

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR
THE YEAR ENDED 31ST DECEMBER
2024**



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

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

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**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

REPORT OF THE COUNCIL

The Council has the pleasure of presenting the report together with the financial statements for the year ended 31st December 2024, 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
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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	Siame Abel	Male	Deputy Council Chairperson	Isoko
3	Joseph Chilako	Male	Councillor	Chisha
4	Chalwe Simfunkwe	Male	Councillor	Mpulungu Central
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	No Office Bearer Yet	-	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.

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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

	2024	2023
	Kwacha	Kwacha
Cash Receipts	31,958,567	43,525,524
Payments	51,419,009	44,382,456
Equivalents	<u>(19,460,442)</u>	<u>(856,932)</u>

Related Party Transactions

Property, Plant and Equipment

The Council purchased property, plant and equipment amounting to K16,005,115. No property, plant and equipment were disposed-off 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 143. The total amount spent on employees' remuneration and welfare during the year was K 10,981,079.

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.

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REPORT OF THE COUNCIL

Recreation

The Council during the financial year incurred K246,031 towards sponsoring various sporting activities.

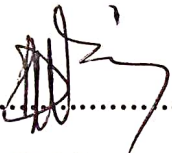
Corporate Social Responsibility

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
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**
STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL REPORT

The Mpulungu Town Council is responsible for preparing the financial statements for the year ended 31st December 2024, 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 12.

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 2024.

Signed on behalf of the Council by:

Name..... *Des Gichileya*
Signature..... *[Signature]*
Position: Council Chairperson

Name..... *M. S. SAKALA*
Signature..... *[Signature]*
Position: Council Secretary

Name..... *Pascal Ngoma*
Signature..... *[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 and Rural Development

Report on the Audit of Mpulungu Town Council Financial Statements for the Financial Year Ended 31st December, 2024

Opinion

I have audited the financial statements of Mpulungu Town Council for the financial year ended 31st December, 2024 which comprise Statement of Cash Receipts and Payments, Statement of Comparison of Budget and Actual Amounts, Statement of Cash Receipts and Payments for Local Government Equalization Fund (LGEF), the Statement of Cash Receipts and Payments for Constituency Development Fund (CDF), Statement of Cash Receipts and Payments for Zambia Devolution Support Programme (ZDSP) and Statement of Cash Receipts and Payments for Sector Grant (Devolved Functions) and a summary of significant accounting policies and disclosures and other explanatory information.

In my opinion, the accompanying financial statements of Mpulungu Town Council present fairly, in all material respects, the Statement of Cash Receipts and Payments, Statement of Comparison of Budget and Actual Amounts, Statement of Cash Receipts and Payments for Local Government Equalization Fund (LGEF), Statement of Cash Receipts and Payments for Constituency Development Fund (CDF), Statement of Cash Receipts and Payments for Zambia Devolution Support Programme (ZDSP) and Statement of Cash Receipts and Payments for Sector Grant



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(Devolved Functions) for the year ended 31st December 2024 in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS) and the amended 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 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



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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 Mpulungu Town 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 Mpulungu Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Mpulungu Town 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, the going concern of Mpulungu Town Council is dependent on the government policy decision.
- 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.



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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 Mpulungu Town 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 (LGEF), the Statement of Cash Receipts and Payments for Constituency Development Fund (CDF), Statement of Cash Receipts and Payments for Zambia Devolution Support Programme (ZDSP) and Statement of Cash Receipts and Payments for Sector Grant (Devolved Functions) using Cash Basis IPSAS in line with the LAAPS.

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

ACTING AUDITOR GENERAL

OFFICE OF THE AUDITOR GENERAL

14/10/2025

Date:

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31ST DECEMBER 2024**

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED 31ST DECEMBER 2024

	Note	2024 Kwacha	2023 Kwacha
RECEIPTS			
Local Taxes	2	1,734,417	1,895,828
Fees and Charges	3	1,468,345	947,685
Licences	4	81,125	272,492
Levies	5	897,450	1,015,812
Permits	6	190,896	88,105
Local Government Equalisation Fund	7	10,426,129	10,204,507
Constituency Development Fund	8	10,061,203	28,370,055
Other Grants	9	2,694,737	705,789
Borrowings	10	-	-
Commercial Venture	11	-	8,702
Sector Grants (Devolved functions)	12	4,404,265	
Other Receipts	13	-	16,551
TOTAL RECEIPTS		31,958,567	43,525,524
PAYMENTS			
Personal Emoluments	14	10,981,079	9,622,530
Use of Goods and Services	15	9,018,936	11,063,459
Financial Charges	16	-	-
Social benefits	17	8,198,847	9,723,960
Non-financial assets acquisition	18	16,005,115	10,271,277
Financial Assets	19	6,419,489	3,218,793
Loan Repayments	20	-	-
Other payments	21	795,543	482,436
TOTAL PAYMENTS		51,419,009	44,382,456
Increase/(decrease) in Cash		(19,460,442)	(856,932)
Foreign Exchange Losses	22	23,127,712	23,984,644
Cash at the beginning of the year		3,667,270	23,127,712
Cash at the end of the year	23	3,667,270	23,127,712

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.

