KATETE TOWN COUNCIL

BI-ANNUAL YEAR 2025 COMPARD TO FINANCIAL STATEMENTS
FOR THE YEAR ENDING 30TH JUNE 2025

REPUBLIC OF ZAMBIA
MINISTRY OF LOCAL GOVERNMENT& HOUSING
30 JUN 2025
COUNCIL SECRETARY
KATETE DISTRICT COUNCIL
P O BOX 550023 KATETE

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REPORT OF THE COUNCIL

The Council has the pleasure of presenting the report together with the Bi-Annual year 2025 Compared to financial statements for the year ended 31st December 2024 which disclose the sources, utilization, and balances of cash for Katete Town Council during the period under review.

Background and Location of the Council

Dating back to 1950, Katete was a small settlement with a filling station at the Great East Road that also acted as a bus station for the Thatcher Robson service and had a few shops at the junction run by Indians. The town had a technical secondary school run by Europeans whose aim was to help men with technical skills in brick laying, sugar making, leather tanning and agriculture. This school was known as Area School with its main focus on adult education and mass literacy in Chichewa. The technical school was in the southern part of Katete while St Francis Church Mission and an Agriculture Research Station lay to the north.

Katete is one of the fifteen (15) districts in Eastern Province of the Republic of Zambia. The town is at the foot of the rocky hills which lie to its east including Mphangwe Hill and Kangwerema Hill. It is situated between longitudes 31.450 and 32.300 East and latitudes 13.800 and 14.450 South. Katete district shares boundary with Chadiza District in the southeast, Chipata City and Kasenengwa District in the northeast, Mambwe in the north, and Sinda District in southwest. The district covers a land area of about 2,433 Square Kilometres (Km^2).

The population of Katete according to the 2022 Census of Population and Housing was 222,595 comprising of 113,317 females and 109,278 males with annual growth rate of 2.4%. The Population Density is 87.99 persons per square kilometre. As at 2022 in terms of urbanization, the majority of people are in the rural areas i.e., with rural population of 190,139 and urban population of 23,933.

The address of the registered office of Katete Town Council (KTC) is as follows:

The Civic Centre
P.O Box 550023
KATETE

Composition of the Council

Katete Town Council is a body corporate established under Article 152 of the Constitution of Zambia (Amendment) Act No.2 of 2016 and Section 6 of the Local Government Act No. 2 of 2019. As a Local Authority, the Town Council administers the Katete District.

The Council is composed of an elected Chairperson, twenty-two (22) elected councilors from twenty-two (22) wards, and three (3) chiefs as provided for under Article 153 (2)(c) of the Constitution of Zambia (Amendment) Act No.2 of 2016. The current Council was elected to office in 2021 to serve a five-year term up to 2026. The Deputy Chairperson was re-elected from among the councilors in 2024 for the period of two and half years.

REPORT OF THE COUNCIL

The councilors who held office during the year were:

S/N	Name	Gender	Position	Ward
1	Fanuel Chama	Male	Chairperson	Not Applicable
2	Zulu Lumankio	Male	Deputy Chairperson	Dole
3	Banda Andford	Male	Councillor	Yowoyani
4	Banda Benjamin	Male	Councillor	Chavuka
5	Banda Davyson	Male	Councillor	Vulamkoko
6	Banda Derick	Male	Councillor	Milanzi
7	Banda Francis	Male	Councillor	Katiula
8	Banda Happy	Male	Councillor	Mkaika
9	Banda Odrick	Male	Councillor	Chindwale
10	Banda Peter	Male	Councillor	Kafumbwe
11	Lungu Simon	Male	Councillor	Kasambandola
12	Lungu Kachonka	Male	Councillor	Chimtende
13	Mbewe Anderson	Male	Councillor	Kadula
14	Mbewe Felix	Male	Councillor	Kapangulula
15	Mbewe Jason	Male	Councillor	Lukweta
16	Mbewe Salatiel	Male	Councillor	Chilongamawe
17	Mwale Yelesani	Male	Councillor	Kapoche
18	Mwenda Elijah	Male	Councillor	Kamphambe
19	Nyirenda Elita	Female	Councillor	Mphangwe
20	Phiri Edward	Male	Councillor	Kamiza
21	Phiri Daniel. P	Male	Councillor	Kazakaloba
22	Phiri Veronica	Female	Councillor	Matunga
23	Tembo Chemist	Male	Councillor	Kazala
24	Banda Kambandya	Male	His Royal Hifhness (chief Katumba)	
25	Phiri Lemison	Male	His Royal Highness (Chief Mbangombe)	
26	Phiri Vainess	Female	Her Royal Highness (Chieftainess Kawaza)	

The district also has two (2) elected Members of Parliament, one for Mkaika Constituency and the other for Milanzi Constituency. The Members of Parliament that held office during the year were:

S/N	Name	Gender	Constituency
1	Hon. Melesiana Phiri	Female	Milanzi
2	Hon. Peter Phiri	Male	Mkaika

The affairs of Central Government in the district are coordinated by the District Commissioner. During the year under review Mr. Phiri Raphael was the District Commissioner for Katete District.

