

**FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER 2024**



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*THE COUNCIL SECRETARY*  
*PEMBA TOWN COUNCIL*  
*P.O BOX 640021*  
*CIVIC CENTER.*

**TABLE OF CONTENTS**

	<b>PAGE</b>
Report of the Council	2-5
Statement of Responsibilities for Annual Financial Statements	6
Independent Auditor's Report	7-11
Statement of Cash Receipts and Payments	12
Statement of Comparison of Budget and Actual Amounts	13
Statement of Cash Receipts and Payments for Local Government Equalization Fund	14
Statement of Cash Receipts and Payments for Constituency Development Fund	15
Statement of Cash Receipts and Payments for Zambia Devolution Support Programme	16
Statement of Cash Receipts and Payments for Sector Grant (Devolved Functions)	17
Summary of Significant Accounting Policies	18-23
Notes to the Financial Statement	24-40

## REPORT OF THE COUNCIL

The Council has the pleasure of presenting the report together with the financial statements for the year ended 31<sup>st</sup> December 2024 which disclose the sources, utilization and balances of cash for Pemba Town Council during the period under review.

### **Background and Location of the Council**

The Council is located in Pemba District in Southern Province of Zambia along Great North Road. The district is about 256 Kilometres (Km) north of Livingstone City, the tourist capital of Zambia and 229.6 Kilometres (Km) south of the nation's capital, Lusaka. The latitudinal and longitudinal position of Pemba District is 29<sup>o</sup> to 27<sup>o</sup> east and 15<sup>o</sup> to 17<sup>o</sup> south respectively.

In the year 2012 Government of Zambia through statutory instrument number 41 of 2012 created Pemba as a District to manage the administrative functions of the Pemba community.

Pemba district has a total area of 1,892.36 Square Kilometres (Km<sup>2</sup>). The Census of Population undertaken by the Central Statistics Office in 2010 revealed that the population of Pemba District had reached 64,918 The District has (2) Chiefs namely Hamaundu and Moyo.

In Pemba agriculture is the major economic activity in the district and it employs more than 80% of the population. The commonly grown crops and leading in volume are maize, groundnuts and sweet potatoes with maize being the major crop grown in the district with an average total production volume of 46,000 metric tons per year.

The district also produces substantial quantities of tomatoes, though during peak periods, 60% of the produced tomatoes is lost due to spoilage emanating from the lack of market and industries to process it.

Livestock production, particularly goats and Chickens also forms part of major economic activity in the district. The district has an estimated total of 58,448 cattle, 49,524 goats, 724 sheep, 15360 pigs and 182,799 poultry.

The district has a sum total of 69 schools comprising of five (5) secondary schools, three (3) recently upgraded primary schools to secondary schools, forty (40) primary schools, 14 community schools and Six (6) interactive radio – instruction centers. There are 10 literacy classes in the district under community development, though only 2 are active.

The district has a total of twenty-three (23) health facilities providing primary health care services of which eight (8) are health centers, fourteen (14) are health posts and one (1) is a mini hospital.

The address of the registered office of Pemba Town Council (PTC) is as follows:

The Civic Centre,

Great North Road,

P.O Box 640021

**PEMBA**

## REPORT OF THE COUNCIL

### Composition of the Council

Pemba 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. 22 of 1991 Cap 281 of the Laws of Zambia. As a Local Authority, Council administers the Pemba District.

The Council is composed of an elected Council Chairperson, ten (10) elected councilors from ten (10) wards, and two (2) chiefs as provided for under Article 153 (2)(c) of the Constitution of Zambia (Amendment) Act No. 2 of 2016. The current Council was elected to office in 2021 to serve a five-year term up to 2026. The Vice Chairperson was elected from among the councilors in 2021 for the period of two and half years.

The Councilors' who held office during the year were;

S/N	NAME	GENDER	POSITION	WARD
1	Kingstone Handindo	Male	Chairperson	Not applicable
2	Matongo mwiinga	Male	Vice - Chairperson.	Pemba
3	Ndila Douglas	Male	Councillor	Nachibanga
4	Mwiinga Vincent	Male	Councillor	Muzoka
5	Ngandu Jeans	Male	Councillor	Kasikili
6	Josiah Munasingoma M	Male	Councillor	Dobo
7	Walubita Obrian	Male	Councillor	Kasiya
8	Mwiinga Francis	Male	Councillor	Muzoka
9	Halubbala Aaron	Male	Councillor	Demu
10	Chizanda Christopher	Male	Councillor	Maambo
11	Muloongo Tobias	Male	Councillor	Habunkululu
12	Muyuni O. Mudenda	Male	Chief Hamaundu	Not applicable
13	Moyo Stephen	Male	Chief Moyo	Not applicable
14	Levy Hangwemu	Male	Councillor	Yotamu Muleya
15	Mabvuto Ng'andu	Male	Councillor	Kauba

The district also has one (1) elected Member of Parliament for Pemba Constituency. The Member of Parliament who is holding the office is shown below:

S/N	Name	Gender	Period	Constituency
1	Hon. Lamick Haamwata	Male	January to December	Pemba

The affairs of Central Government in the district are coordinated by the District Commissioner. During the year under review Mr. Obey Habeenzu was the District Commissioner for Pemba District.

### The Council Secretariat

The Secretariat of Pemba 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 Department responsible for Administration and Human Resource, Finance, Planning and Works. Further, the office of the Council Secretary is supported by two (2) Heads of Units namely Procurement and Internal Audit

## REPORT OF THE COUNCIL

### Functions of the Council

The main function of the Local Authority is the delivery of local public goods and services to the people in the District and discharge all or any of the functions set out in Article 147 (2) (c) of the Constitution of Zambia (Amendments) Act No. 2 of 2016 and 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 Local Authority.

