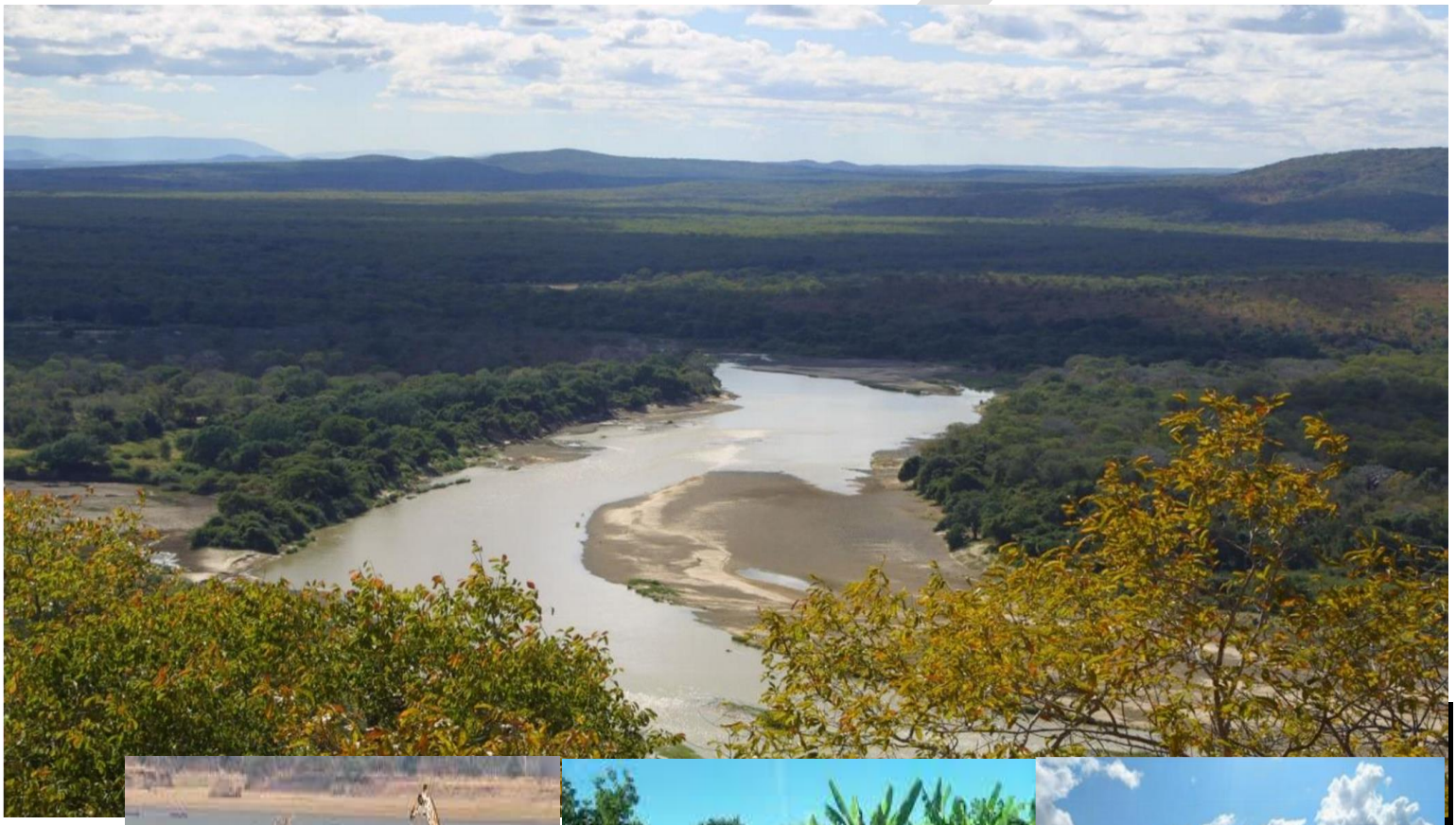
NYIMBA TOWN COUNCIL

Ministry of Local Government and Rural Development



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

Nyimba Town Council, P.O. BOX 570022, Nyimba.