Name: *Des Schlenker*

Signature: *[Signature]*
Position: Council Chairperson

Name: *Pascal Ndom*

Signature: *[Signature]*
Position: Director Finance

Name: *M. S. SACALA*

Signature: *[Signature]*
Position: Council Secretary



**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31ST DECEMBER 2024**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2024

	Original Budget	Adjustments	Final Budget	Actual Amounts	% Performance	Variance	% Variance
	Kwacha	Adjustments	Kwacha	Kwacha		Kwacha	
RECEIPTS							
Local taxes	1,927,632		1,927,632	1,734,417	90	193,215	10
Fees and Charges	1,135,100		1,135,100	1,468,345	129	(333,245)	(29)
Licences	51,680		51,680	81,125	157	(29,445)	(57)
Levies	1,933,700		1,933,700	897,450	46	1,036,250	54
Permits	170,800		170,800	190,896	112	(20,096)	(12)
Local Govt Equalisation Fund	11,315,601		11,315,601	10,426,129	92	889,472	8
Constituency Devpment Fund	30,635,420		30,635,420	10,061,203	33	20,574,217	67
Other Grants	1,020,000	2,694,845	3,714,845	2,694,737	73	1,020,108	27
Borrowings	-		-	-		-	
Commercial Venture	-		-	-		-	
Sector Grants (Devolved Function)	9,396,608		9,396,608	4,404,265		4,992,343	53
Other Receipts	-		-	-		-	
TOTAL RECEIPTS	57,586,541	2,694,845	60,281,386	31,958,567	53	28,322,819	47
PAYMENTS							
Personnel Emoluments	13,386,086	-	13,386,086	10,981,079	82	2,405,007	18
Use of goods and services	14,110,144	-	14,110,144	9,018,936	64	5,091,208	36
Financial Charges	-	-	-	-	-	-	-
Social benefits	8,150,081	-	8,150,081	8,198,847	101	(48,766)	(1)
Non-financial assets acquisition	18,126,767	2,694,845	20,821,612	16,005,115	77	4,816,497	23
Financial Assets	3,492,463	-	3,492,463	6,419,489	184	(2,927,026)	(84)
Loan Repayments	-	-	-	-		-	
Other payments	321,000	-	321,000	795,543	248	(474,543)	(148)
TOTAL PAYMENTS	57,586,541	2,694,845	60,281,386	51,419,009	85	8,862,377	15
Increase/(Decrease in Cash)	-	-	-	(19,460,442)		19,460,442	

The composition of budget adjustments and explanations of major variances are provided in note 24.

Name: Mr. S. S. Sankha

Name: M. S. Sankha

Signature: [Signature]

Signature: [Signature]

Position: Council Chairperson

Position: Council Secretary

Name: PASCAL NGWOMI

Signature: [Signature]

Position: Director Finance



**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE LOCAL GOVERNMENT
EQUALISATION FUND (LGEF) FOR YEAR ENDED 31st DECEMBER 2024**

		2024 Kwacha	2023 Kwacha
RECEIPTS			
Funding	7(a)	10,426,129	10,204,507
TOTAL RECEIPTS		<u>10,426,129</u>	<u>10,204,507</u>
PAYMENTS			
Operational Expenditure Payments:	7(b)		
Salaries and Wages		10,426,129	9,622,530
Terminal Benefits		10,000	-
Utility bills		-	-
Service Provision		-	1,208,574
Goods and Services		-	-
Administrative Costs		-	-
Other Costs		-	-
Sub-Total		<u>10,436,129</u>	<u>10,831,104</u>
Capital Expenditure Payments:	7(c)		
Infrastructure Development		-	1,004,705
*Rehabilitation Works		-	-
Asset Acquisition		-	-
Other Costs		-	-
Sub-Total		<u>-</u>	<u>1,004,705</u>
TOTAL PAYMENTS		<u>10,436,129</u>	<u>11,835,809</u>
Increase/(decrease) in cash		<u>(10,000)</u>	<u>(1,631,302)</u>
*Cash at the beginning of the year		11,958	1,643,260
Cash at the end of the year		<u>1,958</u>	<u>11,958</u>

