

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENT FOR THE
YEAR ENDED 31ST DECEMBER 2023**



**MPULUNGU
TOWN
THE GATE WAY
TO THE GREAT
LAKE REGION.
LAKE
TANGANYIKA**

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023**

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MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

REPORT OF THE COUNCIL

The Council has the pleasure of presenting the report together with the financial statements for the year ended 31st December 2023, which disclose the sources, utilization and balances of cash for Mpulungu Town Council during the period under review.

Background and Location of the Council

Mpulungu District is located in the Northern Province of Zambia and it lies between latitude 9 degrees south of the equator and longitude 31 degrees east of the prime meridian. The district is one of the ten (10) districts found in Northern Province. The district covers a total land extent of about 10,174Km² with 7,788.3Km² being on the plateau while 2,372.53Km² is on the valley/lake share part of the district. Mpulungu district has only one constituency (Mpulungu Constituency) which has a total of seventeen (17) wards. The district is accessible by all-weather road which is 210 km from the Provincial Centre Kasama and 1,168 Km from the Capital City Lusaka.

The district shares boundaries with Mbala in the east, Senga in the southeast, and Lunte in the south, Mporokoso in the southwest and Nsama in the west.

The district also shares international boundaries with the Republic of Tanzania and is the only link the Zambia has to the Great Lakes Region (Democratic Republic of Congo, Tanzania and Burundi through Lake Tanganyika the second deepest lake before Lake Baikal in Russia.

According to the 2022 Census of Population and Housing, the population of Mpulungu stood at 153,564 (75,467 males and 78,097 females) with a growth rate of 3.9% per annum.

Mpulungu economy is predominately dependent on farming in the plateau and the lake in the valley (fishing and international trade) to and from the Great lakes' region, as the district boasts of hosting the only port in Zambia, Mpulungu Harbour. The district also boasts of being one of the hydro power producing districts feeding the national grid through Lunzua Hydro Power Station.

The district has few large enterprises (Private Sector and Parastatals) and several Small to Medium Enterprises (SMEs). Private businesses include Great Lakes Products (GLP), Mulekwa Hardware, Chindo Hardware, among others, while Parastatals include ZESCO Ltd (Lunzua power station), Chambeshi Water Supply Company, and Pendulum Transport. The district boasts of a fairly good road network in the urban areas with most roads up to bituminous standards. However, in the more rural areas the roads are gravel and not in a good condition.

The Postal address for the council is as follows:

MPULUNGU TOWN COUNCIL,
NIAMUKOLO ROAD,
CIVIC CENTRE BUILDING
P.O BOX 420120,
MPULUNGU

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023
REPORT OF THE COUNCIL

Composition of the Council

Mpulungu Town Council is a corporate body 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 as a Local Authority.

The Council is Composed of an elected Council Chairperson, seventeen (17) elected councillors from seventeen (17) wards, three (3) Chiefs as provided for under article 153(2) (C) of the constitution of Zambia (Amendment) Act No. 2 of 2016 and two (2) co-opted members of audit. The Current Council was elected into office in August 2021 to serve a five-year term up to 2026.

The Council that held office during the year were:

No.	NAME	GENDER	POSITION	WARD
1	Deo Sichilengwe	Male	Council Chairperson	Not applicable
2	Chalwe Simfunkwe	Male	Deputy Council Chairperson	Mpulungu Central
3	Joseph Chilako	Male	Councillor	Chisha
4	Siame Abel	Male	Councillor	Isoko
5	Pius Nkana	Male	Councillor	Chilumba
6	George Sikazwe	Male	Councillor	Lwambazi
7	John Nkana	Male	Councillor	Namukale
8	Boas Sindazi	Male	Councillor	Mumila
9	Geoffrey C. M. Kasongole	Male	Councillor	Kapembwa
10	Ronald Musonda	Male	Councillor	Musengezi
11	Alfred S. Mbao	Male	Councillor	Chitimbwa
12	Chifunda Simon	Male	Councillor	Iyendwe
13	Future C. Sikazwe	Male	Councillor	Chibulula
14	Genesis Kasitu	Male	Councillor	Vyamba
15	Pride Chizu	Male	Councillor	Itimbwa
16	Given I. Lupinda	Male	Councillor	Tanganyika
17	Samuel M. Chikombo	Male	Councillor	Isunga
18	Chomba Kanjela	Female	Councillor	Makonga
19	Methews Kakungu	Male	Senior Chief Tafuna	Not applicable
20	Dennis K. L. Sikazwe	Male	Chief Chinakila	Not applicable
21	Edward Chitimbwa	Male	Chief Chitimbwa	Not applicable

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

S/N	NAME	GENDER	CONSTITUENCY
1	Hon Leonard Mbao	Male	Mpulungu Central

The affairs of Central Government in the district are coordinated by the District Commissioner. During the year under review Mr. Gehard Sikazwe was the District Commissioner for Mpulungu district.

