



# CHIKANKATA TOWN COUNCIL

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup>  
DECEMBER 2021



**Chikankata Town Council**

**P.O Box 360194**

**KAFUE**

**[Email.chikankatatwocouncil@gmail.com](mailto:Email.chikankatatwocouncil@gmail.com)**

<b>TABLE OF CONTENTS</b>	<b>Page</b>
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 Equalization Fund	12
Statement of Cash Receipts and Payments for Constituency Development Fund	13
Summary of Significant Accounting Policies	14-19
Notes to the Financial Statements	20-32

## **REPORT OF THE COUNCIL**

The Council has the pleasure of presenting the report together with the financial statements for the year ended 31<sup>st</sup> December 2021 which disclose the sources, utilization and balances of cash for Chikankata Town 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 Kilometer (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<sup>o</sup> and 27<sup>o</sup> east and 15<sup>o</sup> and 17<sup>o</sup> 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. 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 Councilors in 2016 for the period of two and half years.

## **REPORT OF THE COUNCIL**

The Councilors who held office during the year were:

<b>S/N</b>	<b>Name</b>	<b>NA</b>
	<b>Janaury to May</b>	<b>Au</b>
1	Ngoma Conrad	Ngc
2	Mweene Shepherd	Mw
3	Mazyambe Willard	Ma:

The District also had one (1) elected Member of Parliament for Chikankata Constituency. The Members of Parliament that held office during the year were:

<b>S/No</b>	<b>NAME</b>
1	Chispine Kabwe Mwii
2	Jacqueline Sabao

The affairs of Central Government in the district were coordinated by the District Commissioner. During the year under review Mr. Peter Mwiinde was the District Commissioner for Chikankata District up to

August 2021 and Mr. Timothy Chipolyonga was the District Commissioner for Chikankata during the financial year.

### **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) Heads of 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) (c) of the Constitution of

## **REPORT OF THE COUNCIL**

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

Payments


### **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 K3,643,991 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 K6,990,478.

**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.

**Recreation**

The Local Authority during the financial year did not incur any costs towards sponsoring various sporting activities.

**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.

**REPORT OF THE COUNCIL**

**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 31<sup>st</sup> December 2021 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, 2021.

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**

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

**RECEIPTS**

- Local Taxes
- Fees and Charges

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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.

Name.....

Name.....

Signature:.....

Signature:.....

Position: Council Chairperson

Position: Council Secretary

Name:.....

Signature.....

Position: Council Treasurer

**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

Or  
Bt  
Kv

RECEIPTS

---

---

---

---

---

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



**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY  
DEVELOPMENT FUND (CDF) FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2021**

**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 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 Equalization Fund in the district.

### 1.3 Authorization Date

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

### 1.4 Revenue

Revenue is recognized 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 license 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 recognized 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 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. 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.

### **1.8 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 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

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 Borrowings**

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

### **1.13 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.

### **1.14 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:

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- Land

		Current	Value
		Cost or Market Value	
• Buildings			
• 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.

### 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 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

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

### 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 Rates

		_____
		=====

The Council relied on the Valuation Roll updated for the period 2019 – 2023 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 Charges

**Total**

		_____
		=====

## NOTES TO THE FINANCIAL STATEMENTS

### a. Fees and charges

The Council generated the following fees:

**Fees and Charges Type**

Consent Fees

Survey Fees

...

=====

=====

**NOTES TO THE FINANCIAL STATEMENTS**

**b. Land Development Charges**

The Council collected a total of K36, 000 as premium under the sale of commercial plots

**Charges Type**

Service charges - residential plot  
Service charges - Industrial plots  
Premium plots - Residential

\_\_\_\_\_

\_\_\_\_\_

**4. Licences**

A total of K132,450 cash receipts was raised from issuance of various licences.

**Licence Type**

Manufacturers licence

.....

\_\_\_\_\_

\_\_\_\_\_

**NOTES TO THE FINANCIAL STATEMENTS**

**5. Levies**

The Council generated cash receipts by charging levies as follows:

**Type of Levy**

Livestock Levy

Bird Levy

-----

=====

=====

**6. Permits**

The Council generated K46,971 from permits  
follows:

cash receipts from issuing various permits as

**Type of Permit**

Health Permit

Burial Permits and Grave s

=====

=====

**NOTES TO THE FINANCIAL STATEMENTS**

**7. Local Government Equalization Fund**

**a. Funding**

1st Funding

2nd Funding

---

---

**b. Operational Expenditure**

The Council applied amounts totalling K6,360,333 on LGEF receipts towards meeting operational expenses representing 80% 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 set aside amounts totalling K1,344,147 of LGEF receipts towards meeting capital expenditure. This represented 20% of the total LGEF received out of which amounts totalling K1,169,151 representing 17% were paid towards the projects leaving a balance of K408,507. There was a balance brought forward of K1,751,741. During the year under review the Council transferred a total amount of K1,473,000 from locally generated revenue for locally generated projects these included Roofing of 1 x 3 CRB for Nanduba Primary school, Renovation of Simona Pre School Roof, Construction of staff house-Hapwaya and Maternity annex at Naluama Clinic which was allocated and K588,500 was reimbursement of funds used to purchase the Motor Vehicle for the Council Chairperson therefore bring the total closing balance to K3,988,237 at the year-end. These expenses are included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments.