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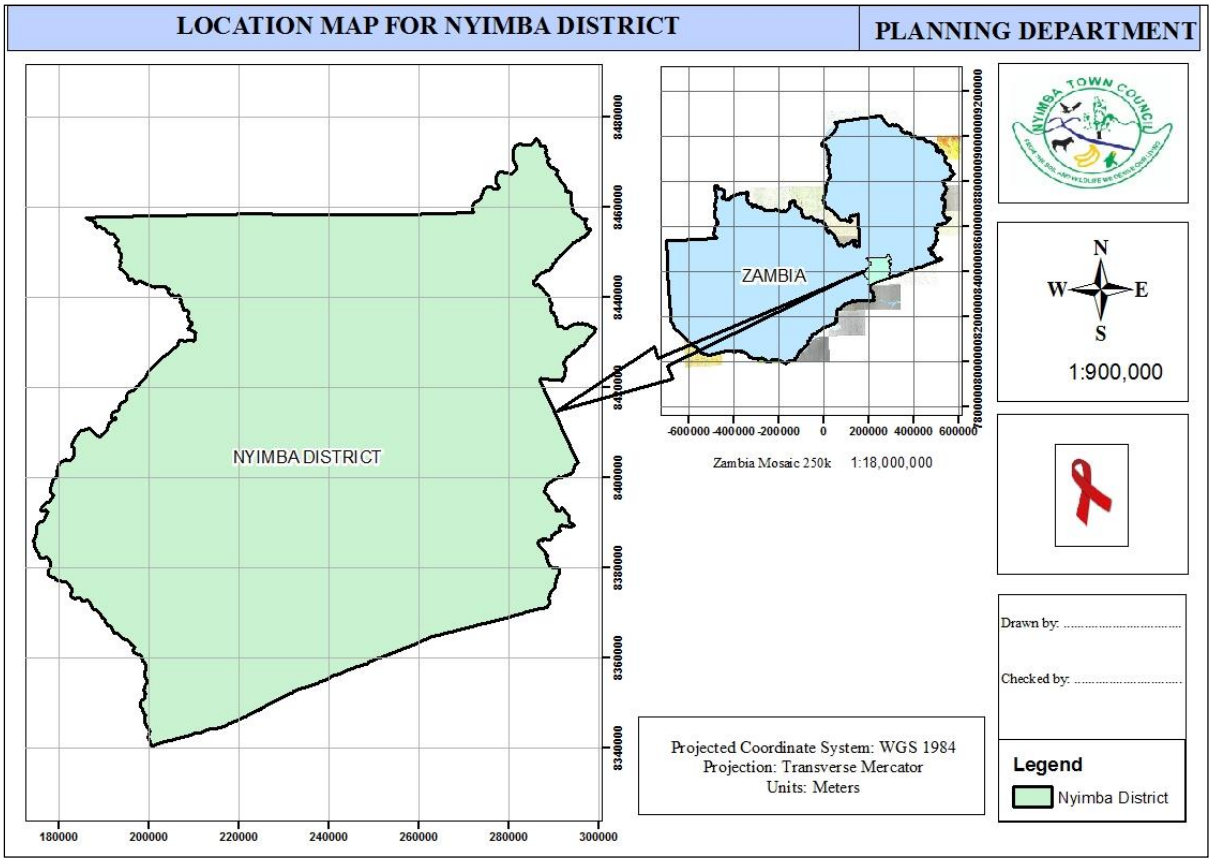
REPORT OF THE COUNCIL

The 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 Nyimba Town Council during the period under review.

Background and Location of the Council

The Council is located in Nyimba District, Eastern Province of Zambia on Great Eastern Road. The District is about 220 km from Chipata City, the Eastern Province of Zambia and 340 km from the Nation's capital, Lusaka. The latitudinal and longitudinal position of Nyimba District is 29^0 and 27^0 east and 15^0 and 17^0 south respectively.



District Profile

Nyimba District has an approximate surface are of about 10,468 sq km. It is divided into two landform segments, the plateau and the valley. The plateau is characterized by gently undulating relief with some hills. The lower Luangwa valley is characterized by rough landform. The terrain is rough with steep slopes and is bordered by hills to the east and escarpments to the west. The plateau spans from east to southeast, the valley from north to northwest, with the Luangwa River as a bordering physical feature. The valley is characterized by poor accessibility with several hills and mountains.

REPORT OF THE COUNCIL

The District has a total population of 85,025 segmented into urban and rural population with the growth rate of 2.5% per annum (CSO 2010). The urban population stand at 3,738 males and 3,928 females, while rural population stand at 38,254 male and 39,105 females (CSO 2010)

Political system and governance

Nyimba District is composed of thirteen (13) political wards and One (1) Parliamentary Constituency. Each of these wards is represented by a Councillor popularly elected by ward residents. The major role of Councillors is to make local policies and by-laws that promote and guide development activities in the district. The Council Chairperson is the political head of the council while the Chief Executive Officer is the Council Secretary who is assisted by; Chief Administration (Administration), District Planning Officer (Planning), Council Treasurer (Finance), and Director of Works (Works). In addition, the Council has

4 standing specific committees, namely;

a. Health, Environment and Social Services Committee
b. Plans, Works, Development and Real Estates Committee
c. Audit Committee
d. Finance, Human Resource and General Purposes Committee

Traditional leaders in Nyimba District

Nyimba District has four (4) traditional Leaders; HRH Senior Chief Luembe, HRH Chieftainess Mwape, HRH Chief Ndake, and HRH Chief Nyalugwe. The township is in Chief Ndake area, Nyimba ward.

Social Environment

The District is predominately occupied by the indigenous Nsenga people, with a mixture of other tribes from other districts namely, Tonga, Bemba, Namwanga, Tumbukas, etc. There is also a presence of foreigners such as Indians, Asians, Malawian, etc.

Culture and Ethnicity

There is one major cultural ceremony conducted yearly in the district known as Tuwimba ceremony. The major languages spoken in the district are English (official language), Nsenga, Nyanja, Bemba, and Chewa. The District follow patrilineal system of marriage, whereby women live with their husbands in the husband's home.

Religion

Christianity is the main religion in the district. About 90% of the people are Christians, 8% Muslims, 2% practices other forms of religion or the rest have no religion. Main Christian denominations are Seventh Day Adventist, New Apostolic, Roman Catholic, Faith, CCAP, Baptist, Jehovah's Witness, Assemblies of God, Bread of Life, United Church of Zambia, Reformed Church of Zambia and many others.