REPORT OF THE COUNCIL

The Council Secretariat

The Secretariat of Katete 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, Engineering, Human Resources and Administration and two (2) Heads of Units namely Procurement and Internal Audit.

Functions of the Council

The main function of the Council is the delivery of local public goods and services to the people in the District and discharge all or any of the functions set out in Article 147 (2) (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

	2025 Kwacha	2024 Kwacha
Cash Receipts	54,106,608	53,176,468
Payments	69,702,955	76,924,287
Increase/Decrese in Cash and Cash Equivalents	**(15,596,347)**	**(23,747,820)**

Key Policies Adopted During the Year

The Council did not adopt any key policies during the year.

Related Party Transactions

There were no related party transactions during the financial year.

Property, Plant and Equipment

The Council incurred K24,710,442 on asset acquisition during the Bi Annual for financial year 2025

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 number of employees at the beginning of the year was 147 and as at 30th June 2025 was 144. The total amount spent on employees' remuneration and welfare during the year was K5,373,283.

Recreation

The Council during the Bi-Annual financial year 2025 did not incurred any towards sponsoring various sporting activities.

REPORT OF THE COUNCIL

Health and Safety of Employees

The Council is aware of its responsibilities regarding the safety and health of employees as prescribed in the Occupational, Health and Safety Act No.36 of 2010 and took appropriate measures to safeguard their safety and health.

Recreation

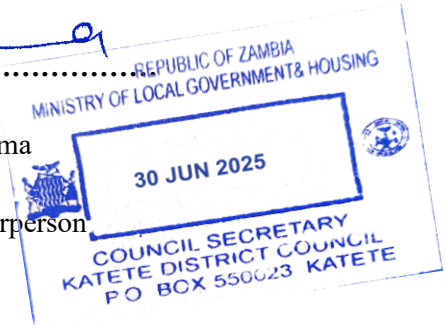
The Council during the Bi-Annual financial year 2025 did not sponsor any sporting activities.

Auditors

In line with Article 250 of the Constitution of Zambia (Amendment) Act No.2 of 2016 and Section 44(2) of the Local Government Act No. 2 of 2019, the Council is audited by the Auditor-General.

By order of the Council

Signature: .....



Name: Dr. Fanuel Chama

Position: Council Chairperson

Date: 30th June 2025.

STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS

The Katete 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 Cash Basis International Public Sector Accounting Standard (IPSAS). In preparing the financial statements, the Council selected applicable policies from Local Authorities Accounting Policies (LAAPs) of November 2022 (Amended) 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 7 to 9.

The Council accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with the Cash Basis IPSAS, the requirements of the Local Government Act No. 2 of 2019, the Public Finance Management Act No.1 of 2018 and Local Authorities Accounting Policies (LAAPs) of 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Nothing has come to the attention of the Council to indicate that the Katete Town Council will not remain a going concern for at least twelve months from the date of this statement.

In the opinion of the Council, proper books of accounts were maintained to support preparation of Financial Statements that present fairly the financial results of the Town Council for the financial year ended 30th June 2025

Signed on behalf of the Council **Katete Town Council** by:

Name: Dr. Fanuel Chama

Signature: ……

Position: Chairperson

Name: Ms. Kate Leo Mukonde

Signature: ……

Position: Council Secretary

Name: Kalumba Laban

Signature: ……

Position: Director Finance

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INDEPENDENT AUDITOR'S REPORT

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STATEMENT OF CASH RECEIPTS AND PAYMENTS BI ANNUAL YEAR 2025 COMPARED TO FOR THE YEAR ENDED 31st DECEMBER 2024

	Note	2025 Kwacha	2024 Kwacha
RECEIPTS			
Local Taxes	**2**	332,186	977,914
Fees and Charges	**3**	487,068	2,179,183
Licences	**4**	24,694	151,960
Levies	**5**	497,085	619,082
Permits	**6**	469,001	1,065,344
Local Government Equalisation Fund	**7**	5,308,877	11,278,864
Constituency Development Fund	**8**	21,177,451	10,491,702
Other Grants	**9**		11,118,618
Borrowings	**10**		-
Commercial Venture	**11**	61,639	77,349
Sector Grants (Delvoved Function)	**12**	25,748,607	15,216,452
Other Receipts	**13**		-
TOTAL RECEIPTS		**54,106,608**	**53,176,468**
PAYMENTS			
Personal Emoluments	**14**	5,373,283	11,173,355
Use of Goods and Services	**15**	33,830,497	27,475,227
Financial Charges	**16**	-	
Social Benefits	**17**	5,400,943	18,997,769
Non-financial Assets Acquisition	**18**	24,710,442	10,753,668
Financial Assets	**19**	-	7,681,250
Loan Repayments	**20**	-	
Other Payments	**21**	387,791	843,018
TOTAL PAYMENTS		**69,702,955**	**76,924,287**
Increase/(decrease) in Cash		**(15,596,347)**	**(23,747,820)**
Foreign Exchange Losses	**22**	**-**	**-**
Cash at beginning of the year	**23**	26,495,043	50,242,862
Cash at the end of the year	**23**	**10,898,696**	**26,495,043**