Name: Deo Sichungwa

Signature: [Signature]
Position: Council Chairperson

Name: Milton Sakala

Signature: [Signature]
Position: Council Secretary

Name: Pascal Ngwani

Signature: [Signature]
Position: Director Finance



**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31ST DECEMBER 2024**

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY
DEVELOPMENT FUND (CDF) FOR YEAR ENDED 31ST DECEMBER 2024**

		2024 Kwacha	2023 Kwacha
RECEIPTS			
Funding	(a)	10,000,000	28,198,221
Loan Repayment	(b)		
Other Receipts	(c)	61,148	171,834
TOTAL RECEIPTS		10,061,148	28,370,055
PAYMENTS			
Infrastructure Development	(d)	4,085,019	1,791,820
Rehabilitation Works	(e)	3,065,075	-
Asset Acquisition	(f)	8,149,653	10,027,048
Rural electrification	(g)		-
Social Benefits	(h)	2,910,601	2,640,564
Loans	(i)	6,419,489	3,218,793
Secondary & Skill Development	(j)	5,288,246	7,083,396
Administrative Costs	(k)	2,128,957	2,225,276
Disaster Contingent	(l)	625,050	374,118
TOTAL PAYMENTS		32,672,091	27,361,015
Increase/(decrease) in Cash		-22,610,944	1,009,040
Cash at beginning of the year		22,976,023	21,966,983
Cash at the end of the year	(m)	365,079	22,976,023

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

Name: Deo Schlenge

Signature: [Signature]

Position: Council Chairperson

Name: Milton Salinda

Signature: [Signature]

Position: Council Secretary

Name: Refan Ngweni

Signature: [Signature]

Position: Director Finance



**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31ST DECEMBER 2024**

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR ZDSP CAPITAL GRANT FOR YEAR ENDED 31ST DECEMBER 2024

	Note	2024	2023
		Kwacha	Kwacha
RECEIPTS			
Funding	9(a)	2,694,737	-
Other Receipts		-	-
TOTAL RECEIPTS		<u>-</u>	<u>-</u>
PAYMENTS			
Goods and Services	9(b)	92	-
Non-financial Asset acquisition		-	-
Infrastructure development		-	-
Rehabilitation works		-	-
TOTAL PAYMENTS		<u>92</u>	<u>-</u>
Increase/(decrease) in Cash		2,694,645	-
Foreign Exchange Losses		-	-
Cash at beginning of the year		-	-
Cash as at the end of the year		<u>2,694,645</u>	<u>-</u>

Name: *Des Schulerengwa*

Signature: *[Signature]*
Position: Council Chairperson

Name: *Prefa Natom*

Signature: *[Signature]*
Position: Director Finance

Name: *Milton Suleka*

Signature: *[Signature]*
Position: Council Secretary



**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31ST DECEMBER 2024**

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE SECTOR GRANT
(DEVOLVED FUNCTION) FOR YEAR ENDED 31ST DECEMBER 2024**

	Note	2024	2023
		Kwacha	Kwacha
RECEIPTS			
Funding	12(a)	4,404,265	-
Other Receipts	12(b)	5,108	-
TOTAL RECEIPTS		<u>4,409,373</u>	<u>-</u>
PAYMENTS			
Goods and Services	12(c)	3,767,747	-
Non-financial Asset acquisition	12(d)	80,316	-
Infrastructure development		-	-
Rehabilitation works		-	-
TOTAL PAYMENTS		<u>3,848,063</u>	<u>-</u>
Increase/(decrease) in Cash		<u>561,310</u>	<u>-</u>
Foreign Exchange Losses		-	-
Cash at beginning of the year		-	-
Cash as at the end of the year		<u>561,310</u>	<u>-</u>

Name: Deo Sicholegne

Name: M. M. M. S. S. S.

Signature: [Signature]

Signature: [Signature]

Position: Council Chairperson

Position: Council Secretary

Name: [Signature]

Signature: [Signature]

Position: Director Finance



MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024

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

- 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, 2008 requires the adoption of Accrual Basis of Accounting by public entities by 1st January, 2025. The Council is preparing to adopt Accrual Basis IPSASs on 1st January, 2028.
- c. Treasury and Financial Management Circular No 10 of 2019 issued by the Secretary to the Treasury pursuant to the Public Financial Management Act, No. 1 of 2018. The Treasury and Financial Management Circular provides as follows:
 - i. That in order to have a standard financial reporting framework, all Local Authorities should adopt the International Public Sector Accounting Standards (IPSASs) Cash Basis of Accounting as a first step in migration to IPSASs Accrual Basis of Accounting.
 - 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 2025 up to 31st December 2025.
 - 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.