The address of the registered office of Nyimba Town Council (NTC) is as follows:

REPORT OF THE COUNCIL

The Civic Centre

Great East Road

P O Box 570022

Nyimba

Composition of the Council

Nyimba 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, 1991 Cap 281 of the Laws of Zambia. As a Local Authority, the Town Council administers the Nyimba District.

The Council is composed of an elected Council Chairperson, thirteen (13) elected Councillors from thirteen (13) Wards, and three (3) 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 to office in 2016 to serve a five year term up to 2021. The Deputy Council Chairperson was elected from among the Councillors in 2016 for the period of two and half years.

The Councillors who held office during the year were:

S/N	NAME	GENDER	POSITION	WARD
1	Mackson Kapantha	Male	Council Chairperson	Not applicable
2	Chewe Katwamba	Male	Deputy Council Chairperson	Mombe
3	Davis Sakala	Male	Councillor	Lwezi
4	Ackson R Zulu	Male	Councillor	Kaliwe
5	Moses R Lungu	Male	Councillor	Ngozi
6	Gaston B Tembo	Male	Councillor	Vizimumba
7	Azele Miti	Male	Councillor	Mtilizi
8	Shelly M Sakala	Female	Councillor	Nyimba Central
9	Donald A Lungu	Male	Councillor	Chinambi
10	John TK Banda	Male	Councillor	Katipa
11	Moses A Tembo	Male	Councillor	Chamilala
12	Derrick Daka	Male	Councillor	Chinsimbwe
13	Mabvuto Phiri	Male	Councillor	Chiweza
14	Ivess Phiri	Male	Councillor	Luangwa
15	Ben Maponda Phiri	Male	Chief Ndake	
16	Salatiele Ndhlovu	Male	Chief Nyalugwe	
17	Serah Lungu	Male	Chieftainess Mwape	

The District also has one (1) elected Member of Parliament for Nyimba Constituency. The Member of Parliament that held office during the year was:

S/N	NAME	GENDER	CONSTITUENCY
1	Hon.Olipah Phiri	Female	Nyimba

REPORT OF THE COUNCIL

The affairs of Central Government in the district are coordinated by the District Commissioner. During the year under review Colonel Peter Kunda Kaisa was the District Commissioner for Nyimba District.

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

The Council Secretary is assisted by six (4) Directors responsible for Finance, Planning, Works, 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 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 Second Schedule of Cap 281 of the Laws of Zambia 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

	2020 Kwacha	2019 Kwacha
Cash Receipts	15,872,493	12,014,515
Payments	14,614,105	11,625,952
Increase/(decrease) in Cash and Cash Equivalents	1,258,388	**388,563**

Key Policies Adopted During the Year

The Council adopted the following policies during the year:

- Introduction of Billboard Policy

Related Party Transactions
There was no related party transactions during the financial year.

Property, Plant and Equipment	**2020**
The Council purchased property, plant and equipment amounting	217,308

Office Equipment
The Council purchased office equipment amounting

Furniture
The Council purchased furniture amounting

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

REPORT OF THE COUNCIL

Intangible Assets
There were purchases of intangible assets during the year.

Employees
The average number of employees during the year was 121. The total amount spent on employees' remuneration and welfare during the year was K 7,130,472.

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 Council is sponsoring Nyimba Council Football Club using local resources.

Corporate Social Responsibility
The Council did not make donations during the year towards the support of various socially responsible causes.

Auditors
In line with Article 250 of the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Council is audited by the Auditor-General.

By order of the Council.

NYIMBA DISTRICT COUNCIL
COUNCIL CHAIRPERSON
P.O. BOX 570022, NYIMBA

Signature:.....

Name: ..Cllr. Lemba.....

Position: Council Chairperson

Date:... 27/07/2023...

STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS

The Nyimba 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 2020, 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 has audited the financial statements and his report is shown on pages 8 to 10.

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 Cap 281 of the Laws of Zambia, the Public Finance Management Act No.1 of 2020 and Local Authorities Accounting Policies (LAAPs) of 2020.

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 the Nyimba 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, 2018.

Signed on behalf of the Council by; 27/07/2023

Name: Cllr. Tembo Gibson

Signature:

Position: Council Chairperson

Name: Gibson Mwemba

Signature:

Position: Council Secretary

Name: Caphaes Simuko

Signature:

Position: Council Treasurer

NYIMBA DISTRICT COUNCIL CHAIRPERSON P.O. BOX 570022, NYIMBA

NYIMBA TOWN COUNCIL TREASURER 27 JUL 2023 P.O.BOX 570022, NYIMBA

NYIMBA TOWN COUNCIL COUNCIL SECRETARY P.O. BOX 570022, NYIMBA

Independent Auditor's Report

STAND No. 7951

HAILE SELASSIE AVENUE
LONGACRES

P.O BOX 50071

LUSAKA, ZAMBIA

E-mail: auditorg@ago.gov.zm

Website: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 of Nyimba Town Council

Opinion

I have audited the financial statements of the Nyimba Town Council for the year ended 31st December, 2020 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 32.