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: …… **Name: ……**

Signature: …….. **Signature: …….**

Position: Chairperson **Position: Council Secretary**

Name: ……

Signature: …… **Position: Director Finance**

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR BI ANNUAL YEAR 2025

COMPARED TO FOR THE YEAR ENDED 31st DECEMBER 2024

	Kwacha	Kwacha	Kwacha	Kwacha		Kwacha	
RECEIPTS							
Local Taxes		-	1,173,669	332,186	28%	(841,483)	-72%
Fees and Charges		-	2,163,061	487,068	23%	(1,675,993)	-77%
Licences		-	142,480	24,694	17%	(117,786)	-83%
Levies		-	657,355	497,085	76%	(160,270)	-24%
Permits		-	973,780	469,001	48%	(504,779)	-52%
Local Government Equalisation Fund		-	11,958,616	5,308,877	44%	(6,649,739)	-56%
Constituency Development Fund		-	72,116,301	21,177,451	29%	(50,938,850)	-71%
Devolved Sector Grants		-	4,451,539		0%	(4,451,539)	-100%
Other Grants		-	-		0%	-	0%
Borrowings		-	120,000	61,639	0%	(58,361)	0%
Commercial Venture		-	40,841,987	25,748,607	63%	(15,093,380)	-37%
Other Receipts		-	8,340,000		0%	(8,340,000)	0%
TOTAL RECEIPTS	**-**	**-**	142,938,788	**54,106,608**	**38%**	**(88,832,180)**	-62%
PAYMENTS							
Personal Emoluments		-	14,323,984	5,373,283	38%	(8,950,701)	-62%
Use of Goods and Services		-	47,400,373	33,830,497	71%	(13,569,877)	-29%
Financial Charges		-	-	-	0%	-	0%
Social Benefits		-	18,104,580	5,400,943	30%	(12,703,637)	-70%
Non-financial Assets Acquisition		-	54,920,980	24,710,442	45%	(30,210,539)	-55%
Financial Assets		-	7,473,871	-	0%	(7,473,871)	-100%
Loan Repayments		-	-	-	0%	-	0%
Other Payments		-	715,000	387,791	54%	(327,209)	-46%
TOTAL PAYMENTS	**-**	**-**	**142,938,788**	**69,702,955**	**49%**	**(73,235,833)**	-51%
Increase/(Decrease in Cash	**-**	**-**	**-**	**(15,596,347)**		**(15,596,347)**	

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

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE LOCAL GOVERNMENT EQUALISATION FUND (LGEF) BI ANNUAL YEAR 2025 COMPARED TO FOR THE YEAR ENDED 31st DECEMBER 2024

		2025 Kwacha	2024 Kwacha
RECEIPTS			
Funding	7(a)	5,308,877	11,278,864
TOTAL RECEIPTS		**5,308,877**	**11,278,864**
PAYMENTS			
Operarational Expenditure Payments	7(b)		
Salaries and Wages		5,373,283	8,521,602
Terminal Benefits			
Utility Bills			
Service Provision			
Goods and Services			
Administrative Costs		867,000	1,725,000
Other Costs			
Sub-Total		6,240,283	10,246,602
Capital Expenditure Payments:	7 (c)		
Infrastructure Development			311,097
Rehabilitation Works			
Asset Acquisition			
Other Costs			25,077
Sub-Total		**-**	**336,174**
Total Payment		**6,240,283**	**10,582,776**
Increase/(decrease) in Cash		**- 931,406**	**696,087**
Cash at beginning of the year		938,019	241,931
Cash at the end of the year		**6,612**	**938,019**

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

Note: The cash at the beginning and at the end of the year is as stated in the district account in note 23(b)

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE CONSTITUENCY DEVELOPMENT FUND (CDF) BI ANNUAL YEAR 2025 COMPARED TO THE YEAR 2024

		2025 Kwacha	2024 Kwacha
RECEIPTS			
Funding	8(a)	21,177,451	10,000,000
Loan Repayments	8(b)		237,624
Other Sources	8(c)		254,078
TOTAL RECEIPTS		**21,177,451**	**10,491,702**
PAYMENTS			
Infrastructure Development	8(d)	23,861,673	3,327,371
Rehabilitation Works	8(e)		3,329,277
Asset Acquisition	8(f)		2,520,249
Social Benefits - Grants	8(g)		6,643,593
Youth & Woment Empowerment - Loans	8(h)		7,681,250
Secondary Sch & Skills Bursaries	8(i)	5,400,943	12,354,176
Administrative Costs	8(j)	3,322,658	4,336,620
Disaster Contingency	8(k)	873,734	1,140,732
TOTAL PAYMENTS		**33,459,008**	**41,333,268**
Increase/(decrease) in Cash		**(12,281,557)**	**- 30,841,566**
Cash at beginning of the year		17,837,835	48,679,401
Cash at the end of the year		**5,556,278**	**17,837,835**

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

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE SECTOR GRANT (DEVOLVED FUNCTION BI ANNUAL YEAR 2025 COMPARED TO THE YEAR 2024

	Note	2025 Kwacha	2024 Kwacha
RECEIPTS			
Funding	12(a)	3,158,344	4,034,080
Other Receipts (Cash for work)	12(b)	22,590,264	11,182,372
TOTAL RECEIPTS		**25,748,607**	**15,216,452**
PAYMENTS			
Goods and Services		25,267,491	12,816,477
Non-financial Asset acquisition		152,485	73,640
Infrastructure Development		66,215	26,225
Rehabilitation Works		-	
TOTAL PAYMENTS		25,486,191	12,916,342.00
Increase/(decrease) in Cash		**262,416**	**2,300,110.00**
Foreign Exchange Losses		**-**	**-**
Cash at beginning of the year		2,300,110	2,300,110.00
Cash at the end of the year		**2,562,526**	**2,300,110**

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR ZDSP CAPITAL GRANT FOR BI ANNUAL YEAR 2025 COMPARED TO THE YEAR 2024.

