



# NATIONAL COUNCIL FOR CONSTRUCTION



**2018**  
**Annual Report**





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# MISSION, VISION & VALUES

## OUR MISSION

To regulate, promote and build capacity of the Construction industry for sustainable infrastructure development.

## OUR VISION

A Robust and Competitive Zambian Construction Industry.

MISSION

VISION

VALUES

## OUR VALUES

- Efficiency
- Environmentalism
- Inclusiveness
- Integrity
- Professionalism



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## ACRONYMS

<b>EIIP</b>	Employment Intensive Investment Programme
<b>EIZ</b>	Engineering Institution of Zambia
<b>EMP</b>	Earth Moving Plant
<b>ICT</b>	Information and Communication Technologies
<b>ILO</b>	International Labour Organisation
<b>IRCP</b>	Improved Rural Connectivity Project
<b>LBT</b>	Labour Based Technology
<b>MHID</b>	Ministry of Housing and Infrastructure Development
<b>MWS</b>	Ministry of Works and Supply
<b>NAMSSC</b>	National Association for Medium and Small Scale Contractors
<b>NCA</b>	National Construction Authority
<b>NCC</b>	National Council for Construction
<b>NRFA</b>	National Road Fund Agency
<b>OSHE</b>	Occupational Safety Health and Environment
<b>PACRA</b>	Patents and Companies Registration Agency
<b>RDA</b>	Road Development Agency
<b>RRMP</b>	Road Rehabilitation and Maintenance Programme
<b>SI</b>	Statutory Instrument
<b>TEVETA</b>	Technical Education, Vocational and Entrepreneurship Training Authority
<b>UNEP</b>	United Nations Environment Programme
<b>UNZA</b>	University of Zambia
<b>WGBC</b>	World Green Building Council
<b>ZABS</b>	Zambia Bureau of Standards
<b>ZGBA</b>	Zambia Green Building Association
<b>ZIPAR</b>	Zambia Institute of Policy Analysis and Research

## BOARD CHAIRPERSON'S OVERVIEW

It is with great pleasure that I present to you the National Council for Construction (NCC) Annual Report of its activities and finances for the year ended 31<sup>st</sup> December 2018. As we reflect on 2018, a number of achievements made are worth acknowledging:

During the year under review, NCC facilitated a re-alignment of its Strategic Plan. I am glad to note that the vision and mission of the institution has been refined to reflect the aspirations of the construction sector in line with key government documents such as the Vision 2030.

In terms on contractor registration, NCC issued a total of 7,619 registration certificates representing an increase of 21.5 percent from the previous year. It can also be noted that 33 percent of the total number of registrations were under the first registration category. It is also impressive to note that a total of 200 companies had their applications for upgrade approved. In addition,

NCC recorded a total of 200 successful upgrade applications. Zambian owned companies continued to account for 95 percent of total registrations. NCC further recognised that in terms of works being undertaken, 85 percent continued to be implemented by foreign companies. In order to counter this, NCC revised its strategy and religiously began enforcing the Joint Ventures and Partnerships provisions of the NCC Act while at the same time ensuring enforcement of the 20 percent Sub-contracting policy.

In terms of project registration by close of 2018 NCC had registered a total of 120 projects, increasing cumulative total number of projects on the register to 294.

NCC continued to conduct scheduled and adhoc compliance monitoring inspections with a cumulative total of 1,991 inspections in 2018. Various project sites were found wanting with common issues relating to quality of works, health and safety of workers and the sites. Subsequently, 122 contractors were given warning letters, 94 were penalized and 25 sites were closed for various offences. In addition, NCC found 234 sites either closed or abandoned during the inspections.

Based on data collected during inspections, a total of 28, 699 persons were employed on the various sites of these 89 percent were Zambia, with 11 percent being foreign.

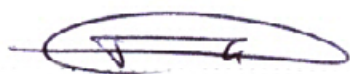
In terms of capacity building, NCC conducted a total of 20 programmes with a total reach of 723. The courses were intended to bridge the skills gap in SME contractors.