In my opinion, the accompanying financial statements of Nyimba Town Council present fairly, in all material respects, its cash receipts and payments and balances for the year ended 31st December, 2020 in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS) and the Local Authorities Accounting Policies (LAAPs).

Basis for Opinion

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 Nyimba 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 opinion.

Independent Auditor's Report

Emphasis of Matter

I draw attention to Note 1.1 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 qualified in respect of this matter.

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) of 2019, 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.

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.

Independent Auditor's Report

- 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.
- 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.
- 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.

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. Ron M. Mwambwa, FCMA, FZICA, CGMA, CFE
ACTING AUDITOR GENERAL
OFFICE OF THE AUDITOR GENERAL

DATE: 04/08/2023

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020

	NOTES	2020 Kwacha	2019 Kwacha
RECEIPTS			
Local taxes	**2**	757,703	146,599
Fees and Charges	**3**	2,392,404	2,418,918
Licences	**4**	40,680	7,400
Levies	**5**	761,229	625,098
Permits	**6**	291,905	202,784
Local Government Equalisation Fund	**7**	8,200,882	6,553,168
Constituency Development Fund	**8**	1,600,000	1,100,000
Other Grants	**9**	350,000	100,000
Borrowings	**10**	-	-
Commercial Venture	**11**	-9,115	200,897
Other Receipts	**12**	1,486,805	104,586
TOTAL RECEIPTS		**15,872,493**	**11,459,450**
PAYMENTS			
Personal Emoluments	**13**	7,130,472	5,820,328
Use of Goods and Services	**14**	3,862,918	3,234,730
Financial Charges	**15**	-	-
Social Benefits	**16**	-	-
Non-Financial Assets Acquisition	**17**	2,018,813	2,015,829
Financial Assets	**18**	-	-
Loan Repayments	**19**	-	-
Other Payments	**20**	1,601,902	-
TOTAL PAYMENTS		**14,614,105**	**11,070,887**
Increase/(decrease) in Cash		**1,258,388**	**388,563**
Foreign Exchange Losses	**21**	**-**	**-**
Cash at beginning of the year		**1,596,621**	**1,208,058**
Cash at the end of the year	**22**	**2,855,009**	**1,596,621**

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.

Signature:.....

Position: Council Chairperson

Signature:.....

Position: Council Secretary

Signature:.....

Position: Council Treasurer

NYIMBA TOWN COUNCIL
TREASURER
P.O.BOX 5700221
NYIMBA

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

	Original Budget	Adjustments	Final Budget	Actual Amounts	% Performance	Variance	% Variance
	Kwacha	Kwacha	Kwacha	Kwacha		Kwacha	
RECEIPTS							
Local taxes	1,315,923	-	**1,315,923**	757,703	58%	(558,220)	**-42%**
Fees and Charges	3,493,200	-	**3,493,200**	2,392,404	68%	(1,100,796)	**-32%**
Licences	67,000	-	**67,000**	40,680	61%	(26,320)	**-39%**
Levies	900,400	-	**900,400**	761,229	85%	(139,171)	**-15%**
Permits	401,084	-	**401,084**	291,905	73%	(109,179)	**-27%**
Local Government Equalisation Fund	8,255,814	-	**8,255,814**	8,200,882	99%	(54,932)	**-1%**
Constituency Development Fund	1,600,000	-	**1,600,000**	1,600,000	100%	-	**0%**
Other Grants	600,000	-	**600,000**	350,000	58%	(250,000)	**-42%**
Commercial Venture	96,000	-	**96,000**	(9,115)	-9%	(105,115)	**0%**
Other Receipts	1,330,582	-	**1,330,582**	1,486,805	112%	156,223	**12%**
TOTAL RECEIPTS	**18,060,002**	**-**	**18,060,002**	**15,872,493**	**88%**	**(2,187,509)**	**-12%**
PAYMENTS							
Personnel Emoluments	7,976,660	-	7,976,660	7,130,472	89%	(846,188)	-11%
Use of goods and services	6,929,983		6,929,983	3,862,918	56%	(3,067,065)	-44%
Financial Charges	-		-		0%	-	0%
Social Benefits	-		-		0%	-	0%
Non-financial assets acquisition	1,564,800		1,564,800	2,018,813	129%	454,013	29%
Financial Assets	-		-		0%	-	0%
Loan Repayment	-	-	-	-	0%	-	0%
Other Payments	1,588,559		1,588,559	1,601,902		13,343	1%
TOTAL PAYMENTS	**18,060,002**	**-**	**18,060,002**	**14,614,105**	**81%**	**(3,445,897)**	**-19%**
Increase/(Decrease in Cash	**0**	**-**	**0**	**1,258,388**		**1,258,388**	

