12,315
	-	-
<b>Total</b>	<u>15,116</u>	<u>12,315</u>

**9. Other grants**

During the year, the Council received the following grants:

<b>Revenue Source</b>	2019 KWACHA	2018 KWACHA
Grants in Lieu of Rates	360,000	300,000
Grants from Cooperating Partners	-	-
Other	50,000	
<b>TOTAL</b>	<u>410,000</u>	<u>300,000</u>

**10. Borrowings**

There were no borrowings in the year under review

**11. Council Commercial Venture**

This consists of receipts and payments relating to operations of the Block Factory owned by the Council

	2019 Kwacha	2018 Kwacha
<b>Receipts</b>		
Restaurant Sales Receipts	-	-
Lodging receipts	-	-
Food and beverages sales receipts	4,737	-
Others -Block sales	95,594	231,981
<b>TOTAL</b>	<u>100,331</u>	<u>231,981</u>
<b>Payments</b>		
Restaurant purchaes	-	-
Beer and beverages	-	-
wages	-	-
Others -Block making factory expenses	98,890	227,244
<b>TOTAL</b>	<u>98,890</u>	<u>227,244</u>
<b>Surplus/de ficit</b>	<u>1,441</u>	<u>4,737</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**12. Other Receipts**

The Council did not receive any income from various bank accounts that could not be traced to the sources. Therefore, the amounts in question could not be recognized under any particular class of receipts in the financial statements except as 'other receipts.

**13. Personal Emoluments**

Personal Emoluments consist of actual amounts of salaries and wages paid to staff of the Council. The Council had categories of staff that were paid as follows:

Grade	2019	2018
	KWACHA	KWACHA
Salaries Division 1	2,238,289	1,777,422
Salaries Division 2	420,295	749,353
Salaries Division 3	721,515	467,080
Wages- Division 4	1,174,709	1,028,636
Statutory Contributions	889,022	1,458,644
Cash in Lieu of Leave Div 1		
	<b>5,443,831</b>	<b>5,481,135</b>

**14. Use of Goods and Services**

Use of Good and services consist of expenditure incurred on administrative activities

Expenditure Type	2019	2018
	KWACHA	KWACHA
Office Running Costs	202,703	182,149
Building, Repair and Maintenance Costs	70,884	114,935
Plant, Machinery and Vehicle Running and Maintenance Cost	542,625	427,427
Other Administrative operating costs	815,102	918,713
Requisites	58,098	26,554
Services	1,101,476	1,293,201
Travel expenses	774,542	446,842
Training	24,000	44,000
Medical costs	51,789	-
Other costs	220,259	64,571
<b>TOTAL</b>	<b>3,861,478</b>	<b>3,518,392</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**15. Financial Charges**

The Council paid amounts totalling K61,694 in financial charges.

	2019 KWACHA	2018 KWACHA
Interest on Internal Debt	-	-
Interest on External Debt	61,938	83,704
Other Interest	-	-
<b>TOTAL</b>	<u>61,938</u>	<u>83,704</u>

**16. Social Benefits**

Social benefits include payments towards death on duty, burial, and other benefits. During the year, the Council spent amounts totalling K15, 403 on social benefit payments.

**17. Non-financial Asset Acquisition**

Acquisition of assets involved the following payments:

	2019 KWACHA	2018 KWACHA
Purchase of Tata Tipper Truck	669,486	-
Office Equipment and Furniture	45,041	6,200
Purchase of Tractor and Trailer from Saro Agro	429,074	-
Purchase of tyres for grader		17,400
Servicing of Tata Tipper Truck	-	75,047
Purchase of pump for grader - 20% LGEF		71,500
Purchase of pump for grader - Locally generated funds		21,200
Purchase of Land	15,000	
Construction of bridge - 20 % LGEF	312,665	
Rehabilitation of CDF projects	672,785	474,078
Infrastructure development projects-CDF	0	64,018
<b>TOTAL</b>	<u>2,144,051</u>	<u>729,443</u>

**18. Financial Asset**

There was no acquisition of any financial Asset during the year under review.