NCC also commenced the process of improving its training facilities by upgrading the Ablution blocks in the Kanakantapa training site with additional plans for other improvements in 2019. As in the past, NCC continued to collaborate with other partners in the skills development arena, I particular, NCC collaborated with NRFA, ILO, RDA, UNDP, UNEP, the World Bank and AfDB

In terms of human capital, NCC ended the year with a staff complement of 97. Eight outstanding members of staff were recognized during the 2018 Labour Day Awards.

NCC also commenced construction of the construction materials testing laboratory which is expected to be an ultra-modern facility when completed. The Construction Materials laboratory however continued to operate with 425 tests being commissioned during the year.

I end by thanking the parent ministry and my fellow Board members for your continued support.



Mrs. Rosetta Chabala

## NCC BOARD MEMBERS



**Mrs. Roseta Mwape Chabala**  
Chairperson  
Zambia Association of  
Manufacturers



**Hon. Isaac Banda**  
Vice Chairperson  
Minister's Appointee



**Mr. Amos Malupenga**  
Ministry of Local Government



**Mr. Edward Mutale Mpepo**  
National Association for Small and  
Medium Scale Contractors



**Eng. Danny Mfune**  
Ministry of Housing and  
Infrastructure Development



**Mr. Musonda Chikwanda**  
Ministry of Finance



**Mr. Michael Chileshe**  
Surveyors Institute of Zambia



**Mrs. Mphangela Tembo Nkonge**  
Zambia Institute of Architects



**Mrs. Lwenje Lungu**  
Zambia Bureau of Standards



**Mr. Allen Polito**  
Energy Regulation Board



**Dr. Michael Mulenga**  
University of Zambia



**Mr. Josias Hantebe Simachela**  
Attorney General's Chambers,  
Ministry of Justice



**Q.S. Matthew Ngulube**  
National Council for  
Construction



## EXECUTIVE DIRECTORS STATEMENT

National Council for Construction remains committed to its vision of a robust and competitive Zambian Construction industry. In trying to attain this, one of the milestones for the year was the development of the 2019-2021 Strategic Plan.

The Strategic Plan 2019 to 2021 gives an excellent discourse of shared Vision, Culture and aspirations that NCC would like to use to steer the construction industry in a direction to achieve the desired contribution to economic growth and sustainable development of the sector.

The Strategic Plan is skewed towards enhancing participation of local contractors, women and easing the cost of doing business. A major issue for the plan has been the inclusion of women, youth and other vulnerable groups in the proposed programs for the industry including issues of climate change and the environment

The SP also focuses on issues such as enhanced:

- Corporate communications
- Partnerships between local and foreign construction firms
- Relevant contractor capacity building programmes
- Construction standards development
- Promotion of the use of Labour Based Technologies (LBTs)
- Reducing graft in the sector
- Enhancing ICT for improved service delivery

In 2019, NCC intends to engage more with its stakeholders and put in place more incentives to ensure that local contractors are rising up to the challenge of successfully bidding and implementing projects. In addition, NCC will continue to promote partnerships and joint ventures, between local and foreign contractors, in its quest to facilitate capacity building. The Construction School will also be introducing more courses to meet the demand for skills.

As we take on this new period in our strategic plan I look forward to our continued efforts as a proactive regulator and pledge efficiency in the delivery of our mandate. I positively look forward to 2019 as we strive to regulate, promote and build capacity of the construction industry for sustainable infrastructure development.



Q. S. Matthew Ngulube

## SENIOR MANAGEMENT



**Q.S. Matthew Ngulube**  
Executive Director



**Eng. Ernest Nshindano**  
Director  
Registration and Regulation



**Mr. Morgan Chiselebwe**  
Director – Finance and  
Administration



**Arch. Chance Kaonga**  
Principal – Construction School



**Ms. Mwenya Kapasa**  
Legal Counsel



**Mr. Lucky K. Muntanga**  
Manager – Internal Audit



**Eng. Titus Chiwembe**  
Manager – Laboratory Services



**Mr. Brian Mutale**  
Manager – Business Development

## BOARD ENGAGEMENT

In accordance with provisions of the National Council for Construction Act No. 13 of 2003, NCC is governed by a 16-member Board, but currently has 14 appointed members. This Board was appointed by the Minister of Housing and Infrastructure Development on 22<sup>nd</sup> November 2017.