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023
REPORT OF THE COUNCIL

The Council Secretariat

The Secretariat of Mpulungu 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 four (4) heads of departments responsible for Finance, Planning, Works, Human Resource and Administration and two 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 as listed in the annex part C of the Constitution of Zambia (Amendment) 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

	2023	2022
	Kwacha	Kwacha
		Restated
Cash Receipts	43,525,524	38,830,354
Payments	44,382,456	17,011,758
Increase/(decrease) in Cash and Cash Equivalentents	(856,932)	21,818,596

Related Party Transactions

There were no related party transactions during the financial year.

Property, Plant and Equipment

The Council purchased property, plant and equipment amounting to K10,271,277. No property, plant and equipment were disposed of during the year.

Intangible Assets

There were no purchases of intangible assets during the year.

Employees

The average number of employees during the year was 145. The total amount spent on employees' remuneration and welfare during the year was K9,622,530.

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.

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023**

REPORT OF THE COUNCIL

Recreation

The Council during the financial year incurred nothing towards sponsoring various sporting activities.


Corporate Social Responsibility

The Council made no 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



.....
Deo Sichilengwe

Council Chairperson



**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023**

STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS

The Mpulungu Town Council is responsible for preparing the financial statements for the year ended 31st December 2023, which are free from material misstatement, whether due to fraud or error, and are prepared, in all material respects, in accordance with the International Public Sector Accounting Standard (IPSAS) Cash Basis. In preparing the financial statements, the Council selected applicable policies from Local Authorities Accounting Policies (LAAPs) No. 2 of 2022, 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 IPSAS Cash Basis, the requirements of the Local Government Act No.2 of 2019, the Public Finance Management Act No.1 of 2018 and the Local Authorities Accounting Policies (LAAPs) No. 2 of 2022.

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 control 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 Mpulungu 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 the financial statements that present fairly the financial results of Mpulungu Town Council for the financial year ended 31st December 2023.

Signed on behalf of the Council by:

Name..... *Sichilemwe Deo*
Signature..... *[Handwritten Signature]*
Position: Council Chairperson

Name..... *Milton Sulekh*
Signature..... *[Handwritten Signature]*
Position: Council Secretary

Name..... *Pascal M. Ndzala*
Signature..... *[Handwritten Signature]*
Position: Director Finance





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

INDEPENDENT AUDITOR'S REPORT

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

E-mail: auditorg@ago.gov.zm

Website: www.ago.gov.zm

Telephone: +260252611/252771

To the Minister – Ministry of Local Government & Rural Development

Report on the Audit of the Financial Statements for Mpulungu Town Council for the Financial Year Ended 31st December 2023

Opinion

I have audited the financial statements for Mpulungu Town Council for the financial year ended 31st December 2023 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.

In my opinion, the accompanying financial statements for Mpulungu Town Council present fairly, in all material respects, its cash receipts and payments and balances for the year ended 31st December 2023 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 Mpulungu 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



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OFFICE OF THE AUDITOR GENERAL

believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements. Key audit matters are selected from the matters communicated to those charged with governance but are not intended to represent all matters that were discussed with them.

However, I have determined that there are no key audit matters to communicate.

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 control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. 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 scepticism 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 control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- 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.

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.

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

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

Report on Other Legal and Regulatory Requirements

The Council is required, under Section 45 of the Local Government Act No. 2 of 2019 to prepare a Statement of Comprehensive Income and a Statement of Financial Position. However, the Council prepared 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) using Cash Basis IPSAS in line with the LAAPS.

Dr. Ron M. Mwambwa, FCMA, FZICA, CGMA, CFE

ACTING AUDITOR GENERAL

DATE:02/12/2024.....

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023**

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31st
DECEMBER 2023**

	Note	2023 Kwacha	Restated 2022 Kwacha
RECEIPTS			
Local Taxes	2	1,895,828	571,504
Fees and Charges	3	947,685	1,112,755
Licences	4	272,492	335,603
Levies	5	1,015,812	588,962
Permits	6	88,105	162,364
Local Government Equalisation Fund	7	10,204,507	10,064,572
Constituency Development Fund	8	28,198,221	23,739,911
Other Grants	9	705,789	2,217,534
Borrowings	10	-	-
Commercial Venture	11	8,702	-13,738
Other Receipts*	12	188,385	50,887
TOTAL RECEIPTS		43,525,524	38,830,354
PAYMENTS			
Personal Emoluments	13	9,622,530	8,879,633
Use of Goods and Services*	14	11,063,459	7,191,631
Financial Charges	15	-	-
Social benefits	16	9,723,960	-
Non-financial assets acquisition	17	10,271,277	935,280
Financial Assets	18	3,218,793	-
Loan Repayments	19	-	-
Other payments	20	482,436	5,214
TOTAL PAYMENTS		44,382,456	17,011,758
Increase/(decrease) in Cash		(856,932)	21,818,596
Foreign Exchange Losses	21		
Cash at the beginning of the year		23,984,644	2,166,048
Cash at the end of the year*	22	23,127,712	23,984,644