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Thereafter, all Local Authorities shall be required to comply fully with Accrual Basis IPSASs.

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

1.2 Reporting Entity

The financial statements are prepared for 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/special Council.

1.4 Revenue

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

a. Local Taxes

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

b. Fees and Charges

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

- For any license or permit issued under any regulation or by-law made under the Act. These may include health permits, fire certificate licences, burial permits and extension of business hours permits;

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- 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.

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.

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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

MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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
- (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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (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
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

NOTES TO THE FINANCIAL STATEMENTS

2. Local Taxes

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

Local Tax Type	2024	2023
	Kwacha	Kwacha
Residential	25,487	98,548
Commercial/Industrial	1,675,084	1,786,943
Personal Ievy	33,846	10,337
TOTAL	<u>1,734,417</u>	<u>1,895,828</u>

The Council relied on the Valuation Roll updated for the period 2019 – 2024 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.

	2024	2023
	Kwacha	Kwacha
(a) Fees and Charges	1,337,345	947,685
(b) Land Development Charges	131,000	-
Total	<u>1,468,345</u>	<u>947,685</u>

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

NOTES TO THE FINANCIAL STATEMENTS

a. Fees and Charges

The Council generated the following fees and charges:

Type	2024 Kwacha	2023 Kwacha
Consent fees	7,210	2,620
Regularization fees		12,750
Building inspection-fees	3,695	128,250
Land tenure conveyance fees	366,765	25,000
Change of premise use	-	12,500
Container/Ntemba fees	-	-
Rentals/lease of Council's properties	74,067	134,250
Application forms fees	7,335	62,850
Rentals from houses	9,600.00	8,600
Notice board advert fees	-	-
Market fees	106,799	127,269
Parking fees	135,777	39,966
Bus station fees	382,005	127,722
Affidavit fees	20,535	16,400
Hire of chairs	-	-
Registration of suppliers	-	-
Hire of halls	2,500	2,650
Notice of marriage fees	400	830
Registration of clubs and societies	84,593	12,950
Farm produce levy	45438.5	-
Communication mast levy	38,000	42,457
Repairs Of Cars /Garages/Truck Levy	36,400	10,390
Bill Boards & Banners	13,026	35,000
Penalties and Fines	3200	-
Other Fees & Charges		145,231
TOTAL	1,337,345	947,685

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

NOTES TO THE FINANCIAL STATEMENTS

b. Land Development Charges

The Council collected the following land development related charges

	2024	2023
	Kwacha	Kwacha
Plot allocation fees-Residential	-	-
Plot allocation fees-Industrial	-	-
Premium Plot Commercial Charge	131,000	-
Other charges	-	-
TOTAL	<u>131,000</u>	<u>-</u>

4. Licenses

The Council received revenue from issuance of various licenses.

Licence Type	2024	2023
	Kwacha	Kwacha
Business Permits		246,067
Liquor Licence	39,785	3,900
Firearm	1,940	1,325
Petroleum	39,400	21,200
TOTAL	<u>81,125</u>	<u>272,492</u>

5. Levies

The Council generated cash receipts by charging levies as follows:

Type of Levy	2024	2023
	Kwacha	Kwacha
Fish Levy	454,925	987,915
Business Levy	400,412	-
Charcoal levy	2,208	700
Timber levy	1,275	986
Sand levy	9,137	4,415
Grany levy	26,713	20,102
Crop levy	1,440	1,694
Mangoe Levy	1,340	-
TOTAL	<u>897,450</u>	<u>1,015,812</u>

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

NOTES TO THE FINANCIAL STATEMENTS

6. Permits

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

Type of Permit	2024	2023
	Kwacha	Kwacha
Health Permits	71,155	30,785
Hebalist Permits	-	-
Marriage Certificates	-	-
Fire Certificates	102,033	51,270
Livestock	5,108	-
Extension of Business Hours	10,600	4,800
Public Permits (Social Gatherings, Etc)	2,000	1,250
	<u>190,896</u>	<u>88,105</u>

7. Local Government Equalization Fund

a. Funding

	2024	2023
	Kwacha	Kwacha
1st Funding	876,679	861,069
2nd Funding	881,097	816,871
3rd Funding	850,620	840,130
4th Funding	839,434	850,676
5th Funding	886,361	859,130
6th Funding	861,621	856,630
7th Funding	861,621	860,130
8th Funding	862,702	860,130
9th Funding	884,766	860,130
10th Funding	888,971	862,146
11th Funding	888,791	821,820
12th Funding	843,466	855,645
TOTAL	<u>10,426,129</u>	<u>10,204,507</u>

b. Operational Expenditure

The Council utilised amounts totaling K10,436,129 of LGEF receipts towards meeting operational expenses representing 100% 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.