The primary responsibility of the Board of National Council for Construction is to provide governance and oversight to ensure that NCC is effectively and efficiently achieving its mandate as prescribed in the National Council for Construction Act No. 13 of 2003.

The Board is the supreme policy making body for the institution.

In order to facilitate improved implementation of its mandate as prescribed in the NCC Act, the Board constituted four committees. The Board has the following committees:

### (i) Registration and Regulation, Business Development Committee

This Committee ensures that policies and strategies intended to help NCC effectively and efficiently implement its mandate in terms of the legal and regulatory functions are adequate. These relate to issues of registration, monitoring and development of standards to govern the sector.

The Registration, Regulation and Business Development Committee held four meetings in 2018. The list of committee members comprises the following;

<b>Name</b>	<b>Position</b>
Hon. Isaac Banda	Chairperson
Mrs. Mphangela Nkonge	Member
Mr. Michael Chileshe	Member
Mr. Josiah Simachela	Member
Mr. Allen Polito	Member
Eng. Danny Mfune	Member
Q.S. Matthew Ngulube	Member
Ms. Mwenya Kapasa	Management/Secretary
Eng. Ernest Nshindano	Management
Mr. Brian Mutale	Management

### (ii) Education and Training Committee

Makes recommendations regarding appropriate measures relating to the operation and implementation of programmes aimed at capacity building for small and medium scale contractors.

The Education and Training Committee held four meetings on in 2018. The list of committee members comprises the following:

<b>Name</b>	<b>Position</b>
Dr. Michael Mulenga	Chairperson
Mr. Edward Mpepo	Member
Mr. Chibesa Chitangala	Member
Mr. Chikwanda Musonda	Member
Mr. Crispin Chilikwela	Member
Q.S. Matthew Ngulube	Member
Arch. Chance Kaonga	Management
Eng. Titus Chiwembe	Management
Ms. Mwenya Kapasa	Management/Secretary

**(iii) Finance and Administration Committee**

The Committee makes recommendations to the on matters relating to finance, human capital as well as general administration of NCC.

The Finance and Administration Committee held four ordinary meetings in 2018. The list of Committee members comprised the following;

<b>Name</b>	<b>Position</b>
Mr. Edward Mpepo	Chairperson
Mr. Chikwanda Musonda	Member
Mr. Allen Polito	Member
Hon. Isaac Banda	Member
Eng. Danny Mfuné	Member
Mr. Amos Malupenga	Member
Mr. Mathew Ngulube	Member
Ms. Mwenya Kapasa	Management/Secretary
Mr. Morgan Chiselebwe	Management

In addition, the Finance and Administration Committee of the Board of Directors also held a Special Board Finance and Administration 16<sup>th</sup> November 2018.

**(iv) Audit and Risk Management**

The Committee considers and makes recommendations on matters relating to the effective discharge of its responsibilities in the areas of statutory reporting, internal control systems, risk management systems, and the internal and external audit functions.

The Audit and Risk Management Committee held four meetings in 2018. The list of Committee members comprises the following:

<b>Name</b>	<b>Position</b>
Mr. Josiah Simachela	Chairperson
Mr. Derek Mboyanga	Member
Mrs. Margret L. Lungu	Member
Mr. Eddie Mwitwa	Member
Q.S. Matthew Ngulube	Member
Ms. Mwenya Kapasa	Management/Secretary
Mr. Lucky Muntanga	Management

In 2018, the full board held four Board meetings as scheduled with one Special Board meeting as shown in the table below.

<b>Details</b>	<b>Date</b>
Quarter 1 Board Meeting	9 <sup>th</sup> February 2018
Quarter 2 Board Meeting	16 <sup>th</sup> April 2018
Quarter 3 Board Meeting	27 <sup>th</sup> July 2018
Quarter 4 Board Meeting	26 <sup>th</sup> October 2018
1 <sup>st</sup> Special Board Meeting	26 <sup>th</sup> November 2018

Some of the notable decisions of the Board in 2018 included approval of the 2019-2021 Strategic Plan.