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 31ST DECEMBER 2020

		2020 Kwacha	2019 Kwacha
RECEIPTS			
Funding	7(a)	8,200,882	6,553,168
TOTAL RECEIPTS		**8,200,882**	**6,553,168**
PAYMENTS			
Operational Expenditure Payments:	7(b)		
Salaries and Wages		6,526,286	5,144,083
Terminal Benefits		-	2,000
Utility bills		-	-
Service Provision		-	21,800
Goods and Services		-	-
Administrative Costs		-	12,070
Other Costs		-	-
Sub-Total		**6,526,286**	**5,179,953**
Capital Expenditure Payments:	7(c)		
Infrastructure Development		1,130,041	1,330,720
Rehabilitation Works		-	46,719
Asset Acquisition		-	165,346
Other Costs		-	-
Sub-Total		**1,130,041**	**1,542,785**
TOTAL PAYMENTS		**7,656,327**	**6,722,738**
Increase/(decrease) in cash		**544,555**	**- 169,570**
Cash at the beginning of the year		129,826	299,396
Cash at the end of the year		**674,381**	**129,826**

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

Note: the cash at the end of K674,381 is as indicated in the following accounts; District K44,533 Salaries K49,947 and Capital Account K579,901

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

		2020 Kwacha	2019 Kwacha
RECEIPTS			
Funding	8(a)	1,600,000	1,100,000
Other sources	8(b)	-	-
TOTAL RECEIPTS		**1,600,000**	**1,100,000**
PAYMENTS			
Infrastructure Development	8(c)	292,282	338,493
Rehabilitation Works	8(d)	596,490	134,551
Asset Acquisition	8(e)	-	-
Administrative Costs	8(f)	56,132	13,683
TOTAL PAYMENTS		**944,904**	**486,727**
Increase/(decrease) in Cash		**655,096**	**613,273**
Cash at beginning of the year		**1,260,118**	**646,845**
Cash at the end of the year		**1,915,214**	**1,260,118**

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 Part 1 of 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 Comparatives

In line with the Local Authorities Accounting Policies (LAAPs) and the Treasury and Financial Management Circular No 2 of 2020 issued prior but applicable to finalisation of these financial statements, the starting point for preparation of financial statements using Cash Basis IPSAS *Financial Reporting under the Cash Basis of Accounting* is 2020. The IPSAS allows that in the year of first application, comparative financial statements for the previous year may not be included. In this regard, these financial statements do not include such.

1.2 Reporting Entity

The Financial Statements are prepared for Nyimba Town Council. The financial statements encompass the Council as specified under Cap 281 of the Laws of Zambia, Public Finance Management Act No.1 of 2020 and the Constitution of Zambia (Amendment), Act No. 2 of 2016. It also includes projects and activities of the Constituency Development Fund and the Local Government Equalisation Fund in the district.

1.3 Authorization Date

The financial statements were authorized for issue on 25th July, 2023 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, 2016 authorises Nyimba Town Council as a Local Authority to levy, impose, recover and retain local taxes. Further, the Local Government Act, 1991 Cap 281 section 69(1) prescribes a system of local taxes by empowering Local Authorities to make by-laws imposing all or any of the following levies:

- a levy on leviable persons owning or occupying property or premises situated within the area of the council.
- A levy on leviable persons carrying on a business, trade or occupation within the area of the council.

- A levy on the purchase or sale of a commodity within the area of the District. This includes levies on sale of livestock, grain and poles.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. Fees or Charges

Section 70 (1) of the Local Government Act, 1991 as amended by Act 19 of 1992 empowers Local Authorities to impose fees or charges payable to the Council:

- For any licence or permit issued under any by-law or regulation 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 Council in pursuance of or in connection with the discharge of any function of the Council. 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 the Beginning and 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.

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 received from the equalization fund, in any financial year, to finance capital expenditure and the balance to meet operational expenses.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 guided by Guidelines on the Management and Utilisation of Constituency Development Fund of 2016. 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.

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. Supplementary budgets consist of additional provisions beyond what was originally approved while re-allocations are approved budget variations.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Local Taxes

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

Local Tax Type	2020	2019
	Kwacha	Kwacha
Residential Rates	141,422	34,454
Industrial / Commercial Rates	607,982	100,838
Mining Rates	-	-
Personal Levy	8,299	11,307
	-	-
TOTAL	**757,703**	**146,599**

The Council relied on the Valuation Roll updated for the period 2018-2022 to determine the property rates receivable.

3. Fees and Charges

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

	Kwacha	Kwacha
Fees	1,449,274	1,335,121
Land Development Charges	943,130	1,083,797
Total	**2,392,404**	**2,418,918**

NOTES TO THE FINANCIAL STATEMENTS

Fees

The Council generated the following fees:

Fees Type	2020	2019
	Kwacha	Kwacha
Plan Scrutiny	36,690	-
Survey fees	600	-
Rentals/Lease of Council's properties	365,975	58,540
Application Form Fees	91,723	59,051
Rentals from houses	298,255	373,100
Market Fees	60,261	68,799
Bus Station Fees	271,931	452,095
Hire of halls	5,250	-
Affidavit fees	2,038	-
Refuse Disposal Fees	6,000	-
Notice of Marriage	2,500	-
Abbattoir/Meat Inspection Fees	24,518	53,725
Communication Mast Levy	50,000	105,000
Billboard and Banner	26,360	55,255
Ground rent	19,290	22,995
Change of ownership of plot	4,800	21,520
Other Fees and Charges/other income	183,083	65,041
TOTAL	**1,449,274**	**1,335,121**

Land Development Charges

The Council collected the following land development related charges

Charges Type	2020	2019
	Kwacha	Kwacha
Service charges - residential plots	921,130	880,678
Service charges - Industrial plots	22,000	180,000
Other	-	23,119
TOTAL	**943,130**	**1,083,797**

4. Licenses

The Council collected the following cash receipts from issuance of various licenses.