	Note	2025 Kwacha	2024 Kwacha
RECEIPTS			
Funding	(a)		2,694,737
Other Receipts	(b)		3,204
TOTAL RECEIPTS		**-**	**2,694,737**
PAYMENTS			
Operarational Expenditure Payments			
Salaries and Wages		-	-
Terminal Benefits		-	-
Utility Bills		-	-
Service Provision		-	-
Goods and Services		-	-
Administrative Costs		-	-
Other Costs		-	-
Sub-Total		-	-
Capital Expenditure Payments:			
Infrastructure Development		-	-
Rehabilitation Works		-	-
Asset Acquisition		-	-
Other Costs		22,399.00	-
Sub-Total		**22,399.00**	**-**
Total Payment		**22,399.00**	**-**
Increase/(decrease) in Cash		**- 22,399**	**2,694,737**
Cash at beginning of the year		2,694,737	-
Cash at the end of the year		**2,672,338**	**2,694,737**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of the Preparation of the Financial Statements

The Financial Statements have been prepared in accordance with Cash Basis IPSAS*, Financial Reporting under the Cash Basis of Accounting*, issued by the International Public Sector Accounting Standards Board (IPSASB) and Local Authorities Accounting Policies (LAAPs).

These financial statements have been prepared in accordance with the historical cost convention as the basis of measurement, unless specified otherwise.

The accounting policies have been applied consistently throughout the period.

1.1 Migration to Accrual Basis Financial Reporting

Katete Town Council is required, under the Local Government Act No. 2 of 2019 to produce a Statement of Comprehensive Income and a Statement of Financial Position. The production of these statements entails adoption and application of Accrual Basis of Accounting in financial reporting. However, the Act does not specify which particular accrual basis of accounting to use. In applying Cash Basis of Accounting, the Council followed guidance listed below:

(a) Cash Basis IPSAS*, Financial Reporting under the Cash Basis of Accounting*.
This standard provides that public sector entities adopting Accrual Basis for the first time may apply Cash Basis IPSAS provisions as an intermediate step to assist them in the transition to Accrual Basis IPSASs. In this vein, the Council has produced these financial statements under Cash Basis IPSAS as part of its transition to Accrual Basis of Accounting.

(b) Accounting Pronouncement: 2018/3 – Applicability of International Public Sector Accounting Standards (IPSASs).
This pronouncement issued by the Zambia Institute of Chartered Accountants (ZICA) pursuant to the Accountants Act, 2008 requires the adoption of Accrual Basis of Accounting by public entities by 31st December 2022. The Council is preparing to adopt Accrual Basis IPSASs on 1st January 2025.

(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 2019 up to 2024.

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".

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

iv. That the three (3) year transition period provided under IPSAS 33 should commence on 1st January 2022 and should end on 31st December 2024. Thereafter, all Local Authorities shall be required to comply fully with Accrual Basis IPSASs.

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

1.2 Reporting Entity

The Financial Statements are prepared for Katete Town Council (KTC). 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 Katete Town Council as a Local Authority to levy, impose, recover, and retain local taxes.

Further, the Local Government Act No. 2 of 2019 section 25(1) prescribes, subject to the Constitution and the Business Regulatory Act of 2014, a system of local taxes which Local Authorities can raise by passing by-laws imposing levies on:

- leviable persons owning or occupying property or premises situated within the area of the district.
- leviable persons carrying on a business, trade or occupation within the area of the district, or
- the purchase or sale of a commodity within the area of the district.

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.
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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

the district. Support from Cooperating Partners may consist of cash receipts under bilateral and multilateral agreements.

1.11 Sector Grants

These includes grants from Devolved functions of the Central Government to the Sub National Level among them; Primary care services (Ministry of Health), Pontoons, Ferries, Jetties and Piers, Harbours, Community Sport, Vehicle Licensing (Ministry of Transport & Logistics), Cultural matters (Ministry of Tourism) District Archives (Ministry of Home Affairs), Veterinary Services (Ministry of Fisheries and Livestock)

1.12 Presentation Currency

The presentation currency is Zambian Kwacha.

1.13 Borrowings

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

1.14 Budgets and Actual Amounts

A final budget includes all adjustments (supplementary and re-allocations) made to the original approved budget during the year. Supplementary budgets consist of additional provisions beyond what was originally approved while re-allocations are approved budget variations.

The approved budget is developed on the same accounting and classification basis, and for the same period as for the financial statements. All material differences between final budgets and actual amounts are explained in the notes to the annual financial statements. Budget differences of 20% and above are considered material.