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: Director Finance



MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2023

	Original Budget	Adjustments	Final Budget	Actual Amounts	% Performance	Variance	
	Kwacha	Adjustments	Kwacha	Kwacha		Kwacha	% Variance
RECEIPTS							
Local taxes	3,016,313		3,016,313	1,895,828	63	1,120,485	37
Fees and Charges	4,117,849		4,117,849	947,685	23	3,170,164	77
Licences	39,560		39,560	272,492	689	(232,932)	(589)
Levies	1,749,849		1,749,849	1,015,812	58	734,037	42
Permits	555,000		555,000	88,105	16	466,895	84
Local Govt Equalisation Fund	9,347,601		9,347,601	10,204,507	109	(856,906)	(9)
Constituency Devpment Fund	28,300,000		28,300,000	28,198,221	99.6	101,779	0.4
Other Grants	-		-	705,789		(705,789)	
Borrowings	-		-	-		-	
Commercial Venture	-		-	8,702		(8,702)	
Other Receipts	-		-	188,385		(188,385)	
TOTAL RECEIPTS	47,126,172	-	47,126,172	43,525,524	92	3,600,648	8
PAYMENTS							
Personnel Emoluments	9,961,137		9,961,137	9,622,530	97	338,607	3
Use of goods and services	24,714,999		24,714,999	11,063,459	45	13,651,540	55
Financial Charges					-		-
Social benefits	7,573,836		7,573,836	9,723,960	-	(2,150,124)	-
Non-financial assets acquisition	1,650,000		1,650,000	10,271,277	623	(8,621,277)	(523)
Financial Assets	3,226,200		3,226,200	3,218,793	99.8	7,407	0.2
Loan Repayments	-		-	-		-	
Other payments	-		-	482,436		(482,436)	
TOTAL PAYMENTS	47,126,172	-	47,126,172	44,382,456	94	2,743,716	6
Increase/(Decrease in Cash)	-	-	-	(856,932)		856,932	

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

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE LOCAL GOVERNMENT
EQUALISATION FUND (LGEF) FOR YEAR ENDED 31st DECEMBER 2023

		2023	2022
		Kwacha	Kwacha
			Restated
RECEIPTS			
Funding	7(a)	<u>10,204,507</u>	<u>10,064,572</u>
TOTAL RECEIPTS		<u>10,204,507</u>	<u>10,064,572</u>
PAYMENTS			
Operational Expenditure Payments:	7(b)		
Salaries and Wages		9,622,530	8,015,658
Terminal Benefits		-	-
Utility bills		-	-
Service Provision		1,208,574	-
Goods and Services		-	-
Administrative Costs		-	-
Other Costs		-	-
Sub-Total		<u>10,831,104</u>	<u>8,015,658</u>
Capital Expenditure Payments:	7(c)		
Infrastructure Development		1,004,705	6,450
*Rehabilitation Works		-	341,169
Asset Acquisition		-	95,498
Other Costs		-	-
Sub-Total		<u>1,004,705</u>	<u>443,117</u>
TOTAL PAYMENTS		<u>11,835,809</u>	<u>8,458,775</u>
Increase/(decrease) in cash		<u>(1,631,302)</u>	<u>1,605,797</u>
*Cash at the beginning of the year		<u>1,643,260</u>	<u>37,463</u>
Cash at the end of the year		<u>11,958</u>	<u>1,643,260</u>

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY
DEVELOPMENT FUND (CDF) FOR YEAR ENDED 31ST DECEMBER 2023

		2023	2022
		Kwacha	Kwacha
			Restated
RECEIPTS			
Funding	(a)	28,198,221	23,739,911
Loan Repayment	(b)		
*Other Receipts	(c)	<u>171,834</u>	<u>17,631</u>
TOTAL RECEIPTS		<u>28,370,055</u>	<u>23,757,542</u>
PAYMENTS			
Infrastructure Development	(d)	1,791,820	-
Rehabilitation Works	(e)	0	-
Asset Acquisition	(f)	10,027,048	-
Rural electrification	(g)	0	-
Social Benefits	(h)	2,640,564	972,200
Loans	(i)	3,218,793	-
* Secondary & Skill Development	(j)	7,083,396	1,725,360
Administrative Costs	(k)	2,225,276	800,347
Disaster Contingent	(l)	<u>374,118</u>	<u>63,859</u>
TOTAL PAYMENTS		<u>27,361,015</u>	<u>3,561,766</u>
Increase/(decrease) in Cash		<u>1,009,040</u>	<u>20,195,776</u>
Cash at beginning of the year		<u>21,966,983</u>	<u>1,771,207</u>
Cash at the end of the year	(m)	<u>22,976,023</u>	<u>21,966,983</u>

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

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of the Preparation of the Financial Statements

The financial statements have been prepared in accordance with IPSAS Cash Basis, *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

Mpulungu 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. 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: 2023/1 – Applicability of International Public Sector Accounting Standards (IPSASs)

This pronouncement issued by the Zambia Institute of Chartered Accountants (ZICA) pursuant to the Accountants Act No. 13 of 2008 requires the adoption of Accrual Basis of Accounting by public entities by 1st January 2025 with a transition period of three (3) years. The Council is preparing to adopt Accrual Basis IPSASs on 1st January 2025.