**8. Constituency Development Fund**

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

**a) CDF Funding**

**NOTES TO THE FINANCIAL STATEMENTS**

**Constituency**

Chikankata

**Total Funding**

\_\_\_\_\_

\_\_\_\_\_

**b) Other CDF Sources of Funding**

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

**c) Infrastructure Development**

**Constituency**

Chikankata

**Total Infrastructure deve**

\_\_\_\_\_

\_\_\_\_\_

Infrastructure development works included construction of Nadezwe Rural Health Post, Completion Rural Health Post at upper Kaleya, Completion semi-detached House at Nadezwe and Construction of Naluama Primary School

**d) Rehabilitation Works**

**Constituency**

Chikankata

**Total Rehabilitation pay**

\_\_\_\_\_

\_\_\_\_\_

**e) Asset Acquisition**

The Council did not acquire any assets using CDF funds.

**f) Administrative Costs**

**Constituency**

Chikankata

**Total**

\_\_\_\_\_

\_\_\_\_\_

**g) Other Costs**

**Constituency**

Chikankata

**Total**

\_\_\_\_\_

\_\_\_\_\_

**NOTES TO THE FINANCIAL STATEMENTS**

**9. Other grants**

During the year, the Council received the following grants:

**Revenue Source**

Grants in Lieu of Rates

Other

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

**10. Borrowings**

There were no borrowings in the year under review

**11. Commercial Venture**

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

**Receipts**

Restaurant Sales Receipts

Lodging receipts

Food and beverages sales rec.

Others -Block sales

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

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

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

**12. Other Receipts**

The Council received funds amounting to K3,646,652 from Electoral Commission of Zambia for election activities and commission from sale of general Miti's plot.

**Revenue Source**

Other Receipts

**Total**

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

**NOTES TO THE FINANCIAL STATEMENTS**

**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

--	--

Reason for restatement: Managed to rectify the understatement of K263,686 on Statutory Contributions

**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 Maintenance

--	--

**15. Financial Charges**

The Council paid amounts totalling K1,752 in financial charges.

Interest on Internal Debt  
 Interest on External Debt  
 Other Interest

--	--

## NOTES TO THE FINANCIAL STATEMENTS

### 16. Social Benefit

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 amounting K3,643,991 to involved purchase of motor vehicle, purchase of office furniture, purchase of computers, office equipment, Rehabilitation and construction of council buildings funded by local revenue and CDF.

Purchase of Computers  
Office Equipment and Furnitu  
Purchase of Butcher Boy

\_\_\_\_\_

\_\_\_\_\_

### 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 zambia ba

**TOTAL**

\_\_\_\_\_

\_\_\_\_\_

### 20. Other Payments

Other payments include K3,772,003 for Electoral Commission of Zambia activities.

**TOTAL**

\_\_\_\_\_

\_\_\_\_\_

**NOTES TO THE FINANCIAL STATEMENTS**

**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 and amounting to K8,386,936.

Cash on hand		
Demand Deposits		
Cash equivalents	_____	_____
	_____	_____

**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 2021:

**Account Name**

District Fund ZANACO A  
 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 equivalent at the end of the year.

**NOTES TO THE FINANCIAL STATEMENTS**

## 23. Budget Adjustments and Variances

### a. Budget Adjustments

There were no budget adjustments made during the year under review.

### b. Budget Variances

#### • Local Taxes

The Council budgeted to collect K8,872,848 but collected K5,662,404 resulting in an adverse variance of K3,210,444 representing 36%. This was due to the unspent collected amount from property rates for the year 2020 which was received in the fourth quarter and was not budgeted for.

#### • Licenses

The council budgeted to collect K210,456 but collected K132,450 representing an adverse variance of K78,006 representing 37%. This was due to the COVID-19 outbreak as it had negatively impacted various businesses in the district.

#### • Permits

The council budgeted to collect K85,320 but collected K46,971 representing an adverse variance of K38,349 representing 45% of the budget. This was due to the COVID-19 outbreak as it had negatively impacted various businesses in the district.

#### • Other Grants

The council budgeted to receive K200,000 and was not funded, therefore, resulting in a variance representing 100% of the budget. This is because the council received the funds in full of the Ministry of Local Government

#### • Use of Goods and Services

The council budgeted to pay K12,252,339 but only paid K7,084,790 representing a variance of K5,167,549 representing 42%. The council did not spend as budgeted because some projects are ongoing and not all the revenue was collected as anticipated.

#### • Non-Financial Assets Acquisition

The council budgeted to spend K2,285,349 but spent only K3,643,991. Representing a variance of K1,358,642 representing 59%. The council did not spend as budgeted due to financial constraints as not all the revenue projected was collected.

## 24. Provision of Services

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

**Type of Services**

Solid Waste Management  
Crematories, Cemeteries and M.  
Bush Clearing

\_\_\_\_\_  
\_\_\_\_\_

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 K10,036,016 at the end of the year 2021.

Opening balance-NBV

\_\_\_\_\_  
\_\_\_\_\_

**26. Investments in Other Entities**

The Council held no shares in the following entities:

**NAME OF ENTITY**

Southern Water Supply and  
Company

**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.

**NOTES TO THE FINANCIAL STATEMENTS**

**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	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	Senor Managers
5	

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 external assistance in the year under review from GIZ amounting to K39,655.

<b>Details</b>	
GIZ	_____
<b>Sub Total</b>	<b>_____</b>

**30. Third Party Payments**

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