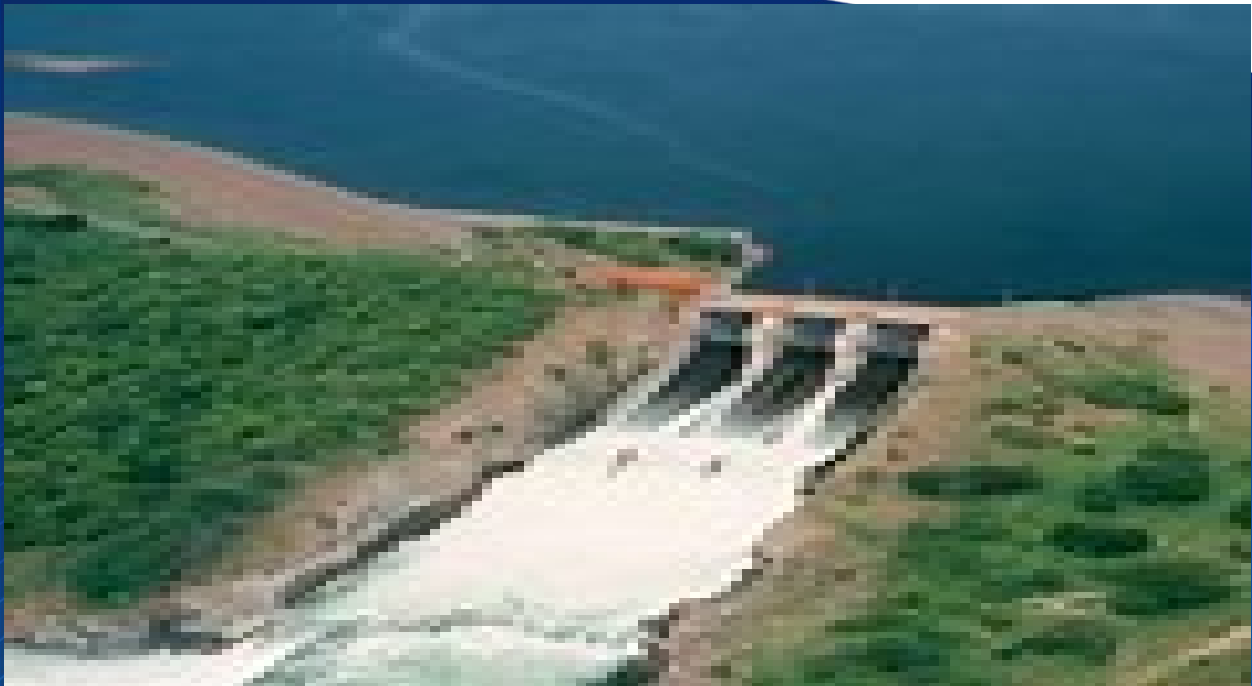




CHIKANKATA TOWN COUNCIL



FINANCIAL STATEMENTS

TABLE OF CONTENTS	PAGE
Report of the Council	2-5
Statement of Responsibilities for Annual Financial Statements	6
Independent Auditor's Report	7-9
Statement of Cash Receipts and Payments	10
Statement of Comparison of Budget and Actual Amounts	11
Statement of Cash Receipts and Payments for Local Government Equalisation Fund	12
Statement of Cash Receipts and Payments for Constituency Development Fund	13
Summary of Significant Accounting Policies	14-20
Notes to the Financial Statements	21-33

REPORT OF THE COUNCIL

Chikankata Town Council has the pleasure of presenting the report together with the financial statements for the year ended 31st December, 2020 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^o and 27^o east and 15^o and 17^o south respectively.

Chikankata District has a total area of 5,252 square kilometers (km²). 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. 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 Councilors 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.

REPORT OF THE COUNCIL

The Councilors who held office during the year were:

S/N	NAME
1	Ngoma Conard
2	Mweene Shepherd
3	Mazyambe Willard

The District also had one (1) elected Member of Parliament, Hon. Chrispine Kabwe Mwiinga, for Chikankata Constituency.

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) Head of Units namely Procurement and Internal Audit.

REPORT OF THE COUNCIL

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) (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

Cash Receipts

-

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 K813,815 during the financial year under review. 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 eighty four (84). The total amount spent on employees' remuneration and welfare during the year was K6,647,309

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.

REPORT OF THE COUNCIL

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:.....

Position: Council Chairperson

Date:.....

STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS

The Chikankata Town Council is responsible for preparing the financial statements for the year ended 31st December, 2020 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 31st December, 2020.