# REGISTRATION AND COMPLIANCE MONITORING

Contractors are registered according to Grade and Category based on a self-assessment criterion which is subject to verification. The Register categorizes contractors according to capability to carry out construction projects. For instance, a contractor registered in Grade Six is understood to have minimum experience as that is the entry point level compared to a contractor registered in Grade One who is expected to have a large amount of experience in application of construction processes in their registered category. Registration is compulsory for any contractor wishing to engage in construction in Zambia.

### a) Registration of Contractors

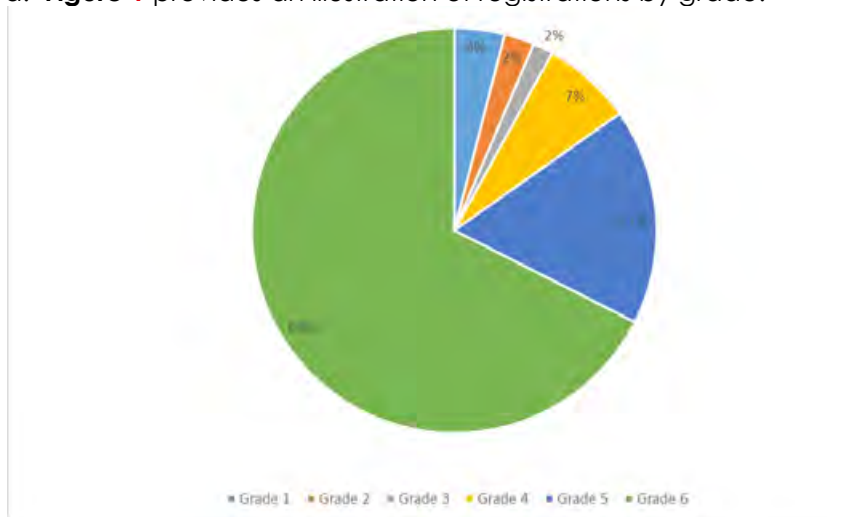
In 2018, NCC issued a total of 7,619 registration certificates. This was an increase of 21.5 percent compared to 2017 when 6,266 registrations were recorded.

Of this number 2,504 representing 32.9 percent were First Registrations as compared to 1,524 24.3 percent for the same period in 2017. In addition, NCC recorded a total of 200 successful upgrade applications, while 125 were recorded during the same period in 2017. Table 1 provides a summary of registrations in 2018 by grade and category.

**Table 1: Contractor Registrations as at 30<sup>th</sup> December 2018 by Grade and Category**

GRADE	CLASSIFICATION AND CATEGORISATION									
	Z.C.O VS FOREIGN	B	C	E	M	ME	R	S-A	S-B	TOTALS
1	Z.C.O	23	15	5	5	1	24	1	18	73
	FOREIGN	66	45	32	31	4	54	3	0	232
	<b>TOTAL</b>	<b>89</b>	<b>60</b>	<b>37</b>	<b>36</b>	<b>5</b>	<b>78</b>			<b>305</b>
2	Z.C.O	23	12	14	3	0	26			78
	FOREIGN	44	18	14	17	1	11			105
	<b>TOTAL</b>	<b>67</b>	<b>30</b>	<b>28</b>	<b>20</b>	<b>1</b>	<b>37</b>			<b>183</b>
3		51	15	21	2	1	33			123
4		270	57	58	27	2	131			545
5		560	149	128	41	11	422			1,311
6		2,225	593	417	435	154	1,306			5,130
<b>S-CLASS</b>										22
<b>TOTALS</b>		<b>3,262</b>	<b>904</b>	<b>689</b>	<b>561</b>	<b>174</b>	<b>2,007</b>	<b>4</b>	<b>18</b>	<b>7,619</b>

NCC recorded the highest number of registrations in Grade Six of 5, 130 representing 68% of all registrations issued. **Figure 1** provides an illustration of registrations by grade.