1.15 Encouraged Disclosures of Accrual Type of Items

During the year, the Council adopted Part 2 of Cash Basis IPSAS which provides extra Accrual Basis type of disclosures called Encouraged Additional Disclosures as follows:

i. Property, Plant and Equipment

These are assets that have useful economic lives or service potential of more than one year. They are recorded and disclosed at either cost or valuation. Valuations are conducted by the Government Valuation Department and the Council's own Valuation staff. Where valuation has been undertaken, the applicable valuation bases are as follows:

- Land — Current Value
- Buildings — Cost or Market Value
- Plant and Equipment — Cost

ii. Investments in Other Entities

The Council discloses the following details about its investments in other entities:

(a) Name of the entity
(b) Principal activity of the entity
(c) Percentage of shareholding in the entity

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(d) Receipts in form of dividends and other returns on the investments.

iii. Administered Transactions

Administered transactions are cash flows resulting from transactions administered by the Council as an agent of Central Government and any of its agencies.

All cash collected in this manner is deposited into an account of the Central Government or its appropriate agent and such accounts are not controlled by the Council.

The Council deems as part of cash under its control any collections made and administered by the Council on behalf of the Central Government but are allowed to be deposited in any of its bank accounts prior to its transfer to the Central Government or any of its agents.

iv. Related Party Transactions

A related party is one that has the ability to control the Council or exercise significant influence over the Council in making financial and operating decisions. The related party entity is also any entity that is subject to common control with the Council.

Related parties include:

(a) Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Council
(b) Associates being entities over which the Council has significant influence.
(c) Individuals that have significant influence over the Council, and close members of the family of any such individual
(d) Key management personnel, and close members of the family of key management personnel; and
(e) Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

The key management personnel of the Council are:

(a) the Mayor/Chairperson, elected councillors, co-opted members of the Audit and Procurement Committees, chiefs who are part of the council representing other chiefs in the district, and
(b) The Principal Officers and Chief Officers.

Spouses, children and grandchildren, grandparents, brothers, sisters, parents in law, brothers in law, and sisters in law of key management personnel are related parties to the Local Authority
The Council discloses the nature of the related party relationship as well as information about those transactions and outstanding balances as a note to the financial statements. Such transactions may include remuneration, loans and contracts awarded to key management personnel and their close relatives.

v. External Assistance

External assistance comprises loans and grants from multilateral and bilateral agencies provided under agreements specifying the purposes for which the assistance will be utilized.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Katete 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 Katete Town Council. These do not constitute cash receipts and payments by the Council. They include payments for goods and services made by multilateral and bilateral aid agencies and non-governmental organizations and are included in the disclosures of external assistance.

NOTES TO THE FINANCIAL STATEMENTS

2. Local Taxes

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

	2025	2024
	Kwacha	**Kwacha**
Residential Rates	102,128	271,208
Industrial / Commercial Rates	217,591	678,778
Personal Levy	12,466	27,928
Total	**332,186**	**977,914**

The Council relied on the Valuation Roll updated for the period 2020 – 2025 to determine the property rates receivable.

3. Fees and Charges

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

	2025	2024
	Kwacha	**Kwacha**
Fees and Charges (a)	487,068	2,140,683
Land Development Charges (b)		38,500
Total	**487,068**	**2,179,183**

NOTES TO THE FINANCIAL STATEMENTS

a. Fees and charges

The Council generated the following fees:

	2025 Kwacha	2024 Kwacha
Consent Fees		50
Building Inspection fees		9,925
Plan Scrutiny Fees		5,215
Change of premise use	6,758	18,800
Container/Ntemba fees	42,555	51,664
Rentals/Lease of Council's properties	16,039	227,056
Non-Land Application Form Fees	33,525	293,433
Rentals from houses		102,420
Search Fees	777	2,656
Market Fees	20,506	133,475
Parking Fees	3,120	25,324
Bus Station Fees	35,612	86,121
Affidavit Fees	3,803	10,456
Hire of halls		7,500
Refuse Disposal Fees	17,476	103,322
Notice of Marriage	3,870	6,925
Abbattoir/Meat Inspection Fees	13,477	41,149
Farm Produce Levy	209,537	474,396
Communication Mast Levy		-
Reparirs of cars/garage/car wash levies	1,970	11,800
Billboard and Banner	21,471	80,458
Ground Rent		-
Lease of Council Transport	7,500	167,837
Penalties	8,756	11,678
Change of ownership of plot		21,474
Other Fees and Charges/other income	40,315	247,549
Total	**487,067**	**2,140,683**

b. Land Development Charges

The Council collected the following land development related charges:

	2025 Kwacha	2024 Kwacha
Premium plots - Residential		38,500
Total	**-**	**38,500**

NOTES TO THE FINANCIAL STATEMENTS

4. Licences

A total of K24,694 cash receipts was raised from issuance of various Licences.