Signed on behalf of the Council on by;

Name.....

Name.....

Signature

Signature.....

Position: Council Chairperson

Position: Council Secretary

Name.....

Signature.....

Position: Council Treasurer

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Position: Council Chairperson

Position: Council Secretary

Name.....

Signature.....

Position: Council Treasurer

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 31ST DECEMBER 2020**

RECEIPTS
Local Taxes

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 THE YEAR ENDED 31ST DECEMBER 2020**

	□	□
RECEIPTS		
Funding	=====	=====
	=====	=====
	=====	=====
	=====	=====
	=====	=====
	=====	=====
	=====	=====

Note 7 explains the composition and other details relating to the various elements included in this Statement.

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY
DEVELOPMENT FUND (CDF) FOR THE YEAR ENDED 31ST DECEMBER 2020**

RECEIPTS

Funding

	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

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 31st December, 2022. The Council is preparing to adopt Accrual Basis IPSASs on 1st 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 31st December 2019 up to 2021.
- iii. All Local Authorities shall adopt and apply Accrual Basis IPSAS of Accounting starting 1st 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 1st January, 2022 and should end on 31st 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 /special 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;

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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.

1.5 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.

1.6 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.

1.7 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

1.8 Cash at hand at the Beginning and the End of the Year

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

Cash at 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

1.9 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 Equalization 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.

1.10 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.13 Borrowings

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

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 go 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 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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:

Local Tax Type

Residential Rates

Industrial/ Commercial F

Personal Levy

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.

Fees and charges		
Land Development Charge	_____	_____
Total	_____	_____

NOTES TO THE FINANCIAL STATEMENTS

a. Fees and charges

The Council generated the following fees:

Fees and Charges Typ

Consent Fees

Survey Fees

Building Inspection fees

b. Land Development Charges

The Council collected a total of K337,350 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% based on the total price of the plot will be paid to the owner of the land.

Charges Type

Service charges - resider

Premium plots - Resident

Other

NOTES TO THE FINANCIAL STATEMENTS

4. Licences

A total of K257,110 cash receipts was raised from issuance of various licences.

Licence Type

Manufacturers licence

Retail licence

Wholesale licence

=====

5. Levies

The Council generated cash receipts by charging levies as follows:

Type of Levy

Livestock Levy

Bird Levy

.....

=====

6. Permits

The Council generated K19,105 cash receipts from issuing various permits as follows:

Type of Permit

Health Permit

Burial Permits and Grave

Disinfection

=====

NOTES TO THE FINANCIAL STATEMENTS

7. Local Government Equalisation Fund

a. Funding

1st Funding

2nd Funding

b. Operational Expenditure

The Council applied amounts totalling K6,994,658 of LGEF receipts towards meeting operational expenses representing 87% 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 K158,654 of LGEF receipts towards meeting capital expenditure representing 2% 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. Funds carried forward will be utilised in 2021.

8. Constituency Development Fund

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

NOTES TO THE FINANCIAL STATEMENTS

a) CDF Funding

Constituency

Chikankata

Total Funding

--	--

b) Other CDF Sources of Funding

There were no other sources of funding for CDF in the financial year under review.

c) Infrastructure Development

Constituency

Chikankata

Total

	Infrastructure
--	----------------

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

d) Rehabilitation Works

Constituency

Chikankata

Total

--	--

e) Asset Acquisition

The Council did not acquire any assets using CDF funds.

f) Administrative Costs

Constituency

Chikankata

Total

--	--

9. Other grants

During the year, the Council received the following grants:

Revenue Source

Grants in Lieu of Rates

Other

--	--

NOTES TO THE FINANCIAL STATEMENTS

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.

Receipts

Others -Block sales

Total

Payments

	_____	_____
	_____	_____
	_____	_____
	_____	_____
	_____	_____

Only surplus/Deficit included in the statement of cash receipts and payments and the comparison of the budget

12. Other Receipts

The Council received funds amounting to K1,122,050 from Electoral Commission of Zambia for election activities. The opening balances have been adjusted to include funds received for election activity that were not recognized in 2019 as part of the statement of cash receipts and payments.

Other Receipts

Total

	_____	_____
	_____	_____

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

Salaries Division 1

Salaries Division 2

Salaries Division 3

	_____	_____
	_____	_____

NOTES TO THE FINANCIAL STATEMENTS

14. Use of Goods and Services

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

Expenditure Type

Office Running Costs
 Building, Repair and Main
 Plant, Machinery and Ve

	_____	_____
	=====	=====

15. Financial Charges

The Council paid amounts totalling K31,143 in financial charges.