- c. Treasury and Financial Management Circular No.18 of 2022 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.
- 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 2022 up to 31st December 2024.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- iii. All Local Authorities shall adopt and apply Accrual Basis IPSAS of Accounting starting 1st January 2025 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 2025 and should end on 31st December 2027. 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 No. 2 of 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 Mpulungu Town Council. The financial statements encompass the Council as specified in the Constitution of Zambia (Amendment) Act No. 2 of 2016, the Local Government Act No.2 of 2019, and the Public Finance Management Act No.1 of 2018. It also includes projects and activities of the Constituency Development Fund and the Local Government Equalisation Fund in the district.

1.3 Authorisation Date

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

1.4 Revenue

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

a. Local Taxes

Article 161 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 authorises the 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.

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

b. Fees and Charges

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

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

1.5 Expenditure

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

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

1.6 Reporting on Gross Basis

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

1.7 Cash in hand at the beginning and the end of the year

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

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

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.8 Local Government Equalization Fund

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

1.9 Constituency Development Fund

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

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

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

1.10 Other Grants

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

1.11 Presentation Currency

The presentation currency is Zambian Kwacha.

1.12 Foreign Currencies

There were no foreign currency transactions.

1.13 Borrowings

Borrowings comprise actual cash inflows received from financial institutions, bilateral and multilateral institutions. However, there were no borrowings during the reporting period.

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.

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.15 Encouraged Disclosures of Accrual Type of Items

During the year, the Council adopted Part 2 of IPSAS Cash Basis 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:

- Name of the entity
- Principal activity of the entity
- Percentage of shareholding in the entity
- 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 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

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (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.
- (c) 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.

Mpulungu 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 Mpulungu 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.

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023**

NOTES TO THE FINANCIAL STATEMENTS

2. Local Taxes

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

Local Tax Type	2023	2022
	Kwacha	Kwacha
Residential	98,548	76,313
Commercial/Industrial	1,786,943	467,437
Personal Levy	10,337	27,755
TOTAL	<u>1,895,828</u>	<u>571,504</u>

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

3. Fees and Charges

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

	2023	2022
	Kwacha	Kwacha
(a) Fees and Charges	947,685	1,031,855
(b) Land Development Charges		80,900
Total	<u>947,685</u>	<u>1,112,755</u>

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

a. Fees and Charges

The Council generated the following fees and charges:

Type	2023	2022
	Kwacha	Kwacha
Consent fees	2,620	2,920
Regularization fees	12,750	-
Building inspection-fees	128,250	67,396
Land tenure conveyance fees	25,000	-
Change of premise use	12,500	-
Container/Ntemba fees	-	-
Rentals/lease of Council's properties	134,250	85,800
Application forms fees	62,850	21,990
Rentals from houses	8,600	-
Notice board advert fees	-	-
Market fees	127,269	68,409
Parking fees	39,966	334,347
Bus station fees	127,722	99,409
Affidavit fees	16,400	21,715
Hire of chairs	-	-
Registration of suppliers	-	680
Hire of halls	2,650	5,735
Notice of marriage fees	830	2,640
Registration of clubs and societies	12,950	68,770
Farm produce levy	-	31,150
Communication mast levy	42,457	18,000
Repairs Of Cars /Garages/Truck Levy	10,390	-
Bill Boards & Banners	35,000	-
Penalties and Fines	-	-
Other Fees & Charges	145,231	202,894
TOTAL	947,685	1,031,855

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

b. Land Development Charges

The Council collected the following land development related charges

	2023	2022
	Kwacha	Kwacha
Plot allocation fees-Residential	-	-
Plot allocation fees-Industrial	-	-
Premium Plot Commercial Charge	-	80,900
Other charges	-	-
TOTAL	<u>-</u>	<u>80,900</u>

4. Licences

The Council received revenue from issuance of various licenses.

Licence Type	2023	2022
	Kwacha	Kwacha
Business Permits	246,067	316,783
Liquor Licence	3,900	12,966
Firearm	1,325	5,854
Petroleum	21,200	-
TOTAL	<u>272,492</u>	<u>335,603</u>

5. Levies

The Council generated cash receipts by charging levies as follows:

Type of Levy	2023	2022
	Kwacha	Kwacha
Charcoal levy	700	40
Timber levy	986	-
Sand levy	4,415	27,160
Grany levy	20,102	-
Fish Levy	987,915	549,705
Crop levy	1,694	-
Other Levies	-	12,057
TOTAL	<u>1,015,812</u>	<u>588,962</u>

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023**

NOTES TO THE FINANCIAL STATEMENTS

6. Permits

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

Type of Permit	2023 Kwacha	2022 Kwacha
Health Permits	30,785	70,608
Hebalist Permits	-	-
Marriage Certificates	-	-
Fire Certificates	51,270	83,906
Livestock	-	-
Extension of Business Hours	4,800	6,950
Public Permits (Social Gatherings, Etc)	1,250	900
	<u>88,105</u>	<u>162,364</u>

7. Local Government Equalization Fund

a. Funding

	2023 Kwacha	2022 Kwacha
1st Funding	861,069	861,432
2nd Funding	816,871	785,419
3rd Funding	840,130	800,233
4th Funding	850,676	833,581
5th Funding	859,130	858,554
6th Funding	856,630	861,001
7th Funding	860,130	856,501
8th Funding	860,130	858,821
9th Funding	860,130	861,787
10th Funding	862,146	815,728
11th Funding	821,820	855,873
12th Funding	855,645	815,642
TOTAL	<u>10,204,507</u>	<u>10,064,572</u>

b. Operational Expenditure

The Council utilised amounts totaling K9,204,465 of LGEF receipts towards meeting operational expenses representing 90.2% of the total LGEF funding for the period under review. These expenses are included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments. The excess expenditure on service provision and emoluments were part of LGEF from 2022.