**Figure 1: Classification of Registrations issued by Grade**

It can also be noted that Zambian Owned companies constituted 95 percent of all registered companies while foreign companies constituted five percent. This is a good statistic, however it can be noted that in terms of works being undertaken, Zambian owned companies undertook 15 percent whereas foreign companies had a share of 85 percent of works.

In order to help reduce this margin, NCC enhanced enforcement of section 24(1) of the NCC Act which states that:

*24. (1) Subject to section sixteen a person shall not award a contract for any construction works to a foreign company or foreign firm unless the foreign company or foreign firm undertakes the construction works in partnership or jointly with a Zambian company or Zambian firm.*

These measures include embedding the provisions of the Act on partnerships and joint ventures in the standard solicitation documents issued to Procuring Entities by ZPPA. Further, the Council is working on developing the regulations on partnerships in the form of a Statutory Instrument for ease of enforcement.

Lastly, NCC is pursuing the 20% mandatory subcontracting policy pronouncement by the Government of the Republic of Zambia as an additional empowerment initiative for Zambian contractors. To this end, NCC has redefined the project inspection criteria to include 20% subcontracting as a component of compliance. This will enable the Council to ensure compliance to this pronouncement on all project sites.

In line with this, NCC embarked on a research in collaboration with Copperbelt University and funded by the National Road Fund Agency to assess the effectiveness of the 20% sub-contracting policy statement in the Zambian road sub-sector.

These measures, which are part of the strategic Plan's objectives, are anticipated to increase the market share of local contractors from a mere 15% to 40%.

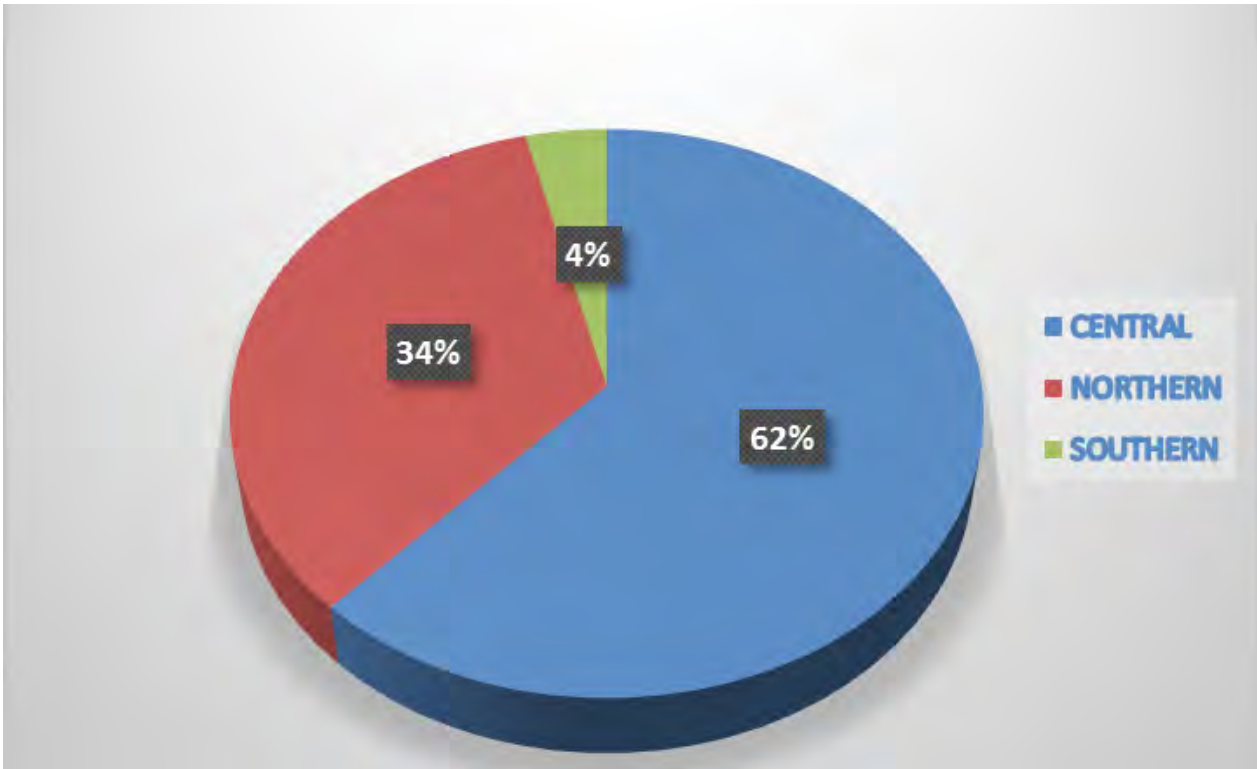
Table 2 indicates the various types of registrations as at 31<sup>st</sup> December 2018. It can be noted that renewals recorded the highest number of captured registrations at 4,780. The second highest type of registration was First registrations which accounted for 2,504 representing 33% while 200 representing 2.6% were upgraded. Four companies received downgrades.