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

NOTES TO THE FINANCIAL STATEMENTS

c. Capital Expenditure

The Council applied nothing of LGEF receipts towards meeting capital expenditure for the reporting period.

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	2024	2023
	Kwacha	Kwacha
Community Projects	5,415,000	15,216,297
Disaster Contingency	285,000	806,946
Empowerment Grants	760,000	2,151,857
Empowerment Loans (Revolving Fund)	1,140,000	3,227,785
Bursaries	1,900,000	5,379,641
Administrative Costs	500,000	1,415,695
TOTAL	<u>10,000,000</u>	<u>28,198,221</u>

b. Loan Repayments

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

c. Other Receipts

Receipts	2024	2023
	Kwacha	Kwacha
Bank interest earned	61,148	171,834
Other receipts	-	-
TOTAL	<u>61,148</u>	<u>171,834</u>

d. Infrastructure Development

The following infrastructure Development related payments were recorded in 2024.

Expenditure	2024	2023
	Kwacha	Kwacha
Schools	2,588,339	1,168,247
Roads	-	320,627
Health Post	1,496,680	302,946
TOTAL	<u>4,085,019</u>	<u>1,791,820</u>

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

NOTES TO THE FINANCIAL STATEMENTS

e. Rehabilitation Works

The following rehabilitation related payments were recorded in 2024.

Expenditure	2024	2023
	Kwacha	Kwacha
Schools	-	-
Roads gravelling	3,053,525	-
Servicing of Equipment	11,550	-
TOTAL	<u>3,065,075</u>	<u>-</u>

f. Asset Acquisition

Acquisition of assets involved the following payments: -

	2024	2023
	Kwacha	Kwacha
Purchase of motor vehicles	-	-
Equipment	7,150,089	10,027,048
Furniture	692,724	-
Plant & Machinery	-	-
Building	-	-
Motor Vehicles	-	-
Assets under construction	-	-
Medical Equipment	306,840	-
TOTAL	<u>8,149,653</u>	<u>10,027,048</u>

g. Rural Electrification

There was no expenditure on rural electrification.

h. Social Benefits

	2024	2023
	Kwacha	Kwacha
Youth empowerment	1,350,000	1,003,242
Woman empowerment	1,560,601	1,637,322
Life and Business Development	-	-
Production grants	-	-
Savings Clubs	-	-
Community Empowerment	-	-
TOTAL	<u>2,910,601</u>	<u>2,640,564</u>

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

NOTES TO THE FINANCIAL STATEMENTS

i. Loan

	2024	2023
	Kwacha	Kwacha
Youth Empowerment	1,169,489	1,150,000
Woman Empowerment	3,300,000	680,593
Life and Business Development	-	-
Production Grants	-	-
Savings Clubs	-	-
Community Empowerment	1,950,000	1,388,200
TOTAL	<u>6,419,489</u>	<u>3,218,793</u>

j. Secondary Boarding School & Skills Development

	2024	2023
	Kwacha	Kwacha
Skills Development	4,292,246	3,751,884
Secondary Boarding School	996,000	800,600
Desks	-	2,530,912
	-	-
TOTAL	<u>5,288,246</u>	<u>7,083,396</u>

k. Administrative Costs

	2024	2023
	Kwacha	Kwacha
Supervision cost for civil works	-	-
Special assistance benefits	-	-
Other calamities	-	-
Bank charges	435	4,370
Monitoring of civil works	429,401	236,696
Refreshments for Meetings	41,703	87,989
Stationery	219,048	177,010
Allowances	355,381	1,090,172
Transport(vehicle service)	112,999	63,535
Fuel	329,843	337,768
WDC setting up	318,956	-
Advertising and Branding	93,000	-
Office equipment	-	69,710
Vehicle Insurance	228,192	158,026
TOTAL	<u>2,128,957</u>	<u>2,225,276</u>

The administrative costs included project supervision costs and bank charges.

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

NOTES TO THE FINANCIAL STATEMENTS

1. Disaster Contingent

	2024	2023
	Kwacha	Kwacha
Floods	-	-
Fire	-	-
Lighting	-	-
Blown off Roofs (and other related)	<u>625,050</u>	<u>374,118</u>
TOTAL	<u>625,050</u>	<u>374,118</u>

9. Other Grants

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

Revenue Source	2024	2023
	Kwacha	Kwacha
Zambia Devolusion Support Programme	2,694,737	-
• LATAWAMA Project	-	466,415
• ActionAid	-	72,219
• UNICEF	-	81,840
Other-MLGRD/Water & Sanitation	-	<u>85,315</u>
TOTAL	<u>2,694,737</u>	<u>705,789</u>

b) Good and services

During the year, the Council spent from other grants as follows:

Payments	2024	2023
	Kwacha	Kwacha
Bank Charges	<u>92</u>	-
TOTAL	<u>92</u>	<u>-</u>

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 2024 the Council made no loan repayments.