**19. Loan Repayments**

The following amounts were paid towards settlements of principal amounts of loans held by the Council:

	2019 KWACHA	2018 KWACHA
Repayment of indo zambia bank Loan-principle	81,439	59,349
	-	-
<b>TOTAL</b>	<u>81,439</u>	<u>59,349</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**20. Other Payments**

Other payments amounting to K114,006 for CDF (Administrative costs –K15,116) and commercial ventures ( K98,890).

**21. Foreign Exchange Losses**

The Council did not accrual any foreign exchange losses during the financial year under review.

**22. Cash Balances**

The Council's Cash amounts consisted of cash on hand, demand deposits and cash equivalents.

	2019 KWACHA	2018 KWACHA
Cash on hand	-	-
Demand Deposits	2,628,659	3,023,142
Cash equivalents	-	-
<b>TOTAL</b>	<u><u>2,628,659</u></u>	<u><u>3,023,142</u></u>

**a. Cash on hand**

The Council's had no cash on hand at the year end.

**b. Demand Deposits – Bank Balances**

The Council had the following reconciled bank account balances as at the 31<sup>st</sup> December 2019:

		Kwacha	Kwacha
District Fund ZANACO A/c	1808934500177	76,155.48	15,442
Salaries INDO A/c	272020000013	11,817.62	3,825
Salaries ZANACO A/C	1818934500281	173,288.74	9,138
CDF ZANACO A/C	1816177500180	1,066,003.33	1,753,904
Capital ZANACO A/C	1816177300322	827,760.35	1,187,509
Development Fund INDO A/C	272020000016	1,441.04	4,737
Capital INDO A/C	272020000009	5,857.68	20,534
Revenue INDO A/C	272020000010	4,811.28	28,054
Plot Account		131,650.00	-
Rural Water & Sanitation	272020000017	676,401	0
ECZ	1816177300423	50	0
<b>TOTAL</b>		<u><u>2,628,659</u></u>	<u><u>3,023,143</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

The Closing bank balances have been adjusted to include closing bank balances for Rural Water & Sanitation and ECZ, which were not recognized in the previous financial year.

### c. Cash Equivalents

The Council did not hold any treasury bills at the end of the year.

## 23. Budget Adjustments and Variances

### a. Budget Adjustments

In the period under review there were no budget adjustments.

### b. Budget Variances

#### • Own Source Revenues

The Council planned to generate K 5,555,882.00 from Own Source Revenue but collected K 3,792,948.00 resulting in a variance of 68%. This variance was due to mainly from increased revenue sources and new collection strategies.

#### • Fees and Charges

The council did not collect fees from Plan scrutiny and change of ownership as estimated as the land to be developed was still under court injunction during the financial year under review. As for the parking fees the council had projected they would construct a truck parking bay but unfortunately it was not done.

#### • Levies

The council over collected on levies such as scrap and crop levies as at the time of budget they did not anticipate a bumper harvest. In addition, council put in place internal controls that helped improve revenue collection.

#### Permits

The council put place internal controls such as that helped improve revenue collection.

#### • Other receipts

The council did not collect funds from the sale of plots as budgeted since the land was under a court injection under case No 213/HP/16/54.

#### • Personnel Emoluments

The Council planned to spend K 5,943,488.64 on personal emoluments but spent K 5,443,831 resulting in a variance of 92%.

## NOTES TO THE FINANCIAL STATEMENTS

- **Commercial Ventures**

The Commercial activities were not implemented because challenges with the machine.

- **Use of Goods and Services**

Not all activities were implemented during the financial year under review due to financial constraints. Since the income to be collected from plots was not collected due to court injunctions.

- **Financial charges**

The amount of budget omitted on financial statements

- **Loan repayment**

The amount of budget omitted on financial statements

- **Other payments**

The council did not implement the projects on time because the ministry of Local government approved the 2018 CDF projects in the last quarter.