### Financial Results

	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Cash Receipts	56,867,702	39,865,231
Payments	56,525,193	48,124,200
<b>Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>342,509</b>	<b>(8,258,969)</b>

### Related Party Transactions

There were no related party transactions during the financial year.

### Property, Plant and Equipment.

During the period under review 2024 the Council had Property, Plant and Equipment amounting to **K26, 827,476**.

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

### Employees

The number of employees at the beginning of year were eighty - six (86) and at the end of the year were ninety-nine (99). The total amount spent on employees' remuneration and welfare during the year was **K10,386,817**.

### Health and Safety of Employees

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

### Recreation

The Local Authority during the financial year did not incur any costs towards recreation.

### 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 Local Authority is audited by the Auditor-General.

REPORT OF THE COUNCIL

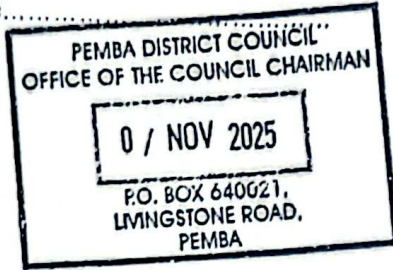
By order of the Council

Signature ..... *[Handwritten Signature]* .....

Name..... KINGSTONE HENDINDO .....

Position: Council Chairperson

Date.....



**STATEMENT OF RESPONSIBILITIES FOR ANNUAL FINANCIAL STATEMENTS**

The Pemba Town Local Authority is responsible for preparing the financial statements for the year ended 31<sup>st</sup> December 2024 which are free from material misstatement, whether due to fraud or error, and are prepared, in all material aspects, in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS). In preparing the financial statements, the Town Local Authority selected applicable policies from Local Authorities Accounting Policies (LAAPs) of October 2019 and then applied them consistently, making judgment and estimates that were reasonable and prudent.

The Local Authority 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 11.

The Local Authority accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with the Cash Basis IPSAS, the requirements of the Local Government Act No. 2 of 2019, the Public Finance Management Act No. 1 of 2018 and Local Authorities Accounting Policies (LAAPs) of 2019.

The Local Authority 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 Local Authority to indicate that the Pemba Town Local Authority will not remain a going concern for at least twelve months from the date of this statement.

In the opinion of the Local Authority, proper books of accounts were maintained to support preparation of Financial Statements that present fairly the financial results of the Town Local Authority for the financial year ended 31<sup>st</sup> December, 2024.

Signed on behalf of the Council.....by;

Name: ..... KINGSTON MANDINDO  
P.O. BOX 640021,  
LIVINGSTONE ROAD,  
PEMBA

Signature: ..... *[Handwritten Signature]*

Position: Council Chairperson

Name: ..... *Christabel Mgobu*

Signature: ..... *[Handwritten Signature]*

Position: Director Finance

Name: ..... *[Handwritten Signature]*

Signature: ..... *[Handwritten Signature]*

Position: Council Secretary





**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](mailto:auditorg@ago.gov.zm)**

**Website: [www.ago.gov.zm](http://www.ago.gov.zm)**

**Telephone: +260252611/252771**

To: The Minister – Ministry of Local Government and Rural Development (MLGRD)

**Report on the Audit of the Financial Statements for Pemba Town Council for the Financial Year Ended 31<sup>st</sup> December 2024**

**Opinion**

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

In my opinion, the accompanying financial statements of Pemba Town Council present fairly, in all material respects, its Statement of Cash Receipts and Payments, the Statement of Comparison



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of Budget and Actual Amounts, Statement of Cash Receipts and Payments for Local Government Equalization Fund and the Statement of Cash Receipts and Payments for Constituency Development Fund (CDF) Statement of Cash Receipts and Payments for Zambia Devolution Support Programme, Statement of Cash Receipts and Payments for Sector Grant ( Devolved Functions) and balances for the year ended 31<sup>st</sup> December 2024 in accordance with the Cash Basis International Public Sector Accounting Standard (IPSAS) and the Local Authorities Accounting Policies (LAAPs).

**Basis for Opinion**

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of the Financial Statements section of my report. I am independent of Pemba 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.



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**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Cash Basis International Public Sector Accounting Standard, the Local Government Act No.2 of 2019, the Public Finance Management Act No.1 of 2018 and Local Authorities Accounting Policies (LAAPs) of 2019, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the Council's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from



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OFFICE OF THE AUDITOR GENERAL**

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 Pemba 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 Pemba 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 Pemba 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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OFFICE OF THE AUDITOR GENERAL

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**

Pemba 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 (L.GEF), 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

DATE: 07/11/2025

STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE YEAR ENDED  
31<sup>ST</sup> DECEMBER 2024

	Note	2024 Kwacha	2023 Kwacha
<b>RECEIPTS</b>			
Local taxes	2	38,865	20,026
Fees and Charges	3	349,106	1,195,236
Licences	4	120,375	70,213
Levies	5	430,259	315,018
Permits	6	142,364	71,789
Local Government Equalisation Fund	7	12,889,592	10,696,982
Constituency Development Fund	8	27,190,759	27,261,470
Other Grants	9	3,297,794	212,454
Borrowings	10	-	-
Commercial Venture	11	9,987	3,705
Sector Grant	12	12,323,651	-
Other Receipts	13	74,950	18,338
<b>TOTAL RECEIPTS</b>		<b>56,867,702</b>	<b>39,865,231</b>
<b>PAYMENTS</b>			
Personal Emoluments	14	10,386,817	8,593,423
Use of goods and services	15	8,831,533	2,884,457
Financial Charges	16	-	-
Social benefits	17	6,916,904	7,601,273
Non-financial assets acquisition	18	26,827,476	23,395,935
Financial Assets	19	3,562,463	5,568,832
Loan Repayments	20	-	-
Other payments	21	-	80,280
<b>TOTAL PAYMENTS</b>		<b>56,525,193</b>	<b>48,124,200</b>
Increase/(decrease) in Cash		342,509	(8,258,969)
Foreign Exchange Losses	22	-	-
Cash at beginning of the year		12,320,829	20,579,798
Cash at the end of the year	23	12,663,338	12,320,829

Incorporated in the payments recognised in this Statement are those for Local Government Equalisation, Constituency Development Funds, Zambia Devolution Support Programme and Sector Grant. Details of payments under each of these Funds are presented separately in each Fund's Statement of Cash Receipts and Payments.