**Table 2: Types of Registration**

Type of Registration	No.
First Registrations	2504
Upgrades	200
Downgrades	4
Express Registrations	128
Renewals	4780
Joint Ventures	3

NCC has continued to sensitize Zambians on the need to upgrade in order to encourage growth of the local construction industry.

In order to ensure effective and efficient registration, NCC receives and registers contractors in its three decentralized regional offices in Central (Lusaka), Southern (Choma) and Northern (Kitwe). This is in addition to the online registration portal which was introduced in July 2018.



**Figure 2: Number of Registrations by Regional Office**

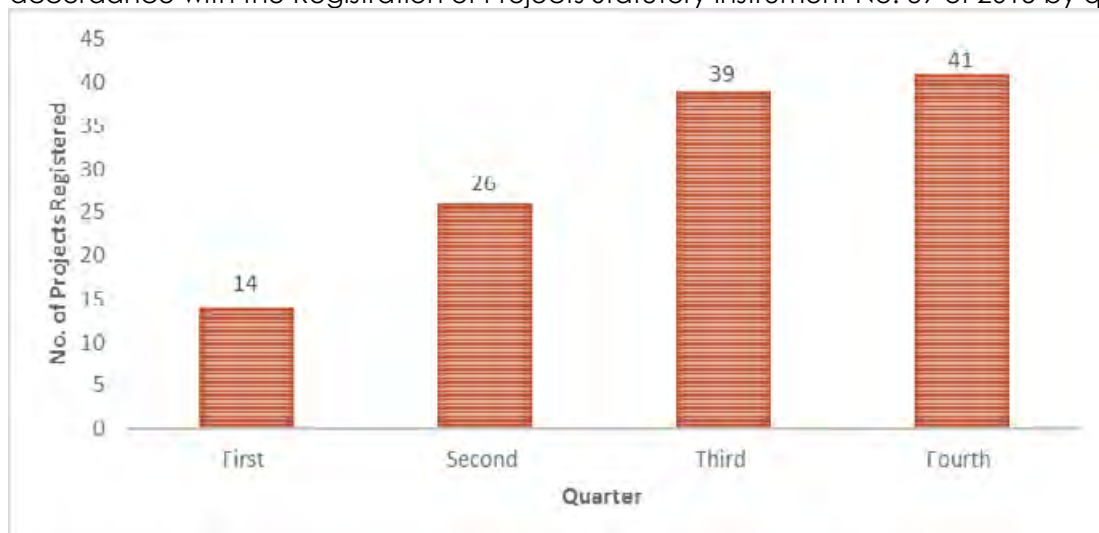
Figure 2 shows that Central Region which is based in Lusaka recorded the highest number of registrations at 65 percent of total registrations.