Licence Type	2020	2019
	Kwacha	Kwahca
Occupancy License	16,880	-
Liquor Licence	300	-
Firearm and ammunition licence	23,500	7,400
TOTAL	**40,680**	**7,400**

NOTES TO THE FINANCIAL STATEMENTS

5. Levies

The Council generated cash receipts by charging levies as follows:

Type of Levy	2020	2019
	Kwacha	Kwacha
Business Levy	362,314	276,372
Miscellaneous levies	398,915	348,726
TOTAL	**761,229**	**625,098**

6. Permits

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

Type of Permit	2020	2019
	Kwacha	Kwacha
Health Permit	126,432	81,334
Herbalist permit	1,350	-
Fire Certificate	157,533	121,450
Other Permits	6,590	-
TOTAL	**291,905**	**202,784**

7. A Local Government Equalization Fund Funding

	2020	2019
	Kwacha	Kwacha
1st Funding	687,984	630,090
2nd Funding	687,984	670,521
3rd Funding	661,517	630,521
4th Funding	687,984	630,521
5th Funding	687,984	630,521
6th Funding	687,987	625,521
7th Funding	659,517	685,829
8th Funding	687,984	675,829
9th Funding	687,984	-
10th Funding	687,984	685,829
11th Funding	687,984	687,984
12th Funding	687,984	-
TOTAL	**8,200,882**	**6,553,168**

NOTES TO THE FINANCIAL STATEMENTS

b Operational Expenditure

The Council applied amounts totalling K6,526,286 of LGEF receipts towards meeting operational expenses representing 76.9 % 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 K1,130,041 of LGEF receipts towards meeting capital expenditure representing 13.78% 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.

8. Constituency Development Fund

The various elements constituting Statement of Cash Receipts for CDF as shown below:

a. CDF Funding

	2020	2019
Constituency	**Kwacha**	**Kwacha**
Nyimba	1,600,000	1,100,000
Total Funding	**1,600,000**	**1,100,000**

b. Other CDF sources

The Council did not have other CDF sources of funding.

c. Infrastructure Development

	2020	2019
Constituency	**Kwacha**	**Kwacha**
Nyimba	292,282	338,493
Total Infrastructure development payments	**292,282**	**338,493**

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

NOTES TO THE FINANCIAL STATEMENTS

b. Rehabilitation works

Constituency	2020 Kwacha	2019 Kwacha
Nyimba	596,490	149,747
Total Rehabilitation works	**596,490**	**149,747**

c. Asset Acquisition

Constituency	2020 Kwacha	2019 Kwacha
Nyimba	-	-
Total Asset Acquisition Payments	**-**	**-**

d. Administrative Costs

Constituency	2020 Kwacha	2019 Kwacha
Nyimba	56,132	13,683
Total	**56,132**	**13,683**

9. Other grants

During the year under review, the Council received the following grants:

Revenue Source	2020 Kwacha	2019 Kwacha
Grants in Lieu of Rates	350,000	100,000
Grants from Cooperating Partners	-	-
Other		
TOTAL	**350,000**	**100,000**

10. Borrowings

During the year the Council did not obtain any loan from bank.

As at 31st December, 2020 the Council did not make any loan repayments

11. Council Commercial Venture

In the year under review, the Council motel realized income from beverage sales, accommodation and other sales as shown below:-

NOTES TO THE FINANCIAL STATEMENTS

	2020	2019
Receipts	**Kwacha**	**Kwacha**
Restaurant Sales Receipts	36,552	-
Lodging receipts	203,145	26,600
Food and beverages sales receipts	630,051	714,754
Others	25,257	14,609
TOTAL	**895,005**	**755,962**
Payments		
Restaurant Purchases	29,522	-
Beer and beverages	507,586	405,070
Wages	352,512	79,996
Others	14,500	69,999
TOTAL	**904,120**	**555,065**
Surplus/deficit	**(9,115)**	**200,897**

NOTES TO THE FINANCIAL STATEMENTS

12. Other Receipts

Other receipts relate to the amounts received from Chiefs retainers and Elections activities in the year under review.

Chiefs Retainers and Elections (ECZ)

	2020	2019
Receipts	**Kwacha**	**Kwacha**
Chiefes retainers	287,100	-
Elections (ECZ) operations	1,199,705	-
TOTAL	**1,486,805**	**-**

NOTES TO THE FINANCIAL STATEMENTS

13. Personal Emoluments

Personal Emoluments consist of actual amounts of salaries and wages paid to staff of the Town Council. The total wage bill for the financial under review was K 7,130,472.