Signature: *[Signature]*  
Name: KINGSTONE HANDBINDU  
Position: Chairperson

Signature: *[Signature]*  
Name: S.K.  
Position: Council Secretary

Signature: *[Signature]*  
Name: Chizumbi Mazuba  
Position: Director Finance.



**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024**

	Original Budget Kwacha	Adjustments Kwacha	Final Budget Kwacha	Actual Amounts Kwacha	% Performance	Variance Kwacha	% Variance
<b>RECEIPTS</b>							
Local taxes	40,800	-	40,800	38,865	95%	(1,935)	-5%
Fees and Charges	2,456,630	-	2,456,630	349,106	14%	(2,107,524)	-86%
Licences	135,786	-	135,786	120,375	89%	(15,411)	-11%
Levies	403,440	-	403,440	430,259	107%	26,819	7%
Permits	167,130	-	167,130	142,364	85%	(24,766)	-15%
Local Government Equalisation Fund	13,449,666	-	13,449,666	12,889,592	96%	(560,074)	-4%
Constituency Development Fund	30,635,642	-	30,635,642	27,190,759	89%	(3,444,883)	-11%
Other Grants	900,000	-	900,000	3,297,794	366%	2,397,794	266%
Borrowings	-	-	-	-	0%	-	0%
Commercial Venture	750,000	-	750,000	9,987	0%	(740,013)	0%
Sector Grant - Devolved Functions	11,739,844	-	11,739,844	12,323,651	105%	583,807	5%
Other Receipts	250,000	-	250,000	74,950	30%	(175,050)	-70%
<b>TOTAL RECEIPTS</b>	<b>60,928,938</b>	<b>-</b>	<b>60,928,938</b>	<b>56,867,702</b>	<b>93%</b>	<b>(4,061,236)</b>	<b>-7%</b>
<b>PAYMENTS</b>							
Personnel Emoluments	17,732,450	-	17,732,450	10,386,817	59%	7,345,633	41%
Use of goods and services	10,028,422	-	10,028,422	8,831,533	88%	1,196,889	12%
Financial Charges	-	-	-	-	0%	-	0%
Social benefits	8,460,021	-	8,460,021	6,916,904	0%	1,543,117	0%
Non-financial assets acquisition	21,215,582	-	21,215,582	26,827,476	126%	(5,611,894)	-26%
Financial Assets	3,492,463	-	3,492,463	3,562,463	0%	(70,000)	0%
Loan Repayments	-	-	-	-	0%	-	0%
Other payments	-	-	-	-	-	-	0%
<b>TOTAL PAYMENTS</b>	<b>60,928,938</b>	<b>-</b>	<b>60,928,938</b>	<b>56,525,193</b>	<b>93%</b>	<b>4,403,745</b>	<b>7%</b>
Increase/(Decrease in Cash)	-	-	-	342,509		(8,464,982)	

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) FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024**

		2024 Kwacha	2023 Kwacha
<b>RECEIPTS</b>			
Funding	7(a)	12,889,592	10,696,982
<b>TOTAL RECEIPTS</b>		<b>12,889,592</b>	<b>10,696,982</b>
<b>PAYMENTS</b>			
<b>Operational Expenditure Payments:</b>	7(b)		
Salaries and Wages		8,282,678	7,517,391
Terminal Benefits		5,000	
Utility bills		15,700	500
Service Provision		2,246,619	657,992
Goods and Services		1,071,568	340,766
Administrative Costs		72,932	1,833,394
Other Costs		6,930	31,094
<b>Sub-Total</b>		<b>11,701,427</b>	<b>10,381,138</b>
<b>Capital Expenditure Payments:</b>	7(c)		
<b>Infrascture</b>			
Furniture and fittings		-	-
Rehabilitation Works		-	323,339
Asset Acquisition		-	22,682
Other Costs		-	159,001
<b>Sub-Total</b>		<b>-</b>	<b>505,022</b>
<b>TOTAL PAYMENTS</b>		<b>11,701,427</b>	<b>10,886,160</b>
<b>Increase/(decrease) in cash</b>		<b>1,188,165</b>	<b>- 189,178</b>
Cash at the beginning of the year		1,601	190,779
Cash at the end of the year		<b>1,189,766</b>	<b>1,601</b>

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

**The Cash at the end of the year of K1,189,767 is included in the reconciled bank balance in the Operations Account under note 22 b.**

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

		2024	2023
		Kwacha	Kwacha
<b>RECEIPTS</b>			
Funding	8(a)	26,750,000	27,261,470
Loan Repayment	8(b)	400,637	-
Other sources - (Interest)	8(c)	40,122	-
<b>TOTAL RECEIPTS</b>		<b>27,190,759</b>	<b>27,261,470</b>
<b>PAYMENTS</b>			
Infrastructure Development	8(d)	14,453,311	17,699,018
Rehabilitation Works	8(e)	6,595,966	3,246,736
Asset Acquisition	8(f)	4,440,699	357,346
Social Benefits	8(g)	2,444,275	2,686,006
Loans	8(h)	3,562,463	5,568,832
Secondary boarding Schools	8(i)	4,472,628	4,915,267
Administrative Costs	8(j)	1,337,500	1,587,813
<b>TOTAL PAYMENTS</b>		<b>37,306,842</b>	<b>36,061,017</b>
<b>Increase/(decrease) in Cash</b>		<b>(10,116,083)</b>	<b>(8,799,547)</b>
Cash at beginning of the year		<b>11,300,856</b>	<b>20,100,403</b>
<b>Cash at the end of the year</b>		<b>1,184,772</b>	<b>11,300,856</b>