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

c. Capital Expenditure

The Council applied amounts totalling K1,004,705 of LGEF receipts towards meeting capital expenditure representing 9.8% of the total LGEF funding for the reporting period. This expenditure is included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments. The 10.2 % out of the 20% capital allocation was spent on service provisional costs and emoluments.

* Note: the following adjustments.

- i. The council incurred capital expenditure amounting to K341,169 towards rehabilitation works which was omitted from the 2022 financial statements resulting in an understatement of expenditure in the LGEF. However, the expenditure of K341,169 has been correctly captured and the 2022 LGEF financial statements have been restated from the previously audited amount of K0 for the 2022 reporting period.
- ii. The cash opening balance had an amount of K64,874 which was an unreconciled amount resulting in an overstatement of the cash position by K27,411. A reconciliation was done to correct the cash position at the end of 2021 and to K37,463. This was carried out and the financial statements have been adjusted to show the correct position.

8. Constituency Development Fund

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

a. Funding

During the year, the Council received funding from the Ministry as follows:

Funding	2023	2022
	Kwacha	Kwacha
Community Projects	15,216,297	11,938,162
Disaster Contingency	806,946	733,587
Empowerment Grants	2,151,857	1,956,233
Empowerment Loans (Revolving Fund)	3,227,785	2,934,350
Bursaries	5,379,641	4,890,583
Administrative Costs	1,415,695	1,286,996
TOTAL	<u>28,198,221</u>	<u>23,739,911</u>

b. Loan Repayments

The council did not receive any repayments towards the loans that had been issued.

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023**

NOTES TO THE FINANCIAL STATEMENTS

c. Other Receipts

Receipts	2023 Kwacha	2022 Kwacha
Bank interest earned	171,834	17,631
Other receipts	-	-
TOTAL	<u>171,834</u>	<u>17,631</u>

Note: The Council included an amount of K2,740 which were balances on unpaid allowances on skills and K31,150 which were refunds on CDF Bursaries resulting in an overstatement of Other Receipts by K33,890. The correct other receipts should have been K17,631 as per ledgers and not K51,521. However, the error has been corrected and the 2022 financial statements have been restated to the correct position.

d. Infrastructure Development

The following infrastructure Development related payments were recorded in 2023.

Expenditure	2023 Kwacha	2022 Kwacha
Schools	1,168,247	
Roads	320,627	
Health Post	302,946	
TOTAL	<u>1,791,820</u>	<u>-</u>

e. Rehabilitation Works

No rehabilitation related payments were recorded in 2023.

f. Asset Acquisition

Acquisition of assets involved the following payments: -

	2023 Kwacha	2022 Kwacha
Purchase of motor vehicles	-	-
Equipment	10,027,048	-
Furniture	-	-
Plant & Machinery	-	-
Building	-	-
Motor Vehicles	-	-
Assets under construction	-	-
other assets	-	-
TOTAL	<u>10,027,048</u>	<u>-</u>

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023**

NOTES TO THE FINANCIAL STATEMENTS

g. Rural Electrification

There was no expenditure on rural electrician.

h. Social Benefits

	2023	2022
	Kwacha	Kwacha
Youth empowerment	1,003,242	-
Woman empowerment	1,637,322	-
Life and Business Development	-	-
Production grants	-	-
Savings Clubs	-	-
Community Empowerment	-	972,200
TOTAL	<u>2,640,564</u>	<u>972,200</u>

i. Loan

	2023	2022
	Kwacha	Kwacha
Youth Empowerment	1,150,000	-
Woman Empowerment	680,593	-
Life and Business Development	-	-
Production Grants	-	-
Savings Clubs	-	-
Community Empowerment	1,388,200	-
TOTAL	<u>3,218,793</u>	<u>-</u>

j. Secondary Boarding School & Skills Development

	2023	Restated 2022
	Kwacha	Kwacha
Skills Development	3,751,884	1,204,510
Secondary Boarding School	800,600	520,850
Desks	2,530,912	-
	-	-
TOTAL	<u>7,083,396</u>	<u>1,725,360</u>

Note: The council included an amount K33,890 as part of expenditure under Secondary Boarding School for 2022, when in fact the expenditure was not incurred as the cash was refunded back as balances on unpaid allowances (K2,740) and refunds on CDF Bursaries (K31,150) which resulted in an overstatement of expenditure on Secondary Boarding School. However, the error has been corrected and the 2022 financial statements have been restated to the correct position.