**b) Registration of Manufacturers and Suppliers of Construction Materials:**

**c) Registration of Projects**

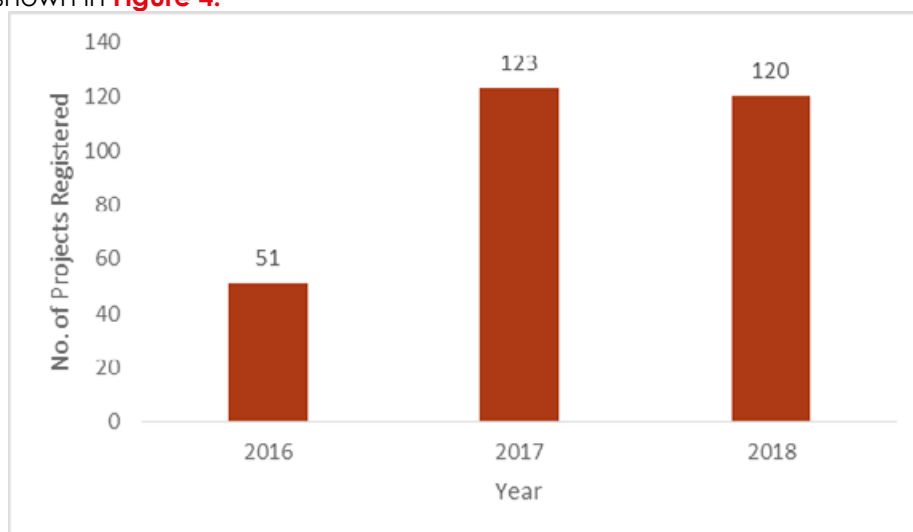
NCC is mandated to establish a register of projects to gather information on the nature, value and distribution of projects and provide the basis for a best practice project assessment scheme. In line with this. The Registration of Projects Statutory Instrument(SI) No. 39 was enacted and officially launched in 2015. With this SI NCC registers projects of different sizes and characteristics in the construction industry whose contract value is equal to or above K500, 000.00.

In this regard, NCC registered 120 projects in 2018. **Figure 3** shows projects registered in accordance with the Registration of Projects Statutory Instrument No. 39 of 2015 by quarter.



**Figure 3: Projects Registered in 2018 by Quarter**

Since The Project Registration Scheme came into effect in 2015 a total of 294 projects have been registered as shown in **Figure 4**.



**Figure 4: Number of Registered Projects 2016-2018**

**Table 3** shows the total number of projects registered by category.

**Table 3: Project Registration by Category**

Item	Category	Number
1	Building and Housing	204
2	Civil Engineering Works	20
3	Roads and Earthworks	21
4	Mechanical	0
5	Electrical and Telecommunications	9
<b>TOTAL</b>		<b>294</b>

**d) Monitoring of Construction Projects and Enforcement of Regulations**

In order to assess the performance of contractors in the execution of contracts and provide a basis for performance record for contractors, NCC conducted quarterly scheduled monitoring of construction activities in selected districts. During these periods, contractors are monitored for their adherence to the regulations pertaining to health, safety, quality and the sub-contracting policy.

During these inspections, NCC also enforces the Contractor Code of Conduct as well as takes necessary measures to ensure that the infrastructure being developed meets the minimum set standards in accordance with the law and client specifications.

In 2018, NCC conducted a cumulative total of 1,991 inspections of construction projects in the various provinces. Of these, 122 contractors were given warning letters, 94 were penalized and 25 sites were closed for various offences. In addition, NCC found 234 sites either closed or abandoned.

**e) Employment Distribution on Construction Projects**

Based on data collected during inspections, it can be noted that a total of 28, 699 persons were employed on the various sites. **Table 4** shows that Lusaka and Southern provinces recorded the highest number of people employed with 8, 877 and 5, 659 respectively.

It can also be noted that 25,488 were Zambian and 3, 211 were foreigners representing 89% and 11% respectively.