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

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR ZAMBIA DEVOLUTION  
 SUPPORT PROGRAMME CAPITAL GRANT FOR YEAR ENDED 31<sup>ST</sup> DECEMBER 2024**

	Note	2024 Kwacha	2023 Kwacha
<b>RECEIPTS</b>			
Funding	9(b)	2,697,794	-
Other Receipts		-	-
<b>TOTAL RECEIPTS</b>		<u><b>2,697,794</b></u>	<u>-</u>
<b>PAYMENTS</b>			
Goods and Services	9 (c)	-	-
Non- Financial Assets Acquisition	9 ( d)	-	-
Infrastructure Development	9(e)	-	-
Rehabilitation	9(f)	-	-
<b>TOTAL PAYMENTS</b>		<u>-</u>	<u>-</u>
<b>Increase/(decrease) in cash</b>		<u><b>2,697,794</b></u>	<u>-</u>
Cash at beginning of the year		<u>-</u>	<u>-</u>
<b>Cash at the end of the year</b>		<u><b>2,697,794</b></u>	<u>-</u>

Note 9 explains the composition and other details relating to the various elements included in this Statement

**The Cash at the end of the year of K2,697,794 is included in the reconciled bank balance in the Capital Project Account under note 23 b.**

**STATEMENT OF CASH RECEIPTS AND PAYMENTS FOR THE SECTOR GRANT  
 (DEVOLVED FUNCTIONS) FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2024**

	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>Kwacha</b>	<b>Kwacha</b>
<b>RECEIPTS</b>			
Funding	12(a)	12,310,011	
Other Receipts	12(b)	13,640	
<b>TOTAL RECEIPTS</b>		<b>12,323,651</b>	<b>-</b>
<b>PAYMENTS</b>			
Goods and Services	12 (c )	4,774,146	-
Non- Financial Assets Acquisition	12 (d )	-	-
Infrastructure Development	12 ( e)	-	-
Rehabilitation	12 (f)	-	-
<b>TOTAL PAYMENTS</b>		<b>4,774,146</b>	<b>-</b>
<b>Increase/(decrease) in cash</b>		<b>7,549,505</b>	<b>-</b>
Cash at beginning of the year		-	-
<b>Cash at the end of the year</b>		<b>7,549,505</b>	<b>-</b>

Note 12 explains the composition and other details relating to the various elements included in this Statement.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Basis of the Preparation of the Financial Statements

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

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

The accounting policies have been applied consistently throughout the period.

#### 1.1 Migration to Cash Basis Reporting

Pemba Town Local Authority's 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 payment in financial reporting. However, the Act does not specify which particular accrual basis of accounting to use. In applying Cash Basis of Accounting, the Local Authority 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 Local Authority

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 1<sup>st</sup> January, 2025. The Local Authority is preparing to adopt Accrual Basis IPSASs on 1<sup>st</sup> 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 31<sup>st</sup> December 2025 up to 31<sup>st</sup> December 2027.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- iii. All Local Authorities shall adopt and apply Accrual Basis IPSAS of Accounting starting 1<sup>st</sup> January, 2022 by following the guidelines provided in IPSAS 33 – “First Time Adoption of Accrual Basis IPSASs”.
- iv. That the three (3) year transition period provided under IPSAS 33 should commence on 1<sup>st</sup> January, 2022 and should end on 31<sup>st</sup> December, 2024. Thereafter, all Local Authorities shall be required to comply fully with Accrual Basis IPSASs.

Based on these guidelines, the Local Authority has not yet commenced production of Accrual Basis financial statements required by the Local Government Act, 2019. However, the Local Authority 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 Pemba Town Local Authority (PTC). The financial statements encompass the Local Authority 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, the Local Government Equalization Fund, Zambia Devolution Support Programme and Sector Grant in the district.

### 1.3 Authorization Approved Date

The financial statements were authorized approved for on .....by the Ordinary/Special Council.

### 1.4 Revenue

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

#### a. Local Taxes

Article 161 of the Constitution of Zambia (Amendment) Act No. 2 of 2016 authorizes Pemba Town Local Authority as a Local Authority to levy, impose, recover and retain local taxes. Further, the Local Government Act No. 22 of 2019 section 25(1) prescribes, subject to the Constitution and the Business Regulatory Act No. 3 of 2014, a system of local taxes which Local Authorities can raise by passing by-laws imposing levies on:

- Levi able persons owning or occupying property or premises situated within the area of the district;
- Levi able 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 No. 3 of 2014, to impose fees or charges payable to the Local Authority:

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### 1.5 Expenditure

Expenditure is recognized when payment is made for expenses incurred. The Local Authority 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 Local Authority 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 Local Authority 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 Local Authority'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 Local Authority recognizes all short-term high liquid investments having maturities of three months or less as cash equivalents.

### 1.8 Local Government Equalization Fund

Article 163(2) of the Constitution of Zambia (Amendment) Act No. 2 of 2016 provides that Parliament shall annually appropriate monies to the Local Government Equalization Fund which shall be disbursed by the Ministry responsible for finance to Local Authorities.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Receipts under LGEF supplement revenue generated by the Local Authority. The Local Authority 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 Local Authority 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 Local Authority 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**

During the year under review the Local Authority did not have any foreign currency transactions.

### **1.13 Borrowings**

During the year ended 2024 the Local Authority did not borrow any money from financial institution.

### **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.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1.15 Encouraged Disclosures of Accrual Type of Items

During the year, the Local Authority 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 Local Authority'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 Local Authority 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 Local Authority 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 Local Authority. The Local Authority deems as part of cash under its control any collections made and administered by the Local Authority 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 Local Authority or exercise significant influence over the Local Authority in making financial and operating decisions. The related party entity is also any entity that is subject to common control with the Local Authority.