	2025 Kwacha	2024 Kwacha
Liquor licence	20,472	37,496
Firearm and ammunition licence	1,500	15,510
Dog licence	722	930
Other licences (Occupancy lincence)	2,000	98,024
Total	**24,694**	**151,960**

5. Levies

The Council generated cash receipts by charging levies as follows:

	2025 Kwacha	2024 Kwacha
Livestock Levy	21,973	672
Bird levy		400
Pole levy		-
Quarry Levy	1,300	360
Telecommunication Mast	70,000	193,124
Business Levy	389,558	397,861
Miscellaneous levies	14,254	26,665
Total	**497,085**	**619,082**

6. Permits

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

	2025 Kwacha	2024 Kwacha
Health Permit	129,991	251,789
Burial Permit	2,281	3,208
Nursery, pre school permits	2,755	8,691
Permit for Opaque beer	7,145	11,797
Fire Certificates	323,021	699,630
Extension of business hours	2,808	1,900
Public permits (social gatherings, etc)	1,000	2,900
Other Permits		85,429
Total	**469,001**	**1,065,344**

NOTES TO THE FINANCIAL STATEMENTS

7. Local Government Equalisation Fund

a. Funding

		2025	2024
		Kwacha	Kwacha
1st Funding	January	960,489	919,038
2nd Funding	February	922,518	953,665
3rd Funding	March	905,486	926,044
4th Funding	April	922,820	914,758
5th Funding	May	826,154	961,524
6th Funding	June	771,410	899,001
7th Funding	July		931,638
8th Funding	August		963,033
9th Funding	September		961,783
10th Funding	October		963,245
11th Funding	November		962,731
12th Funding	December		922,405
Total		**5,308,877**	**11,278,864**

b. Operational Expenditure

The Council applied amounts totalling K5,308,877 of LGEF receipts towards meeting operational expenses representing 44.39% of the total LGEF funding for the reporting period. These expenses are included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments

8. Constituency Development Fund

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

a) CDF Funding

	2025	2024
Constituency	**Kwacha**	**Kwacha**
Mkaika	17,972,323	5,000,000
Milanzi	3,205,128	5,000,000
Total	**21,177,451**	**10,000,000**

NOTES TO THE FINANCIAL STATEMENTS

b) Loan Repayments

Constituency	2025 Kwacha	2024 Kwacha
Mkaika	-	-
Milanzi		237,624
Total	**-**	**237,624**

Other CDF sources of funding consisted of refund and interest earned on the amounts held in CDF bank accounts.

c) Other CDF Sources of Funding

Constituency	2025 Kwacha	2024 Kwacha
Mkaika		187,864
Milanzi		66,214
Total	**-**	**254,078**

Other CDF sources of funding consisted of refund and interest earned on the amounts held in CDF bank accounts.

d) Infrastructure Development

Constituency	2025 Kwacha	2024 Kwacha
Mkaika	8,526,418	2,437,364
Milanzi	1,681,012	890,007
Total	**10,207,430**	**3,327,371**

Infrastructure development works included construction of Health Centres Completion of various school blocks, Drilling of boreholes.

e) Rehabilitation Works

Constituency	2025 Kwacha	2024 Kwacha
Mkaika	1,584,624	2,547,381
Milanzi	1,192,971	781,896
Total Asset Acquisition Payments	**2,777,595**	**3,329,277**

NOTES TO THE FINANCIAL STATEMENTS

f) Asset Acquisition

Constituency	2025 Kwacha	2024 Kwacha
Mkaika	8,466,528	1,894,346
Milanzi	2,802,119	625,903
Total Asset Acquisition Payments	**11,268,647**	**2,520,249**

g) Youth and Women Empowerment Grants

Constituency	2025 Kwacha	2024 Kwacha
Mkaika	-	3,463,888
Milanzi	-	3,179,705
Total	**-**	**6,643,593**

h) Youth and Women Empowerment Soft Loans

Constituency	2025 Kwacha	2024 Kwacha
Mkaika	-	4,229,130
Milanzi	-	3,452,120
Total	**-**	**7,681,250**

i) Secondary School and Skills Development Bursaries

Constituency	2025 Kwacha	2024 Kwacha
Mkaika	2,082,643	6,507,502
Milanzi	3,318,300	5,846,674
Total	**5,400,943**	**12,354,176**

j) Administrative Costs

Constituency	2025 Kwacha	2024 Kwacha
Mkaika	1,846,284	2,003,519
Milanzi	1,217,643	2,333,100
Total	**3,063,927**	**4,336,620**

NOTES TO THE FINANCIAL STATEMENTS

k) Disaster Contingency

Constituency	2025 Kwacha	2024 Kwacha
Mkaika	876,498	665,136
Milanzi	-	475,596
Total	**876,498**	**1,140,732**

9. Other grants

During the year, the Council received the following grants:

	2025 Kwacha	2024 Kwacha
Grants in Lieu of Rates	-	360,000
RWSS & UNICEF	-	8,063,881
Capital Grant	-	2,694,737
Total	**-**	**11,118,618**

10. Borrowings

During the year the Council had no borrowings.

11. Council Commercial Venture

This consists of receipts and payments relating to the operations of Katete Motel owned by the Council.