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

NOTES TO THE FINANCIAL STATEMENTS

11. Council Commercial Venture

The council operates Mbita Rest House as a commercial venture. During the period under review, there were no operations for the Council commercial venture as it is being renovated. Therefore, the following obtained:

	2024	2023
	Kwacha	Kwacha
Receipts		
Restaurant Sales Receipts	-	-
Lodging Receipts	-	-
Interest from the Bank	-	-
Food And Beverage Sales Receipts	-	89,372
Others		
TOTAL	<u>-</u>	<u>89,372</u>
Payments		
Restaurant Purchases	-	-
Accommodation	-	-
wages	-	-
Beer and beverage purchases	-	80,670
Cleaning Materials	-	-
Others	-	-
TOTAL	<u>-</u>	<u>80,670</u>
Surplus/deficit	<u>-</u>	<u>8,702</u>

12. Sector Grants (Devolved Functions)

The Council received Grants totaling K 4,404,265 in its bank accounts from the Treasury for the Devolved Functions of the Central Government broken down as follows

a) Sector Grants (Devolved Functions)

Revenue Source	2024	2023
	Kwacha	Kwacha
Primary care services	2,294,157	
Pontoons, Ferries, Jetties and Piers		
Community sport	233,560	
Cultural matters		
District Archives		
Veterinary Services	137,671	
Vehicle Licensing	1,715,472	
Harbours	23,405	
District livestock service		
District Fisheries services		
District agriculture services		
District community development services		
District social welfare services		
TOTAL	<u>4,404,265</u>	<u>-</u>

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

NOTES TO THE FINANCIAL STATEMENTS

b) Other Receipts

During the period under review the council received funds in the Sector Account from devolved functions' activities as follows:

Payments	2024	2023
	Kwacha	Kwacha
Stock movement	5,108	-
TOTAL	5,108	-

c) Use of Goods and Services

General expenditure amounting to K3,767,747 was incurred on administrative activities.

Payments		2024	2023
		Kwacha	Kwacha
Goods and Services	12(c)	3,767,747	-
TOTAL		3,767,747	-

d) Non-financial Asset Acquisition

The Council incurred K80,316 on acquisition of non-financial asset during the period under review.

Payments		2024	2023
		Kwacha	Kwacha
Non-financial Asset Acquisition	12(d)	80,316	-
TOTAL		80,316	-

13. Other Receipts

Reciepts	2024	2023
	Kwacha	Kwacha
Interest	-	-
ZESCO Wayleave	-	-
Others	-	16,551
TOTAL	-	16,551

**MPULUNGU TOWN COUNCIL
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2024**

NOTES TO THE FINANCIAL STATEMENTS

14. 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	2024	2023
	Kwacha	Kwacha
Management Scale	173,229	177,281
Salaries Div. I	2,196,235	1,558,146
Salaries Div. II	2,031,944	2,087,269
Salaries Div. III	2,125,120	4,294,392
Wages-Division IV	2,912,576	1,142,619
Councillors' allowances	1,269,675	-
Contractual	98,692	-
Wages	166,508	-
Fixed Allowances	7,100	-
Other Personnel related expenses	-	362,823
TOTAL	10,981,079	9,622,530

15. Use of Goods and Services

General expenditure consists of expenditure incurred on administrative activities

Expenditure Type

	2024	2023
	Kwacha	Kwacha
Office Running Costs	225,579	204,156
Building, Repair and Maintenance Costs	969,683	833,917
Plant, Machinery and Vehicle Running and Maintenance Cost	1,899,351	749,725
Other Administrative operating costs	3,013,318	3,048,081
Services	14,000	633,803
Requisites	367,531	35,593
Travel expenses	1,963,020	1,296,217
Training	566,454	169,160
Assets Under Construction-Buildings and structures	-	3,224,823
Medical costs	-	-
Other costs	-	867,984
TOTAL	9,018,936	11,063,459

16. Financial Charges

The Council did not incur any costs on financial charges.