Related parties include:

- Entities that directly, or indirectly through one or more intermediaries, control, or are controlled by the Local Authority;
- Associates being entities over which the Local Authority has significant influence
- Individuals that have significant influence over the Local Authority, and close members of the family of any such individual;
- Key management personnel, and close members of the family of key management personnel; and

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (e) Entities in which a substantial ownership interest is held, directly or indirectly, by any person described in (c) or (d), or over which such a person is able to exercise significant influence.

The key management personnel of the Local Authority are:

- (a) the Mayor/Chairperson, elected Councillors, co-opted members of the Audit and Procurement Committees, chiefs who are part of the Local Authority 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 Local Authority 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.

Pemba Town Council discloses total external assistance received in cash during the period, total external assistance paid by the agencies for the benefit of the Local Authority, 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 Pemba Town Council. These do not constitute cash receipts and payments by the Local Authority. 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 Local Authority generated local tax cash receipts as follows:

<b>Local Tax Type</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Residential Rates	-	-
Industrial / Commercial Rates	-	-
Mining Rates	-	-
Personal Levy	38,865	20,026
<b>TOTAL</b>	<b><u>38,865</u></b>	<b><u>20,026</u></b>

### 3. Fees and Charges

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

	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Fees and charges (a)	217,891	447,959
Land Development Charges (b)	131,215	747,278
<b>Total</b>	<b><u>349,106</u></b>	<b><u>1,195,236</u></b>

## NOTES TO THE FINANCIAL STATEMENTS

### a. Fees and charges

The Local Authority generated the following fees:

Fees and Charges Type	2024	2023
	Kwacha	Kwacha
Consent Fees	-	-
Survey Fees	-	-
Building Inspection fees	1,100	550
Plan Scrutiny Fees	750	-
Change of premise use	-	10,600
Rentals/Lease of Council's properties	-	-
Application Form Fees	23,730	36,756
Sketch Fees	-	-
Search Fees	-	-
Market Fees	5,535	3,892
Parking Fees	-	-
Bus Station Fees	33,578	47,544
Affidavit Fees	-	61
Grave Reservation	-	-
Refuse Disposal Fees	-	-
Notice of Marriage	2,350	3,150
Abattoir/Meat Inspection Fees	-	50
Farm Produce Levy	18,999	30,415
Communication Mast Levy	65,000	65,000
Land Record	-	-
Billboard and Banner	548	-
Lease of Council Transport	-	-
Certificate of Clubs	20,400	9,300
Penalties	-	700
Fire Drills	-	-
Change of ownership of plot	11,000	-
Other Fees and Charges/other income	34,901	239,941
<b>TOTAL</b>	<b>217,891</b>	<b>447,959</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**b. Land Development Charges**

The Local Authority collected the following land development related charges:

Charges Type	2024	2023
	Kwacha	Kwacha
Service charges - Residential plots	-	140,000
Service charges - Medium	1,950	23,200
Small Holdings	10,000	76,050
Premium plots - Special	-	445,243
Commercial plots	80,000	36,500
Lease charges	-	-
Other	39,265	26,285
<b>TOTAL</b>	<b>131,215</b>	<b>747,278</b>

**4. Licences**

A total of K120,375 cash receipts was raised from issuance of Retail and Fire arm licenses.

Licence Type	2024	2023
	Kwacha	Kwacha
Manufacturers licence	-	-
Retail licence	-	-
Wholesale licence	-	-
Occupancy licence	-	-
Commercial travellers licence	-	-
Hawkers licence	-	-
Peddlers licence	-	-
Stall licence	-	-
Liquor licence	750	3,590
Firearm and ammunition licence	97,800	59,953
Petroleum licence	-	-
Restaurant licence	-	6,670
Dog licence	-	-
Other licences	21,825	-
<b>TOTAL</b>	<b>120,375</b>	<b>70,213</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**5. Levies**

The Local Authority generated cash receipts by charging levies as follows:

<b>Type of Levy</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Livestock Levy	61,690	22,720
Bird Levy	966	6,080
Fish Levy	320	340
Pole Levy	-	-
Charcoal Levy	207,983	19,477
Sand Levy	-	-
Retail Trading Levy	-	-
Business Levy	149,885	200,058
Other Levies	9,415	66,343
<b>TOTAL</b>	<b>430,259</b>	<b>315,018</b>

**6. Permits**

The Local Authority generated cash receipts from issuing various permits as follows:

<b>Type of Permit</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Burial permits and grave sites	635	325
Transportation of Merchandise	-	-
Nursery, Pre school permits	-	-
Other Permits.	21,268	200
Health Permit	57,731	44,540
Penalties	10,325	-
Extension of business hours permits	4,350	-
Fire Certificate	48,055	26,724
<b>TOTAL</b>	<b>142,364</b>	<b>71,789</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**7. Local Government Equalization Fund**

**a. Funding**

	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Jan funding 2024	1,084,822	-
Feb funding 2024	1,077,756	895,803
Mar funding 2024	1,084,618	895,137
Apr funding 2024	1,065,823	875,895
May funding 2024	1,081,747	885,895
Jun funding 2024	1,062,004	892,058
Jul funding 2024	1,062,004	894,058
Aug funding 2024	1,062,004	894,058
Sep funding 2024	1,060,664	894,058
Oct funding 2024	1,082,820	894,058
Nov funding 2024	1,082,666	894,058
Dec funding 2024	1,082,666	894,058
29-Dec 2024- -Funding	-	887,847
<b>TOTAL</b>	<b><u>12,889,592</u></b>	<b><u>10,696,982</u></b>

**b. Operational Expenditure**

During the period under review, the Council spent K11,701,427 representing 91% on operation costs. These expenses are included in the amounts disclosed in notes accompanying the Statement of Cash Receipts and Payments.

**c. Capital Expenditure**

During the period under review, the council did not encounter any expenditure under Capital.