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

k. Administrative Costs

	2023	2022
	Kwacha	Kwacha
Supervision cost for civil works	-	-
Special assistance benefits	-	-
Other calamities	-	-
Bank charges	4,370	1,081
Monitoring of civil works	236,696	116,223
Refreshments for Meetings	87,989	10,240
Stationery	177,010	58,810
Allowances	1,090,172	415,952
Transport(vehicle service)	63,535	87,782
Fuel	337,768	109,178
Office equipment	69,710	
Others	158,026	1,081
TOTAL	<u>2,225,276</u>	<u>800,347</u>

The administrative costs included project supervision costs and bank charges.

l. Disaster Contingent

	2023	2022
	Kwacha	Kwacha
Floods	-	-
Fire	-	-
Lighting	-	-
Blown off Roofs for Schools	374,118	63,859
TOTAL	<u>374,118</u>	<u>63,859</u>

9. Other Grants

During the year, the Council received the following other grants:

Revenue Source	2023	2022
	Kwacha	Kwacha
Grants in Lieu of Rates	-	-
Grants from Cooperating Partners:	-	-
• LATAWAMA Project	466,415	193,560
• ActionAid	72,219	-
• UNICEF	81,840	-
Other-MLGRD/Water & Sanitation	85,315	2,023,974
TOTAL	<u>705,789</u>	<u>2,217,534</u>

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

10. Borrowings

During the year the Council did not receive any cash in the form of a loan from any bank. Therefore, as at 31st December 2023 the Council made no loan repayments.

11. Council Commercial Venture

The council operates Mbita Rest House as a commercial venture. During the period under review, the operations for the Council commercial venture were as follows:

	2023	2022
	KWACHA	KWACHA
Receipts		
Restaurant Sales Reciepts	-	-
Lodging Receipts	-	-
Interest from the Bank	-	-
Food And Beverage Sales Reciepts	89,372	109,041
Others		
TOTAL	89,372	109,041
Payments		
Restaurant Purchases	-	-
Accomodation	-	-
wages	-	-
Beer and beverage purchases	80,670	122,779
Cleaning Materials	-	-
Others	-	-
TOTAL	80,670	122,779
Surplus/deficit	8,702	(13,738)

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

12. Other Receipts*

Receipts	2023	Restated
	Kwacha	2022
		Kwacha
Interest	171,910	17,631
ZESCO Wayleave	-	31,770
Others	16,475	1,486
TOTAL	<u>188,385</u>	<u>50,887</u>

Note: The council included an amount K2,740 which were balances on unpaid allowances and K31,150 which were refunds on CDF Bursaries resulting in an overstatement of Other Receipts by K33,890. The correct other receipts should have been K50,887 as per ledgers and not K84,777. However, the error has been corrected and the 2022 financial statements have been restated to the correct position.

13. Personal Emoluments

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

Grade	2023	2022
	Kwacha	Kwacha
Management Scale	177,281	174,870
Salaries Div. I	1,558,146	1,896,661
Salaries Div. II	2,087,269	1,362,348
salaries Div. III	4,294,392	1,562,478
Salaries - Part Time	-	325,242
Wages-Division IV	1,142,619	2,959,179
Other Personnel related expenses	362,823	598,854
TOTAL	<u>9,622,530</u>	<u>8,879,633</u>

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023**

NOTES TO THE FINANCIAL STATEMENTS

14. Use of Goods and Services

General expenditure consists of expenditure incurred on administrative activities

Expenditure Type	2023	Restated 2022
	Kwacha	Kwacha
Office Running Costs	204,156	334,096
Building, Repair and Maintenance Costs	833,917	335,390
Plant, Machinery and Vehicle Running and Maintenance Cost	749,725	516,674
Assets Under Construction-Buildings and structures	3,224,823	
Other Administrative operating costs	3,048,081	508,587
Requisites	35,593	377,966
Services *	633,803	3,920,321
Travel expenses	1,296,217	1,070,321
Training	169,160	46,302
Medical costs	-	-
Other costs	867,984	81,974
TOTAL	<u>11,063,459</u>	<u>7,191,631</u>

*Note: The council included an amount K33,890 as part of expenditure under services for 2022, when in fact the expenditure was not incurred as the cash was refunded back as balances on unpaid skills allowances (K2,740) and refunds on CDF Bursaries (K31,150) which resulted in an overstatement of expenditure on Use of Goods and Service. However, the error has been corrected and the 2022 financial statements have been restated to the correct position.

15. Financial Charges

The Council did not incur any costs on financial charges.

16. Social Benefits

Social benefits include payments towards death on duty, burial, bursary and grants. During the year, the Council made social benefit payments amounting to K9,723,960 as follows:

	2023	2022
	Kwacha	Kwacha
Social Benefits	2,640,564	-
Secondary & Skill Development	7,083,396	-
TOTAL PAYMENTS	<u>9,723,960</u>	<u>-</u>

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

17. Non-financial Asset Acquisition

Acquisition of assets involved the following payments:

	2023	2022
	Kwacha	Kwacha
Office Equipments	126,409	-
Furniture	117,820	-
Land & Buildings	-	85,280
Plant & Equipment	10,027,048	-
Purchase of Motor Vehicles	-	850,000
TOTAL	<u>10,271,277</u>	<u>935,280</u>

18. Financial Asset

Acquisition of financial assets involved the following:

	2023	2022
	Kwacha	Kwacha
Loans to CDF Beneficiaries	3,218,793	0
TOTAL	<u>3,218,793</u>	<u>0</u>

19. Loan Repayments

The Council did not make any payments as it held no loan facility with any bank at the time.