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NOTES TO THE FINANCIAL STATEMENTS

17. 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 K8,198,847 as follows:

	2024	2023
	Kwacha	Kwacha
Social Benefits-CDF Grants	2,910,601	2,640,564
Secondary & Skill Development	5,288,246	7,083,396
TOTAL PAYMENTS	<u>8,198,847</u>	<u>9,723,960</u>

18. Non-financial Asset Acquisition

Acquisition of assets involved the following payments:

	2024	2023
	Kwacha	Kwacha
Office Equipments	-	126,409
Furniture	692,724	117,820
Land & Buildings	4,397,620	-
Plant & Equipment	7,293,920	10,027,048
Medical Equipment	306,840	-
Upgrading, Rehabilitation and Construction of Roads	3,314,011	-
Purchase of Motor Vehicles	-	-
TOTAL	<u>16,005,115</u>	<u>10,271,277</u>

19. Financial Asset

Acquisition of financial assets involved the following:

	2024	2023
	Kwacha	Kwacha
Loans to CDF Beneficiaries	6,419,489	3,218,793
TOTAL	<u>6,419,489</u>	<u>3,218,793</u>

20. Loan Repayments

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

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NOTES TO THE FINANCIAL STATEMENTS

21. Other Payments

These relate to payments towards owed personal emoluments. In that regard the Council made payments totalling K795,543 as follows:

	2024	2023
	Kwacha	Kwacha
Other Payments	795,543	482,436
TOTAL	<u>795,543</u>	<u>482,436</u>

22. 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.

23. Cash Balances

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

	2024	2023
	Kwacha	Kwacha
Cash on hand		
Demand Deposits	3,667,270	23,127,712
Cash equivalents		
TOTAL	<u>3,667,270</u>	<u>23,127,712</u>

a. Cash on Hand

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

	2024	2023
	Kwacha	Kwacha
Cash collections undeposited		
Petty Cash		
TOTAL	<u><u>-</u></u>	<u><u>-</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

b. Demand Deposits – Bank Balances

The Council had the following reconciled bank account balances as at the 31st December 2024:

Account Name	Account No	2024 Kwacha	2023 Kwacha
Salaries (IndoZambia Bank)	0202020000044	7,095	11,613
Salaries (Atlasmara Bank)	0290870067004	327	26,574
Capital Account	0290479435009	2,694,645	345
Administration Account	0290873351004	11,688	27,009
Fire Account	0290873349013	26,923	50
NRWSSP	0160170000197	- 50	73,844
Mpulungu CDF	0295999676012	28,497	19,865,397
CDF Revolving fund	0296028102014	336,581	3,110,626
Mbita Guest House	0290872273018	254	-
Sector Grant	0296161925017	561,310	12,254
TOTAL		3,667,270	23,127,712

c. Cash Equivalents

The Council held no treasury bills in the year.

24. Budget Adjustments and Variances

a. Budget Adjustments

The original budget was approved by the Minister responsible for Local Government on 31st March, 2024. Subsequent approved adjustments to the budgets consisted of approved supplementary provisions and approved budget reallocations as follows:

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NOTES TO THE FINANCIAL STATEMENTS

	Approved Supplementary Kwacha	Approved Variations Kwacha	Total Adjustments Kwacha
RECEIPTS			
Local taxes	1,927,632	-	1,927,632
Fees and Charges	1,135,100	-	1,135,100
Licences	51,680	-	51,680
Levies	1,933,700	-	1,933,700
Permits	170,800	-	170,800
Local Government Equalisation Fund	11,315,601	-	11,315,601
Constituency Development Fund	30,635,420	-	30,635,420
Other Grants	1,020,000	2,694,845	3,714,845
Borrowings	-	-	-
Commercial Venture	-	-	-
Sector Grants (Devolved Function)	9,396,608	-	9,396,608
Other Receipts	-	-	-
TOTAL RECEIPTS	<u>57,586,541</u>	<u>2,694,845</u>	<u>60,281,386</u>
PAYMENTS			
Personal Emoluments	13,386,086	-	13,386,086
Use of goods and services	14,110,144	-	14,110,144
Financial Charges	-	-	-
Social benefits	8,150,081	-	8,150,081
Non-financial assets acquisition	18,126,767	2,694,845	20,821,612
Financial Assets	3,492,463	-	3,492,463
Loan Repayments	-	-	-
Other payments	321,000	-	321,000
TOTAL EXPENDITURE	<u>57,586,541</u>	<u>2,694,845</u>	<u>60,281,386</u>

b. Budget Variances

- **Fees and Charges**

Fees and charges were budgeted at K1,135,100 while the collected funds were K1,468,345 resulting in a positive variance of K333,245 (29%) which was due to an increase in economic engagement in none fish-related businesses such as farming and an increase in Land Tenure Conveyance fees resulting from the rise in demand for conversion of land from customary to state land among others.