Receipts	2025 Kwacha	2024 Kwacha
Restaurant Sales Receipts	152,688	309,446
Lodging receipts	402,888	771,316
Food and beverages sales receipts	42,600	91,127
Others	-	-
TOTAL	**598,176**	**1,171,889**
Payments		
Restaurant purchaes	55,976	168,313
Accommodation	388,700	309,692
Beer and beverages	42,586	421,927
wages	19,824	49,266
Others	29,451	145,342
TOTAL	**536,537**	**1,094,540**
Surplus/deficit	**61,639**	**77,349**

NOTES TO THE FINANCIAL STATEMENTS

12. Sector Grants (Devolved Functions)

The Council received Grants totaling K25,748,607.00 in its bank accounts from the Treasury for the Devolved Functions of the Central Government broken down as follows:

a) Sector Grants (Devolved Functions)

	2025	2024
	Kwacha	Kwacha
Primary Health Care Services	1,475,357	2,360,572
Community Sport	140,296	129,310
Cultural Matters	135,139	8,017
District Archives	8,017	6,414
Veterinary Services	202,207	126,199
Vehicle Licensing	1,000,000	1,403,568
Total	**2,961,016**	**4,034,080**

b) Other Receipts

	2025	2024
	Kwacha	Kwacha
Cash for Work	22,590,264	11,182,372
Total	**22,590,264**	**11,182,372**

13. Other Receipts

During the year under review the Council did not receive amounts in its accounts that could not be traced to the sources.

	2025	2024
	Kwacha	Kwacha
Other	-	-
Electoral Commission of Zambia	-	-
Total	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

14. Personal Emoluments

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

Grade	2025	2024
	Kwacha	Kwacha
Salaries Division 1	719,022	2,703,500
Salaries Division 2	1,751,444	2,936,683
Salaries Division 3	1,889,711	3,480,246
Wages- Division 4	1,013,106	2,052,926
Total	**5,373,283**	**11,173,355**

15. Use of Goods and Services

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

Expenditure Type	2025	2024
	Kwacha	Kwacha
Office Running Costs	61,608	122,178
Building, Repair and Maintenance Costs	53,132	167,200
Plant, Machinery and Vehicle Running and Maintenance Cost	250,741	533,257
Other Administrative operating costs	82,006	141,973
Requisites	16,506	52,573
Computer and Peripheral Costs	30,000	17,932
Services	29,020,775	20,221,637
CDF Addministration	3,063,927	4,336,620
Official Entertainment	28,477	46,879
Staff Welfare and Recreation	35,135	57,909
Councillor's Monthly Allowances	867,000	1,725,000
Bank Charges	22,900	22,973
Other costs	298,291	29,096
TOTAL	**33,830,497**	**27,475,227**

16. Financial Charges

The Council did not incur any financial charges as it did not obtain any loans from financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

17. Social Benefits

During the year, the Council did make payments towards social benefits totaling K5,400,943.00 broken down as follows;

	2025 Kwacha	2024 Kwacha
Youth and Women Empowement grants	-	6,643,593
Secondary & Skills Bursaries	5,400,943	12,354,176
TOTAL	**5,400,943**	**18,997,769**

18. Non-financial Asset Acquisition

Acquisition of assets involved the following payments:

-	Kwacha	Kwacha
CDF	24,491,742	10,317,629
Capital Projects	-	336,174
Sector Account	218,700	99,865
Crossing points (Bridges)		
TOTAL	**24,710,442**	**10,753,668**

19. Financial Assets

During the period under review, the Council did not give out any empowerment loans

	2025 Kwacha	2024 Kwacha
Empowerment loan	-	7,681,250
TOTAL	**-**	**7,681,250**

20. Loan Repayments

During the period under review, the Council did not make any loan repayments.

NOTES TO THE FINANCIAL STATEMENTS

21. Other Payments

These relate to sundry items such as:

	2025 Kwacha	2024 Kwacha
LGAZ	32,250	29,300
Legal Fees	-	18,000
Staff Creditors	89,500	213,605
Other Creditors	-	20,050
Staff Development	183,473	446,547
Travel expensess	82,568	115,516
Remmittance to ECZ		-
TOTAL	**387,791**	**843,018**

22. Foreign Exchange Losses

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

23. Cash Balances

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

	2025 Kwacha	2024 Kwacha
Cash on hand (a)	-	-
Demand Deposits (b)	10,898,696	26,495,043
Cash equivalents (c)	-	-
TOTAL	**10,898,696**	**26,495,043**

a. Cash on hand

The Council did not have cash on hand.

NOTES TO THE FINANCIAL STATEMENTS

b. Demand Deposits – Bank Balances

The Council had the following reconciled bank account balances as at the 30th June 2025