**24. Provision of Services**

The Chikankata Town Council incurs expenditure to offering services it is mandated to provide to the residents of the District.

NOTES TO THE FINANCIAL STATEMENTS

Type of Services	2019 KWACHA	2018 KWACHA
Development of Layman's Draft By-Laws	-	-
Police- Provision of Security	-	-
Fire Prevention	-	-
Fire Fighting	-	-
Solid Waste Management	66,000	-
Crematories, Cemeteries and Mortuaries	-	-
Malaria and TB Prevention and Treatment	-	-
Control and Regulation of Supply and Sales of Food, Liquor and Other Consumable things	15,000	-
Make Zambia Clean and Health Campaign	8,063	-
HIV/AIDS Prevention	-	-
Pool Transport	323,854	-
Road Transport Affairs and Services	93,899	-
Provision of Street Lights	-	-
Parks, Zoos and Botanical Gardens	-	-
Mangement of Council Buildings	57,267	-
Management and Control of Markets	20,000	-
Ward Development Fund Projects	162,917	-
Land Development and Management	-	-
Sanitation Facility Supply	-	-
Sports Centres	-	-
IDP Preparations	-	-
<b>Valuation Roll</b>	<u>254,239</u>	<u>-</u>
<b>SUB TOTAL</b>	<u><b>1,001,239</b></u>	<u><b>-</b></u>

Note: The above amounts have been included in the various payments recognized in the Statement of Cash Receipts and Payments.

25. **Property, Plant and Equipment**

The Council had property, plant and Equipment valued at K8,139,408.00

Office Equipment and Furniture	Land and Buildings	Plant & Machinery	Motor vehicles	TOTAL	
K	K	K	K	K	
Opening balance-N	363,492	3,783,269	1,338,014	734,756	6,219,531
Additions	45,041	1,000,450	429,074	669,486	2,144,051
Revaluation	-	-	-	-	-
Re-classification	-	-	-	-	-
Depreciation(2019)	2,252	100,045	21,454	100,423	224,174
<b>Closing balance</b>	<u><b>406,281</b></u>	<u><b>4,683,674</b></u>	<u><b>1,745,634</b></u>	<u><b>1,303,819</b></u>	<u><b>8,139,408</b></u>

**NOTES TO THE FINANCIAL STATEMENTS**

**26. Investments in Other Entities**

The Council held shares in Southern Water and Supply and Sewerage Company but is yet to determine the percentage shareholding:

<b>NAME OF ENTITY</b>	<b>PRINCIPAL ACTIVITY</b>	<b>PERCENTAGE SHAREHOLDING</b>
Southern Water Supply and Sewerage Company	Water supply and sewerage services	0%

The Council did not receive any dividends from its investments during the period under.

**27. Administered Transactions**

The Council did not administer any tax on behalf of Zambia Revenue Authority. ZRA allows that collected amounts be deposited in the Council's own transit account before being transferred to its accounts.

**28. Related Party Disclosures**

The following disclosures are made in the financial statements of Chikankata Town Council:

**a. Fringe benefits Disclosures**

The Council Chairperson was provided with a personal-to-holder car, an office and personal secretary.

**b. Remuneration of the Councilors**

The aggregate remuneration of members of the Council and the number of individuals determined on a full-time equivalent basis receiving remuneration from Chikankata Town Council are:

Aggregate Remuneration	K 468,000.00
Number of persons	13

None of the councillors acquired loans from the Council during the period under review nor had any outstanding loans at the year end.

**c. Remuneration of Senior Management**

The aggregate remuneration of members of the Management and the number of individuals determined on a full-time equivalent basis receiving remuneration from the Local Authority are:

Aggregate Remuneration all management (18)	K 1,901,059.49
Number of persons	5

## NOTES TO THE FINANCIAL STATEMENT

None of the members of senior management acquired loans from the Council during the period under review nor had any outstanding loans.

**29. External Assistance**

There was no external assistance in the year under review.

**30. Third Party Payments**

During the period under review, Chikankata Town Council did not benefit from any payments made by third parties.