**8. Constituency Development Fund.**

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

**a. CDF Funding**

	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Constituency		
Pemba	<u>26,750,000</u>	<u>27,261,470</u>
<b>Total Funding</b>	<b><u>26,750,000</u></b>	<b><u>27,261,470</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

**b. Loan Repayment**

During the period under review 2024, the Council managed to recover loan repayments disbursed to various beneficiaries' amounts totaling **K400,636**.

<b>Constituency</b>	<b>2024</b>	<b>2023</b>
<b>Pemba</b>	<b>Kwacha</b>	<b>Kwacha</b>
Loan Repayments	400,636	-
<b>Total Funding</b>	<b>400,636</b>	<b>-</b>

**c. Other CDF Sources of Funding**

During the Period under review the Council received interest amounting to **K40, 122**.

<b>Constituency</b>	<b>2024</b>	<b>2023</b>
<b>Pemba</b>	<b>Kwacha</b>	<b>Kwacha</b>
Interest Earned	40,122	-
<b>Total Funding</b>	<b>40,122</b>	<b>-</b>

**d. Infrastructure Development**

During the period under review the Council spent **K14,453,311** on infrastructure.

	<b>2024</b>	<b>2023</b>
<b>Pemba Constituency</b>	<b>Kwacha</b>	<b>Kwacha</b>
Construction of Primary Schools	3,264,362	8,640,927
Construction of Spray race	-	11,720
Construction of Dip Tank	503,092.17	<b>671,676</b>
Construction of secondary school	1,308,681	2,125,890
Construction of Police Cells	-	17,005
Construction of Market Shelt	12,651	411,320
Construction of Rural health post	1,081,475	136,497
Refuse bay	-	14,121
Supply desks	5,118,539	2,637,033
Street Lights	-	692,798
Boreholes	2,349,917	1,406,864
Bridges	471,525	352,683
Civic Centre	282,108	580,483
Milking Parlour	60,960	-
<b>Total</b>	<b>14,453,311</b>	<b>17,699,018</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**e. Rehabilitation Works**

Rehabilitation works incurred in the year 2024 under review includes the amount shown below.

<b>Pemba Constituency</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Rehabilitation of feeder roads	982,744	597,967
Rehabilitation of Dip Tanks.	433,896	143,974
Rehabilitation of dams.	404,139	805,705
Rehabilitation of boreholes	1,029,088	329,145
Servincing of Equipments	-	237,518
Rehabilitation of bridges	901,121	257,858
Primary Schools	1,431,209	735,591
Building Materials - Police Cells	-	30,025
Building Materials - Clinics	369,424	108,955
Civic Centre	17,160	-
Street Lights	36,463	-
Serving of Equipments	674,616	-
Secondary Schools	316,106	-
<b>Total</b>	<b>6,595,966</b>	<b>3,246,736</b>

**f. Asset Acquisition.**

During the period under review, the Local Authority Purchased the following items listed below:-

<b>Pemba Constituency</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Purchase of motor vehicle	2,200,000	-
Equipments	2,000,000	-
Furniture and Fittings	-	<b>36,100</b>
Camera	-	21,500
Gen set	8,650	-
Motor Bikes	-	299,746
Office Equipment - Computers	232,049	-
<b>Total</b>	<b>4,440,699</b>	<b>357,346</b>

**g. Social Benefits**

<b>Pemba Constituency</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Your Empowerment Grants	-	-
Womwen Empowerment Grants	-	-
Life and business Skills training	-	-
Productivity Grants	-	-
Serving Clubs	-	-
Community Empowerment Grants	2,444,276	2,686,006
<b>Total</b>	<b>2,444,276</b>	<b>2,686,006</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**h. Loans**

During the period under review the Local Authority paid Community Empowerment Loans amounting to **K3,562,463** under Constituency Development Fund for 2024.

	<b>2024</b>	<b>2023</b>
<b>Constituency</b>	<b>Kwacha</b>	<b>Kwacha</b>
Youth	-	-
Community Empowerment Loans	<u>3,562,463</u>	<u>5,568,832</u>
<b>Total</b>	<u><b>3,562,463</b></u>	<u><b>5,568,832</b></u>

**i. Secondary School and Skills Development Bursaries**

<b>Pemba Constituency</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Skills Development	1,886,923	3,533,197
Secondary Boarding Schools	<u>2,585,706</u>	<u>1,382,070</u>
<b>Total</b>	<u><b>4,472,628</b></u>	<u><b>4,915,267</b></u>

**j. Administrative Costs**

<b>Pemba Constituency</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Supervision Costs for Civil Works	70,074	139,895
Monitoring of Projects	167,458	261,565
Other Payments	456,694	298,799
Stationery	129,140	183,924
Advert	13,200	15,556
Fuel	500,935	232,229
Allowances	-	455,846
<b>Total</b>	<u><b>1,337,500</b></u>	<u><b>1,587,813</b></u>

**9. Other Grants**

During the Period under review 2024, the Council received amounts totaling to **K3,297,794** on other grants below is the breakdown:

<b>Revenue Source</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
		<b>Kwacha</b>	<b>Kwacha</b>
Grants in Lieu of Rates	a	600,000	-
Grants from Cooperating Partners - (ZDSP)	b	2,697,794	-
Other (Special Grants )		<u>-</u>	<u>212,454</u>
<b>TOTAL</b>		<u><b>3,297,794</b></u>	<u><b>212,454</b></u>

**NOTES TO THE FINANCIAL STATEMENTS**

- a. The Council received **K600,000** grants in lieu of rates during the period under review.
- b. During the period under review the Local Authority received the Grant from World Bank for ZDSP amounting to **K2,697,794**.

**c. Other**

The Council did not receive other funds during the period under review.

**10. Borrowings**

During the year 2024 the Local Authority did not borrow.