Grade/Division	2020	2019
	Kwacha	Kwacha
Salaries Division 1	2,506,871	1,073,745
Salaries Division 2	1,727,961	1,311,313
Salaries Division 3	1,544,144	982,661
Wages- Division 4	825,802	947,746
Other wages	525,694	1,504,862
TOTAL	**7,130,472**	**5,820,328**

14. Use of Goods and Services

General expenditure consists of expenditure incurred on administrative activities

Expenditure Type	2020	2019
	Kwacha	Kwacha
Office Running Costs	208,300	232,876
Building, Repair and Maintenance Costs	400,129	301,661
Plant, Machinery and Vehicle Running and Maintenance Cost	748,721	215,369
Other Administrative operating costs	3,434	43,807
Requisites	78,762	11,720
Services	1,322,742	1,920,816
Travel expenses	1,041,225	481,981
Training	59,605	26,500
Training	-	-
TOTAL	**3,862,918**	**3,234,730**

15. Financial Charges

The Council did not pay any financial charges.

16. Social Benefits

Social benefits include payments towards death on duty, burial, and other benefits. During the year, the Council did not make any payment on social benefit

NOTES TO THE FINANCIAL STATEMENTS

17. Non-financial Asset Acquisition

Acquisition of assets involved the following payments:

	2020 Kwacha	2019 Kwacha
Construction of Nyimba Council Library	238,413	
Construction of Nyatubanda Community School		165,262.80
Construction of Nyimba East Market	52,628	-
Construction of Nyimba Taxi Rank		50,129
Construction of Nyimba Council Motel	740,753	1,213,184
Grading of feeder roads	72,086	50,129
Drilling of borehole Nyimba East Market	120,000	36,000
Drilling of borehole at Betterlife Scheme	107,851	36,000
Drilling of borehole at Solomon Village		109,400
Fire Tender Repair	111,950	
Tructor repair		68,289
Construction of Nyimba Dumpsite	13,000	
Construction of Msima Mother's shelter	204,594	
Construction of Msima Health Post	90,677	
Rehabilitation of Nyimba Primary School	28,765	
Construction of Kalambakuwa Day Secondary School		151,889
Rehabilitation of Zwezwezwe drainage system	20,790	
Purchase of Computer Furniture	51,897	
Purchase of Computer Software	147,881	
Purchase of TV	-	23,940
Purchase of Fridge	-	11,586
Purchase of Hifi Sound System	-	53,440
Purchase of Computer	17,530	46,580
TOTAL	**2,018,813**	**2,015,829**

NOTES TO THE FINANCIAL STATEMENTS

18. Financial Asset

The Council did not acquire any financial assets.

19. Loan Repayments

The Council did not pay any principal amounts of loans as it had no loan with any bank:

20. Other Payments

These relate to payments pertaining to chiefs' retainers' wages and elections expenses in the year under review.

Chiefs Retainers and Elections Expenses

-	2020 Kwacha	2019 Kwacha
Payments		
Chiefs retainers wages	288,528	-
Elections operations Expenses	1,313,374	-
TOTAL	**1,601,902**	**-**

21. Foreign Exchange Losses

These arise from transactions made in other currencies and determined by reconciling opening cash to closing cash balances

22. Cash Balances

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

	2020 Kwacha	2019 Kwacha
Cash on hand	-	9,408
Demand Deposits	2,855,009	1,587,213
Cash equivalents	-	-
TOTAL	**2,855,009**	**1,596,621**

NOTES TO THE FINANCIAL STATEMENTS

a. Cash on hand

The Council had no cash on hand at the end of the year:

	2020	2019
	Kwacha	Kwacha
Cash collections undeposited	-	9,408
Petty Cash	-	-
TOTAL	**-**	**9,408**

b. Demand Deposits – Bank Balances

The Council had the following reconciled bank account balances as at the 31st December 2020:

Account Name	Account No	2020	2019
		Kwacha	Kwacha
District Fund A/c	Indo -0152020000004	44,533	51,098
Salaries A/c	Indo-0152020000006	49,947	15,525
Capital Projects A/C	Indo-0152020000003	579,901	63,202
Service Provision A/c	Indo-0152020000053	524	1,986
Bus Station A/c	Indo-0152020000002	14,782	22,507
Nyimba Constituency Devp A/c	Indo-0152020000007	1,916,214	1,260,118
Grader A/C	Indo-0152020000022	39,790	2,466
Housing A/C	ZNBS-0414420888021	40,748	6,579
Chiefs A/c	Indo-0152020000009	32,805	5,383
KFW Rural Water A/C	Indo-0152020000056	85,275	85,300
Rural Water Community Contribution A/C	ZNBS-0414412109021	2,255	5,459
NTC Rural Water Somap A/c	Indo-0152020000005	17,766	15,716
Motel A/c	Indo-0152020000075	3,128	21,308
HIV/AIDS A/c	Indo-0152020000076	27,266	30,566
ECZ A/c	Indo-0152020000015	75	-
TOTAL		**2,855,009**	**1,587,213**

23. Budget Adjustments and Variances

a. Budget Adjustments

The original budget was approved by the Minister responsible for Local Government on 21st November, 2019. There were no subsequent approved adjustments to the budgets.

NOTES TO THE FINANCIAL STATEMENTS

b. Budget Variances

- **Own Source Revenues**

The Council planned to generate K 6,177,607 from Own Source Revenue but collected K 5,152,270 resulting in a variance of 17%. Improvements in Own Source revenues arose mainly from increased revenue sources and collection strategies.