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NOTES TO THE FINANCIAL STATEMENTS

- **Licenses**

Fees and charges were budgeted at K51,680 while the collected funds were K81,125 resulting in a positive variance of K29,445 (57%) which was due to an increase in the issuance of liquor and petroleum licenses.

- **Levies**

Levies were budgeted at K1,933,700 while the collected funds were K897,450 resulting in a variance of K1,036,250 (54%) which was due to the fishing ban-driven reduction of economic activities in the district.

- **Constituency Development Fund (CDF)**

CDF was budgeted at K30,635,420 while the received funds were K10,061,203 resulting in a variance of K20,635,420 (67%). However, the Council received other CDF receipts amounting to K61,148 bringing the total funds available for CDF expenditure to K10,061,148.

The funds received were made up of K10,000,000 CDF funding and interest earned of K61,203. The variance was due to unspent funds by the Central Government.

- **Other Grants**

Other grants were budgeted at K3,714,845, while the received funds were K2,694,737 resulting in a variance of K1,020,108 (27%), which was due to unspent funds by the Central Government.

- **Sector Grants (Devolved Function)**

CDF was budgeted at K9,396,608 while the received funds were K4,404,265, resulting in a variance of K4,992,343 (53%), which was due to unspent funds by the Central Government.

- **Use of goods and services**

The council budgeted to receive K14,110,144. However, K9,018,936 was spent, resulting in an under-expenditure variance of K5,091,208 (36%). This was due to inadequate available funds to procure budgeted goods and services.

- **Non-financial assets acquisition**

Non-financial assets acquisition was budgeted at K20,821,612 while the expenditure was K16,005,115 resulting in a variance of K4,816,497 (23%) which was due to delayed disbursing of the 2024 CDF funds as well as delayed procurement of the refuse truck out of the Zambia Devolution Support Programme (ZDSP) funding of K2,694,845.

- **Financial Assets**

The Financial assets were budgeted at K3,492,463 while the expenditure was K6,419,489 resulting in a negative variance of K2,927,026 (84%) which was due to the implementation of 2023 CDF loans in 2024.

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NOTES TO THE FINANCIAL STATEMENTS

• **Other payments**

Other payments were budgeted at K321,000 while the expenditure was K795,543 resulting in a negative variance of K474,543 (148%) which was due to overpayment towards staff related liabilities.

25. Provision of Services

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

	2024	2023
	Kwacha	Kwacha
Services		
Printing	278,209	241,921
Advertisement and Publicity	39,456	34,309
Fire Prevention	863,036	750,466
Technical Equipment Repair & Maintenance	124,972	108,672
Solid Waste Management	850,851	739,870
Official Entertainment	161,940	140,818
Public Functions and Ceremonies	121,817	105,928
Accommodation	30,196	26,257
Boards, Councils and Committees expenses	170,705	148,440
Hire of Motor Vehicles	49,990	43,470
HIV/AIDS Prevention	-	-
Relief, Repatriation and Burial of Destitutes	63,746	55,431
Pool Transport	-	-
Land Demarcation and Survey	185,352	161,176
Valuation of properties	661,628	575,329
Labour Day Expenses and Awards	42,770	37,191
Mangement of Council Buildings	671,012	583,489
Water Treatment and Reticulation	265,721	231,061
Waste and Refuse Collection	1,291,584	1,123,116
Medical Fees/Charges	77,301	67,218
Management and Control of Markets	1,506,339	1,309,860
Conferences, Seminars and Workshops	1,456,345	1,266,387
Ward Development Fund Projects	-	-
Servicing of Plots	118,159	102,747
Bank Charges	14,433	12,550
Sanitation Supply	315,540	274,383
Drainage System	656,518	570,885
Market Facilities	608,551	529,174
Bus Terminus and Stations	643,165	559,274
CDF	31,465,166	27,361,014
Other Services	554,801	482,436
Sub total	43,289,302	37,642,871

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

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NOTES TO THE FINANCIAL STATEMENTS

26. Property, Plant and Equipment

The Council had property, plant and Equipment valued at K30,990,886.

	Freehold Land & Buildings	Office Equipment	Motor Vehicles	Furniture & Fittings	Plant Equipment	Total
	Kwacha	Kwacha	Kwacha	Kwacha	Kwacha	Kwacha
Opening Balance	2,923,130	521,773	1,138,000	375,820	10,027,048	14,985,771
Additions	7,775,145	-	-	-	8,229,969	16,005,115
Revaluations	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Closing Balance	10,698,275	521,773	1,138,000	375,820	18,257,017	30,990,886

27. 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 Councilors

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	K1,440,000
Number of persons	20

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	K1,419,120
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.