20. Other Payments

These relate to bank charges, other sundry expenses and labour payments to people who helped with garbage collection under LATAWAMA project. In that regard the Council made payments totalling K482,436 as follows:

	2023	2022
	Kwacha	Kwacha
Other Payments	482,436	5,214
TOTAL	<u>482,436</u>	<u>5,214</u>

21. Foreign Exchange Losses

These arise from transactions made in other currencies and determined by reconciling opening cash to closing cash balances. The Council did not incur any foreign exchange losses.

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

22. Cash Balances

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

	2023	2022
	Kwacha	Kwacha
Cash on hand		
Demand Deposits	23,127,712	23,984,644
Cash equivalents		
TOTAL	<u>23,127,712</u>	<u>23,984,644</u>

* Note 22: Summary of Cash balances in the 2022 financial statements erroneously showed an amount of K21,785,165 as closing cash balances instead of K23,984,644 which was as per Note 22(b) Demand deposits. The error has since been corrected and no adjustment has been made to the financial statement.

a. Cash on Hand

The Council's cash on demand was made of cash collections and petty cash:

	2023	2022
	Kwacha	Kwacha
Cash collections undeposited		
Petty Cash		
TOTAL	<u><u>-</u></u>	<u><u>-</u></u>

b. Demand Deposits – Bank Balances

The Council had the following reconciled bank account balances as at the 31st December 2023:

Account Name	Account No	2023	2022
		Kwacha	Kwacha
Salaries (IndoZambia Bank)	0202020000044	11,613	1,557,644
Salaries (Atlasmara Bank)	0290870067004	26,574	18,849
Capital Account	0290479435009	345	85,616
Administration Account	0290873351004	27,009	39,963
Fire Account	0290873349013	50	2,580
NRWSSP	0160170000197	73,844	309,456
Mpulungu CDF	0295999676012	19,865,397	19,767,504
CDF Revolving fund	0296028102014	3,110,626	2,199,479
Mbita Guest House	0290872273018	12,254	3,553
TOTAL		<u>23,127,712</u>	<u>23,984,644</u>

c. Cash Equivalents

The Council held no treasury bills valued at **K0.00** at the end of the year.

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

23. Budget Adjustments and Variances

a. Budget Adjustments

The original budget was approved by the Minister responsible for Local Government on 2nd March 2023. However, there were no approved adjustments to the budget.

b. Budget Variances

• **Local Taxes**

Local taxes were budgeted at K3,016,313 while the collected funds were K1,895,828 resulting in a variance of K 1,120,485 (37%). This was due to garnishing or ZRA's PAYE arrears payment deductions at source from the Council's 2023 property rates due amount from ZESCO.

• **Fees and Charges**

Fees and charges were budgeted at K4,117,849 while the collected funds were K947,685 resulting in a negative variance of K3,170,164 (77%) which was due to no collection from Land Development and reduced collections from truck parking, bus station, rentals and other fees emanating from fishing ban driven reduction of economic activities.

• **Licences**

The licences were budgeted at K39,560 while the collected funds were K272,492 resulting in a negative variance of K232,932 (589%) which was due to more applications received than budgeted in respect of liquor, business, dog and firearm.

• **Levies**

Levies were budgeted at K1,749,849 while the collected funds were K1,015,812 resulting in a variance of K734,037 (42%) which was due to fishing ban driven reduction of economic activities in the district.

• **Permit**

The permits were budgeted at K555,000 while the collected funds were K88,105 resulting in a variance of K856,906 (84%) which was due to reduced economic activities resulting in low collections in respect of permits such as health, fire, social gathering and others.

• **Use of goods and services**

The council budgeted K24,714,999 however K11,069,325 was spent resulting in an under expenditure variance of 13,651,540 (55%). This was due to insufficient available funds to procure budgeted goods and services.

However, for CDF projects specifically, it was due to delayed implementation of some community projects for 2023.

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

- **Social benefits**

Social benefits were budgeted at K7,573,836 while the expenditure was K9,723,960 resulting in a negative variance of K2, 150,124 (-28%) which was due to implementation or spending of funds meant for 2022 CDF grants and part of bursary (for 2022) in 2023 in addition to those budgeted for under the 2023 fiscal year.

- **Non-financial Assets**

Non-financial assets were budgeted at K1,650,000 while the expenditure was K10,271,277 resulting in a negative variance of K8,621,277 (-523%) which was due to implementation of 2022 CDF procurement of Earth Moving Equipment in 2023 aside those budgeted for 2023.

MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

24. Provision of Services

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

	2023	2022
	Kwacha	Kwacha
Services		
Printing	241,921	106,422
Advertisement and Publicity	34,309	2,940
Fire Prevention	750,466	150,000
Technical Equipment Repair & Maintenance	108,672	1,600
Solid Waste Management	739,870	577,549
Official Entertainment	140,818	124,323
Public Functions and Ceremonies	105,928	30,500
Accommodation	26,257	2,250
Boards, Councils and Committees expenses	148,440	12,720
Hire of Motor Vehicles	43,470	44,000
HIV/AIDS Prevention	-	
Relief, Repatriation and Burial of Destitutes	55,431	4,750
Pool Transport	-	
Land Demarcation and Survey	161,176	13,811
Valuation of properties	575,329	83,577
Labour Day Expenses and Awards	37,191	31,870
Mangement of Council Buildings	583,489	50,000
Water Treatment and Reticulation	231,061	19,800
Waste and Refuse Collection	1,123,116	10,550
Medical Fees/Charges	67,218	5,760
Management and Control of Markets	1,309,860	
Conferences, Seminars and Workshops	1,266,387	4,600
Ward Development Fund Projects	-	
Servicing of Plots	102,747	320
Bank Charges	12,550	11,309
Sanitation Supply	274,383	66,358
Drainage System	570,885	48,920
Market Facilities	529,174	2,500
Bus Terminus and Stations	559,274	47,925
CDF	27,361,014	2,495,656
Other Services	482,436	4,200
Sub total	37,642,871	3,954,211

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

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023**

NOTES TO THE FINANCIAL STATEMENTS

25. Property, Plant and Equipment

The Council had property, plant and Equipment valued at K10,271,277.

	FREEHOLD LAND & BUILDINGS	OFFICE EQUIPMENT	MOTOR VEHICLES	FURNITURE & FITTINGS	PLANT EQUIPMENT	TOTAL
	Kwacha	Kwacha	Kwacha	Kwacha	Kwacha	Kwacha
Opening Balance	2,923,130	395,364	1,138,000	258,000	-	4,714,494
Additions	-	126,409	-	117,820	10,027,048	10,271,277
Revaluations	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Closing Balance	2,923,130	521,773	1,138,000	375,820	10,027,048	14,985,771

26. Related Party Disclosures

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

a. Fringe benefits Disclosures

The Chairperson was provided with 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 Mpulungu Town Council are:

Aggregate Remuneration	K714,000.00
Number of persons	21

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:

Aggregate Remuneration	K 1,377,840
Number of persons	6

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

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023**

APPENDIX I: CDF RECEIPTS

APPENDIX I			
MPULUNGU TOWN COUNCIL			
CONSTITUENCY DEVELOPMENT FUND 2023			
<i>INCOME/RECEIPT GENERAL LEDGER</i>			
NAME OF WARD : N/A			
COST/RECEIPT DESCRIPTION: CDF MAIN FUNDING			
BUDGETED AMOUNT : 28,300,000			
DATE	PAYEE/DETAILS	Ref/CHQ NO.	CR
	B/F		
12.05.23	Atlasmara bank A/c – CDF	EFT	3,227,784.83
12.05.23	Atlasmara bank A/c – CDF	EFT	2,687,126.25
31.07.23	Atlasmara bank A/c – CDF	EFT	1,860,000.00
06.10.23	Atlasmara bank A/c – CDF	EFT	5,000,000.00
14.11.23	Atlasmara bank A/c – CDF	EFT	8,625,088.92
30.12.23	Atlasmara bank A/c – CDF	EFT	6,073,154.98
30.12.23	Atlasmara bank A/c – CDF	EFT	725,066.02
TOTAL RECEIVED			28,198,221.00

**MPULUNGU TOWN COUNCIL
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st DECEMBER 2023**

APPENDIX II: OTHER RECEIPTS

APPENDIX II						
MPULUNGU TOWN COUNCIL						
DETAILED RECEIPTS LEDGER AS AT						
December 31, 2023						
OTHER INCOMES						
Date	Name of Account	Cheq/Receipt No.	Details	Code	Description	AMOUNT RECEIVED
31.07.23	ADMIN A/C	EFT	ZRA - other income		Others income	45.00
03.10.23	ADMIN A/C	transfer	Cash Deposit-Boldwin kasikila-other income		Others income	7,500.00
20.10.23	ADMIN A/C	transfer	kapasa-other income		Others income	1,000.00
31.10.23	ADMIN A/C	transfer	Cash Deposit-Boldwin kasikila-other income		Others income	2,730.00
31.10.23	ADMIN A/C	transfer	other Income		Others income	700.00
28.11.23	ADMIN A/C	transfer	Cash Deposit-Boldwin kasikila-Other income		Others income	500.00
29.11.23	ADMIN A/C	transfer	Cash Deposit-Boldwin kasikila-Other income		Others income	3,000.00
11.12.23	ADMIN A/C	transfer	Cash Deposit-Boldwin kasikila-Other income		Others income	1,000.00
01.08.23	REVOL A/C	EFT	Interest		Others income	62,022.82
31.10.23	REVOL A/C	EFT	Interest		Others income	31,749.25
30.11.23	REVOL A/C	EFT	Interest		Others income	38,444.86
29.12.23	REVOL A/C	EFT	Interest		Others income	39,617.09
29.09.23	MDC ACCESS A/C	COMMISSION	EFT	75.97	Others income	75.97
Total Other incomes						188,384.99