- **Personnel Emoluments**

The Council planned to spend K 7,979,660 on personal emoluments but spent K 7,130,472 resulting in a variance of 11%. Variances were attributed to increases in salaries and minimum wage requirements as a result of new appointments and promotions.

a. Budget Variances

- **Local Tax**

The Council had a revenue budget variance of 42% on local tax because of political interference, Covid-19 and resistance by some leaseholders who objected to paying property rates. Lack of a vehicle for revenue collection exercise also contributed to the variance in question.

- **Licenses**

The Council had a revenue budget variance of 39% on licenses because of political interference, Covid-19 and lack of vehicle for revenue collection exercise to follow up receivables and conduct robust revenue collection.

- **Fees and Charges**

The Council had a revenue budget variance of 32% on fees and charges because of political interference, Covid-19 and lack of a vehicle for revenue collection exercise.

- **Permits**

The Council had a revenue budget variance of 27% on permits because of political interference, Covid-19 and lack of a vehicle for revenue collection exercise also contributed to the variance in question.

- **Other Grants**

The Council had a revenue budget variance of 42% on other grants because the Ministry of Local Government did not send the grant as budgeted.

- **Non-Financial Assets**

The Council had an expenditure budget variance of 86% on non-financial assets because it did not procure the budgeted furniture in the year 2020 as per the expenditure target due to austerity measures guidelines towards reducing expenditure and only spend on inescapable expenditures.

24. Provision of Services

The Town Council did not disclose expenditure it incurred on offering services it is mandated to provide to the residents of the District.

NOTES TO THE FINANCIAL STATEMENTS

25. Property, Plant and Equipment

The Council did disclose the property, plant and Equipment.

26. Investments in Other Entities

The Council did not disclose whether it held any shares in other entities

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

27. Administered Transactions

The Council did not disclose whether it administered tax collection 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 Nyimba Town Council:

a. Fringe benefits Disclosures

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

b. Remuneration of the Councillors

The aggregate remuneration of members of the Council and the number of individuals determined on a full-time equivalent basis receiving remuneration from Nyimba Town Council were not disclosed.

Councillors Allowances

The Council paid Councillors allowances as shown in the table below;

No of Councillors	Monthly Councillors Allowance, Kwacha	No. of Months Paid	Total, Kwacha
18	54,000	12	648,000
Total			**648,000**

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

c. Remuneration of Senior Management

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

29. External Assistance

The Council did not disclose any amounts, class of provider and purpose for which external assistance was received during the year.

30. Third Party Payments

Nyimba Town Council benefited from payments made by third parties as shown below:

APPENDICES

The following supplementary information does not form part of the Annual Financial Statements and is unaudited:

APPENDIX A – List of Payables

INSTITUTIONAL PAYABLES

S/N	NAME OF SUPPLIER	DETAILS	AMOUNT-2020	AMOUNT-2019
1	ZRA	PAYE plus interests	1,100,000	1,354,743.70
2	NAPSA	NAPSA plus interests	5,523,250.62	5,678,073.62
3	LASF	LASF plus interests	502,436.84	488,258.62
		Total	**7,125,687.46**	**7,521,075.94**

SUPPLY OF GOODS AND SERVICES

S/N	NAME OF SUPPLIER	DETAILS	AMOUNT-2020	AMOUNT-2019
1	Eastern Water and Sanitation	Water bills	19,150	19,150
2	ZAMPOST Ltd	Postage charges	19,875	16,375
3	Petauke Service Station	Fuel for local operations	14,961.80	14,961.80
4	Peace Guest House	Accommodation	29,170	19,170
Total			**83,156.80**	**69,656.80**

STAFF CREDITORS

S/N	NAME OF SUPPLIER	DETAILS	AMOUNT-2020	AMOUNT-2019
1	Council Staff	Long Service Bonus	564,766	564,766
2	Council Staff	Settling-in-Allowances	15,213.12	35,213.12
3	Council Staff	Retirement Benefits	575,119.74	580,119.74
Total			**1,155,099**	**1,180,099**

APPENDIX B – List of Receivables

NO	TYPE OF DEBT	DETAILS	AMOUNT-2020	AMOUNT-2019
1	**RENTALS**	Morgan Kayama Hse# 01	3,000	1,000
		Auntie Olie Hse#04	3,000	0.00
		Mabvuto Mwanza Hse#06	1,000	0.00
		Peter Kaisa Hse# 09	4,000	3,000
		Philip Ngulube Hse#14	1,000	0.00
		Litiya Sikute Hse # 17	500	1,600
		Nathan Chitotela Hse# 21	1,000	2,000
		Jimmy Muzia Hse # 23	2,000	0.00
		Kelvin Shambulo Hse #18	500	1,000
		Loveness Moyo Hse # 28	1,000	0.00
			17,000	**8,600**

APPENDIX C – List of Assets Acquired in the Year

S/N	DESCRIPTION	LOCATION	REMARKS	AMOUNT-2020	AMOUNT-2019
1	Office printer	Civic centre	Working	11,750.00	
2	TVs - Motel	Motel	Working		23,880
3	Fridges - Motel	Motel	Working		11.585.50
4	Motel Furniture	Finance, Admin	In good condition	51,897	61,220
5	Intangible Assets	Finance	Working	147,881	
TOTAL				**217,308**	**85,100**