**11. Commercial Venture**

This consists of receipts and payments relating to operations of the Dairy Farm owned by the Council.

	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
<b>Receipts</b>		
Dairy Sales	133,484	228,310
	-	-
<b>Total Receipts</b>	<b>133,484</b>	<b>228,310</b>
<b>Payments</b>		
Fuel	6,712	26,071
Construction	20,000	-
Medicine for Cattle	2,674	16,296
Feed for Cattle	94,112	104,148
Contributions to Op Acct	-	-
Other Expenses	-	25,052
Insurance	-	-
Casuals/ Wages	-	42,980
Electricity bills	-	-
Assets	-	10,057
<b>Total</b>	<b>123,497</b>	<b>224,604</b>
<b>Surplus/deficit</b>	<b>9,987</b>	<b>3,705</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**12. Funding Sector Grant (Devolved Functions)**

- a. The Council Received Grants Totalling to K12,310,011 in its bank accounts from the treasury for the Devolved functions of the Central Government broken down as follows:**

<b>Sector Grant Devolved Functions</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Primary Health care services	1,609,652	-
Ponttons Ferries, Jetties and Piers	1,715,472	-
Community Sports	233,532	-
Cultural Matters	-	-
District Achives	-	-
Verterinar Services	141,974	-
Vehicle Licensing	-	-
Harbours	-	-
Cash For Work	8,609,382	-
other Receipts	-	-
<b>TOTAL</b>	<b>12,310,011</b>	<b>-</b>

**b. Other Receipts**

During the period under review the Council collected **K13, 640** from stock movements under Veterinary in Sector account.

<b>Revenue Type</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
<b>Local Collections:</b>		
Veterinary (stock movement)	13,640	-
<b>TOTAL</b>	<b>13,640</b>	<b>-</b>

**c. Use of Goods and Services for Devolved Functions**

During the period under review the Council spent **K4,774,146** on Goods and Services which consist of various payment in Sector Account as shown in the table below:

<b>EXPENDITURE</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Sports Component	304,272	-
Veterinary Expenses	148,676	-
Cash For Work Expenses	2,831,789	-
Cash For Work Admin Expenses	314,066	-
Healt Expenses	1,161,593	-
Cultural Expenses -	13,750	-
<b>Total</b>	<b>4,774,146</b>	<b>-</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**d. Non-Financial Asset Acquisition**

During the period under review the Council did not spend any amount

**e. Rehabilitation**

During the period under review the Council did not spend any amount

**13. Other Receipt**

During the period under review the Council collected **K74,950** under other receipts

<b>Other receipts</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
HIV/AIDS Component	74,950	-
Other Receipts	-	<b>18,338</b>
<b>TOTAL</b>	<b>74,950</b>	<b>18,338</b>

**14. Personal Emoluments**

Personal Emoluments consist of actual amounts of salaries and wages paid to staff of the Local Authority. The Local Authority had categories of staff that were paid as follows: The amount for personal emolument was **K10,386,817**.

<b>Grade</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Salaries Division 1	2,846,790	2,653,940
Salaries Division 2	2,206,467	1,968,920
Salaries Division 3	2,282,406	1,784,294
Wages- Division 4	2,641,221	1,809,269
Other related Costs	409,934	377,001
<b>TOTAL</b>	<b>10,386,817</b>	<b>8,593,423</b>

**NOTES TO THE FINANCIAL STATEMENTS**

**15. Use of Goods and Services**

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

<b>Expenditure Type</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Office Running Costs	48,507	45,706
Building, Repair and Maintenance Costs	77,167	282,164
Plant, Machinery and Vehicle Running and Maintenance Cost	402,249	263,755
Other Administrative operating costs	1,351,481	224,571
Requisites	33,212	28,315
Services	525,692	704,274
Travel expenses	1,298,642	1,014,634
Training	44,010	10,028
Medical costs	3,230	13,950
Other costs	<u>5,047,344</u>	<u>297,060</u>
<b>TOTAL</b>	<b><u>8,831,533</u></b>	<b><u>2,884,457</u></b>

**16. Financial Charges**

During the period under review the Local Authority did not incur any financial charges.

**17. Social Benefits**

During the financial year 2024, the local authority paid funds totalling to **K6, 916,904** under Constituency Development Fund on social benefits.

<b>Social Benefits</b>	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Social Benefits	2,444,276	2,686,006
Skills Development	2,585,706	3,533,197
Secondary Boarding Schools	<u>1,886,923</u>	<u>1,382,070</u>
<b>TOTAL</b>	<b><u>6,916,904</u></b>	<b><u>7,601,273</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

**18. Non-Financial Asset Acquisition**

During the period under review the Council spent an amount totaling to **K26,827,476** on Acquisition of assets as stated below:

	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Construction of office buildings and fixtures	14,453,311	17,699,018
Rehabilitation Works	6,595,966	3,246,736
Assets	4,440,699	380,028
Other Non - Financial Assets	1,337,500	2,070,153
<b>TOTAL</b>	<b><u>26,827,476</u></b>	<b><u>23,395,935</u></b>

**19. Financial Assets**

During the period under review the Local Authority spent **K3,562,463** on Community Empowerment Loan.

	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
<b>Constituency</b>		
Youth	-	-
Community Empowerment Loans	<u>3,562,463</u>	<u>5,568,832</u>
<b>Total</b>	<b><u>3,562,463</u></b>	<b><u>5,568,832</u></b>

**20. Loan Repayments**

During the period under review the Local Authority did not repay any loans:

**21. Other Payments**

During the period under review the Local Authority did not spend any amount on other

	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Other Payments	<u>-</u>	<u>80,280</u>
<b>TOTAL</b>	<b><u>-</u></b>	<b><u>80,280</u></b>

payments.

**22. Foreign Exchange Losses**

During the period under review the Local Authority did not engage in transaction which would lead to foreign currency loss.