Interest on External De
Total

	_____	_____
	=====	=====

16. Social Benefits

Social benefits include payments towards death on duty, burial, and other benefits.
 During the year the Council did not spend anything on social benefits.

17. Non-financial Asset Acquisition

Acquisition of assets involved the following payments:

Purchase of Tata Tipper Tru
 Office Equipment and Furnitu
 Purchase of Tractor and Tra

	_____	_____
	=====	=====

NOTES TO THE FINANCIAL STATEMENTS

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:

Repayment of Indo Za		
Bank Loan-principle	_____	_____
Total	_____	_____

20. Other Payments

Other payments totalling K1,123,582 includes Electoral Commission of Zambia activities expenditure amounting to K1,118,627 and payments made under the special grant for Water and Sanitation from Germany Development Bank-KFW amounting to K4,955.

21. Foreign Exchange Losses

These arise from transactions made in other currencies and determined by reconciling opening cash to closing cash balances. There were no foreign currency transactions.

22. Cash Balances

The Council's Cash amounts consisted of demand deposits amounting to K8,950,851.

Cash on hand		
Demand Deposits		
Cash equivalents	_____	_____
TOTAL	_____	_____

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 31st December 2020:

NOTES TO THE FINANCIAL STATEMENTS

Account Name

District Fund ZANACO A/c
Salaries INDO A/c
Salaries ZANACO A/C

The opening 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 cash equivalents at the end of the year.

23. Budget Adjustments and Variances

a. Budget Adjustments

The original budget was approved by the Minister responsible for Local Government and there were no subsequent approved adjustments to the budgets.

b. Budget Variances

• **Local Taxes**

The council budgeted to collect K1,660,310 from fees and charges but instead collected K6,079,376 giving a favourable variance of K4,419,0766 representing 266%. This variance was due to collection of rates that were approved after the approval of the valuation Roll. The funds were carried forward and utilized in 2021 budget.

• **Fees and Charges**

The Council budgeted to collect K3,799,785 under fees and charges but only collected K1,103,322 giving a negative variance of K2,696,463 representing 71%. This is because the Land the council had allocated plots was under a court injunction and so the council did not collect the plot premiums as budgeted. The council has now included the collection of these funds in the 2022 budget.

• **Licences**

The council budgeted to collect K146,743 from issuance of licences but collected a total of K257,110 representing a favorable variance of K110,367 representing 75%. This was

NOTES TO THE FINANCIAL STATEMENTS

due to over collection due to more businesses renewing their licences during the year under review.

- **Levies**

The Council Budgeted to collect K509,500 from levies but collected K855,993 giving a favourable variance K346,493 representing 68%. The council collected more because it had more money received from ZESCO wayleave contract and change of ownerships of some farm lands within Chikankata.

- **Permits**

The council budgeted to collect K79,768 from permit but only collected K19,105 giving a variance of K60,662 representing 76%. This was due to Covid 19 pandemic that affected the collection of health inspection fees and fire certificate fees from premises.

- **Other Grants**

The council budgeted to collect K200,000 but collected K100,000 resulting in a negative variance of K60,662 representing 50%, This also includes grant in lieu of rates amounting to K100,000 from Ministry Local Government. The council had anticipated to receive K200,000 but the ministry only sent K100,000.

- **Use of Goods and Services**

The council planned to spend K7,647,305 but instead spent K4,133,733 resulting in a variance of K3,513,572 representing 46% variance. This is because not all activities were implemented during the year under review due COVID 19 as most projects for CDF and WDCs were not implemented. The other funds had been reserved for purchase of a grader.

- **Financial charges**

The council Planned to spend K50,000 but instead spent K31,143 resulting in a variance of K18,857 representing 38 %. The variance is because the council paid less interest as the loans were being paid on time.

- **Non-financial Assets Acquisition**

The council Planned to spend K1,854,743 but instead spent K813,815 resulting in a variance of K1,040,929 representing 56%. This was as a result of pandemic as it affected implementation of most projects.

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

Solid Waste Management
Crematories, Cemeteries
Control and Regulation of

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 K8,776,547 at the end of the year 2020.

26. 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.

27. 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.

NOTES TO THE FINANCIAL STATEMENTS

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	K468,000
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	K2,402,474
Number of persons Senior Managers	5

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

28. External Assistance

There was no external assistance received during the year under review.

Details	
China Henan	_____
Total	_____

29. Third Party Payments

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

30. Third Party Payments

Chikankata Town Council did not benefit from payments made by third parties because no transaction was made relating to the following.