1	District Fund A/c	Atlas Mara -0160100902006	6,612	938,019
2	Salaries A/c	Atlas Mara -0160100901005	9,207	1,199
3	Capital Projects	Investrust-0700291885026	-	-
4	Mphangwe Motel A/c	Atlas Mara-0159259300153	15,565	19,472
5	Market and Bus A/c	Atlas Mara-0160100908015	1,561	376
6	Milanzi Constituency A/c	Investrust-030710108755029	-	-
7	Mkaika Constituency A/c	Investrust-030710108755039	-	-
8	Mkaika CDF Revolving A/c	Atlas Mara-016611012017	320,005	161,490
9	Milanzi CDF Revolving A/c	Zanaco-5837781300170	887,227	909,710
10	Fire Station A/c	Atlas Mara -0165900509013	2,306	478
11	Land Development Fund A/c	Atlas Mara -0160478553012	14,807	1,121,064
12	ECZ A/c	Atlas Mara-0160432222012	-	-
13	Dwashe	Atlas Mara-0160100779003	55,095	28,066
14	Rural Water A/c	Atlas Mara-0161100909005	107	157,175
15	NRWSSP A/c	Atlas Mara-0160005919018	2,295	2,297
16	Sector A/c	Atlas Mara-0166158251015	1,305,774	2,300,110
17	Salaries A/c	Indo Zambia-0159261300373	1,256,751	1,391,012
18	Milanzi CDF Main A/c	Atlas Mara-0166163829027	767,728	785
19	Mkaika CDF Main A/c	Indo Zambia-01220220000111	3,167,225	15,708
20	Capital Projects A/c	Indo Zambia-01220220000109	2,672,338	2,697,940
21	Mkaika CDF Main A/c	Zicb-1010107828008	250,516	3,083,423
22	Milanzi CDF Main A/c	Zicb-1010148379511	163,577	13,666,719
	TOTAL		**10,898,696**	**26,495,043**

c. Cash Equivalents

During the period, the Council held no treasury bills.

24. Budget Adjustments and Variances

a. Budget Adjustments

The original budget was approved by the Minister responsible for Local Government on 06th January, 2025. There were no Subsequent approved adjustments to the budgets.

b. Budget Variances

Receipts

- **Fees and Charges**
  The Council collected Fees and Charge K487,067.69 representing 23.95%. This was due to the closure of bus station and part of market for construction of a modern bus station and market shelter.

- **Constituency Development Fund**

  The Council Budgeted to receive K72,116,301.00 but received K21,177,451.24 representing a 29.37% Performance Efficiency. This resulted into a Negative Variance of K50,938,849.76.

- **Devolved Sector Grants**

  The Council had budgeted to receive K11,772,330 in various Sector Grants but received K15,216,452 representing 129% of the budgeted amount. This too was due to the introduction of Cash for Work funding.

- **Use of Goods and Services**

  The Council budgeted to spend K47,400,373.00 on Goods and Services but spent K34,220,271.00 resulting in a performance efficiency of 72.00% during the period under review.

- **Non-Financial Assets**
  The Council planned to spend K54,920,980.00 on Non-Financial Assets but spent K24,080,373.00 resulting in a variance of 44%. This was due to delay in implementation of 2025 and 2024 Constituency Development Fund projects.

- **Other Payments**
  The Council planned to spend K715,000.00 on Other Payments but spent K387,791 resulting in a variance of 54%. This was due to inadequate fund to settle staff and other.

NOTES TO THE FINANCIAL STATEMENTS

25. Provision of Services

The Town Council incurred expenditure as a result of offering services it is mandated to provide to the residents of the district.

	2025 Kwacha	2024 Kwacha
Fire Prevention	53,150	46,306
Solid Waste Management	63,504	128,926
Relief, Repatriation & Burial of Destitutes	12,055	10,536
Control and Regulation of Supply and Sales of Food, Liquor and Other Consumable things		14,372
Make Zambia Clean and Health Campaign		24,406
HIV/AIDS Prevention		4,000
Pool Transport		-
Management of Council Buildings		82,190
Management and Control of Markets		52,573
Land Development and Management		-
Sanitation Facility Supply	33,170	56,170
Sports Centres		57,909
Drainage and Bushing Clearing		207,767
Total	**161,879**	**685,155**

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

26. Property, Plant and Equipment

The Council had property, plant and Equipment valued at K66,234,578.

	Freehold Land & Buildings Kwacha	Office Equipment Kwacha	Motor Vehicles Kwacha	Furniture & Fittings Kwacha	Plant & Equipment Kwacha	Total Kwacha
Opening Balance	45,165,052	299,254	325,000	9,900	9,681,704	55,480,910
Additions	8,153,279	-	-	80,140	2,520,249	10,753,668
Revaluations	-	-	-		-	-
Disposal	-	-	-	-	-	-
Closing Balance	**53,318,331**	**299,254**	**325,000**	**90,040**	**12,201,953**	**66,234,578**

NOTES TO THE FINANCIAL STATEMENTS

27. Investments in Other Entities

The Council had shares in Eastern Water and Sanitation Company of 13%.

27. Administered Transactions

The council did not undertake any Administered Transactions during the period under review.

28. Related Party Disclosures

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

a. Fringe benefits Disclosures

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

b. Remuneration of the Councillors

The aggregate remuneration of members of the Council and the number of individuals determined on a full-time equivalent basis receiving remuneration from Katete Town Council are:

	2025 Kwacha	2024 Kwacha
Aggregated Remuneration	867,000	1,725,000
Total	**867,000**	**1,725,000**

There were 23 Councillors during the period under review.

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:

	2025 Kwacha	2024 Kwacha
Aggregated Remuneration	698,792	2,083,786
Total	**698,792**	**2,083,786**

There were 17 members of senior management during the period under review.

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

29. External Assistance

The amounts, class of provider and purpose for which external assistance was received during the year are outlined below.

30. Third Party Payments

There were no third-party payments made by Katete Town Council during the year under review.