**23. Cash Balances**

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

	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Cash on hand (a)	-	38,575
Demand Deposits (b)	12,663,338	12,282,254
Cash equivalents (c)	-	-
<b>TOTAL</b>	<b><u>12,663,338</u></b>	<b><u>12,320,829</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

**a. Cash on hand**

The Council's cash on hand was made of cash collections:

	<b>2024</b>	<b>2023</b>
	<b>Kwacha</b>	<b>Kwacha</b>
Cash collections undeposited	-	38,575
Petty Cash	-	-
<b>TOTAL</b>	<b>-</b>	<b>38,575</b>

**b. Demand Deposits – Bank Balances**

The Local Authority had the following reconciled Cash books balances as at the 31<sup>st</sup> December 2024 as shown below.

<b>Account Name</b>	<b>Account No</b>	<b>2024</b>	<b>2023</b>
		<b>Kwacha</b>	<b>Kwacha</b>
Operations A/C	Zanaco -1015029300186	1,189,767	918,287
Wages A/C	Investrust - 200110212867027	721	3,153
Capital Project A/c	Investrust - 200110212867087	9,121	1,602
CDF A/C	Investrust - 200110212867067	548,926	11,017,825
Lands A/c	Investrust - 200110212867047	22,425	8,077
Water and sanitation A/C	Investrust - 200110212867037	-	842
ECZ A/C	Investrust - 200110212867077	665	665
Capital Project A/c	Indo - 182020000126	2,697,794	
Dairy Farm	Indo-0182020000039	6,195	3,705
Srika Account	Indo -182020000120	1,012	
Revolving	Indo-0182020000038	122	122
Sector Account	Sector- 5991585300119	7,549,505	
Muzoka	Indo-0182020000024	1,241	44,945
CDF A/C (Natsave Bank)	Natsave- 2170164508902	635,845	283,031
<b>TOTAL</b>		<b>12,663,338</b>	<b>12,282,254</b>

**c. Cash Equivalents**

During the period under review the Local Authority held no cash equivalents.

## NOTES TO THE FINANCIAL STATEMENTS

### 24. Budget Adjustments and Variances

#### a. Budget Adjustments

The original budget was approved by the Minister responsible for Local Government on 28<sup>th</sup> February 2024. However, there was no subsequent approved adjustments to the budgets.

#### b. Budget Variances.

- **Fees and Charges**

During the period under review, the Council Budget to collect revenue from Fees and Charges amounting to **K2, 456,630**. However, the Council managed to collect **K349, 106** giving an adverse variance of **K2, 107,524** representing negative **86%**. However, the variance was due to delay to approve the layout plans and opening of roads in order to provide quality services to the residents. However, the Council will generate more income in the year 2025.

- **Other Grants**

During the period under review, the council budget to receive amounts totaling to **K900, 000** from other grants however, the Council received **K3,297,794** from ZDSP and other grants in Lieu of Rates from the Ministry giving a positive variance of **K2,397,794** representing **266%**

- **Other receipts**

During the period under review, the council budgeted to receive amounts totaling to **K250,000** from contractors under HIV /AIDs component. However, the council managed to received **K74,950** resulting into a variance of **K175,050** representing 70%. The variance was due to limited of funds expected from contractors since the local authority had spent funds to procure heavy machinery.

- **Personal Emoluments**

The Local Authority Budgeted to spend **K17,732,450** on Personal Emoluments based on Gross Pay, but managed to spend **K10,386,817** giving a variance of **K7,345,633** representing **41%**. However, the variance was due to low adequate funding by the government to meet the wage bill as result certain statutory obligations are not paid.

- **Non-Financial Assets Acquisition**

The Local Authority Budgeted to spend **K21,215,582** on Non-financial Asset acquisition but managed to spend **K26,827,476** giving a variance of **K5,611,894** representing **26%**. However, the variance was due the brought forward figures from the previous year.

**NOTES TO THE FINANCIAL STATEMENTS**

**25. Property, Plant and Equipment**

The Council had property, plant and Equipment valued at **K61, 047,962** as at 31<sup>st</sup> December 2024.

	<b>Land and Buildings Kwacha</b>	<b>Other Assets Kwacha</b>	<b>Plant &amp; Machinery Kwacha</b>	<b>Motor vehicles Kwacha</b>	<b>Office Equipment Kwacha</b>	<b>Furniture &amp; Kwacha</b>	<b>TOTAL Kwacha</b>
Opening balance	4,256,222	26,638,424	0	873,587	2,175,934	276,319	<b>34,220,486</b>
Additions		22,395,427	2,000,000	2,200,000	232,049		<b>26,827,476</b>
Revaluation	-		-	-	-	-	-
Re-classification	-		-	-	-	-	-
Disposal	-		-	-	-	-	-
<b>Closing balance</b>	<b>4,256,222</b>	<b>49,033,851</b>	<b>2,000,000</b>	<b>3,073,587</b>	<b>2,407,983</b>	<b>276,319</b>	<b>61,047,962</b>

**26. Investments in Other Entities**

The Local Authority did not hold any shares in private entities.

**27. Administered Transactions**

The Local Authority did not administer any activities related to collection of taxes on behalf of any institution.

**28. Related Party Disclosures**

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

**a. Fringe benefits Disclosures**

The office of the Council Chairperson is entitled to a Council vehicle for his operation.

**b. Remuneration of the Councilors**

During the period under review 2024, Pemba Town Council had ten (10) elected Councillors plus two chiefs. The aggregate remuneration for the whole year was K84, 000 as indicated below.

Aggregate Remuneration K84, 000

Number of persons 12

None of the Councillors acquired loans from the Local Authority 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 K2, 778,632

Number of persons 8

## NOTES TO THE FINANCIAL STATEMENTS

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

**29. External Assistance**

During the period under review the Local Authority did not receive any amounts under this note.

**30. Third Party Payments**

Pemba Town Council during the period under review did not engage in any third party's Transactions.