**Table 4: Employment Distribution on Projects**

Province	Employment Distribution				
	Zambians		Non Zambian		Total/Province
	Male	Female	Male	Female	
Eastern	1,630	91	139	2	1,862
Central	960	64	233	1	1,258
Lusaka	7,731	186	943	17	8,877
Muchinga	1,515	70	216	11	1,812
Luapula	1,933	155	125	0	2,213
Copper Belt	3,335	195	508	15	4,053
Northern	1,095	83	118	1	1,297
North Western	1,027	49	64	2	1,142
Southern	4,656	205	760	38	5,659
Western	482	26	18	0	526
<b>Gender Total</b>	<b>24,364</b>	<b>1124</b>	<b>3124</b>	<b>87</b>	
<b>Overall Total</b>	<b>25488</b>		<b>3211</b>		<b>28,699</b>

In 2018, participation of women in construction activities continued to be low. Inspected projects revealed that 1,211 women were recorded participating in various construction related jobs on site against 27, 488 men representing four percent of the total people employed.



## CAPACITY BUILDING

The NCC Construction School is a Grade One Technical Education and Vocational Entrepreneurship Training Authority (TEVETA) registered institution, which offers various short and intensive training programmes to contractors with support from the Government of the Republic of Zambia and other cooperating partners.

a) **2018 Programmes**

The School conducted various courses in the year 2018 as shown in **Table 5**. The courses were intended to bridge the skills gap and up skill the local contractors. A total number of 723 individuals from various Small and Medium Scale Contractors, Government Institutions, Local Authorities and Consulting Firms were trained as indicated in table below.

**Table 5: Capacity Building Programmes Conducted by NCC in 2018**

Item	Course/Activity	Venue	No Trained
1	EMPO	NCC Secretariat	57
2	Contracts Management Course	NCC Secretariat	10
3	Bricklaying	Kanakantapa training site	12
4	Building Works Supervision Course	NCC Secretariat	45
5	Occupational Health and Safety Course	NCC Secretariat	26
6	Road Construction & Maintenance Supervision course	NCC Secretariat/Kanakantapa training site	86
7	Plumbing	NCC Secretariat/Kanakantapa training site	6
8	Tiling	NCC Secretariat/Kanakantapa training site	3
9	AutoCAD	NCC Secretariat	11
10	Cobblestone Technology	NCC Secretariat	86
11	Construction Materials Testing Course	NCC Secretariat/Kanakantapa training site	16
12	Provincial Training workshop	Provincial Centres	374
<b>TOTAL</b>			<b>723</b>

i. **Provincial Training Workshops**

The School conducted Provincial Training Workshops and Advisory training in Eight Provinces. The workshops were intended to interact with the contractors and share various training modules and current trends in the construction sector. Numbers of attendance by province is as indicated in **Table 6**.

**Table 6: Attendance to Provincial Training and Advisory Workshops in 2018**

Item	Province	Start Date	Venue	Actual	Target
1	2.0 Lusaka	13/3/18	Secretariat	66	3.0 50
2	Central	26/3/18	Kabwe Lodge	40	4.0 50
3	Muchinga		Chinsali Council	25	5.0 50
4	Northern		Kasama Lodge	40	6.0 50
5	Copper belt	9/4/18	Lothian, House, Kitwe	56	7.0 50
6	Eastern	23/4/18	Luangwa house, Chipata	56	50
7	Southern	11/6/18	Richland lodge, Choma	56	50
8	North western	25/06/18	Solwezi lodge, Solwezi	35	50
<b>Total</b>				<b>374</b>	<b>400</b>

Topics covered during the provincial training and advisory workshops included Project and Quality Management, Principles of construction estimation, Pricing of building and Road works and Financial Management for projects.

NCC invited other Government entities and organisations whose operations had a bearing on the construction sector to share their functions/roles and products that were available for the contractors. Entities invited included Ministry of Labour and Social Securities, Road Development Agency (RDA), Department of Public Infrastructure (DPI), Engineering Institution of Zambia (EIZ), Barclays Bank and Zambia Revenue Authority.

- ii. **Development of Syllabus for Diploma in Highway Engineering Course:** The curriculum for a Diploma in Highway Engineering, was validated and approved by TEVETA and the programme content comprised a total of 22 modules with a duration of three (03) years.

NCC further conducted a bench marking exercise with two colleges, one public and one private that offered diploma level courses to facilitate the smooth operation of the course.

- iii. **Construction of an Ablution Block in Kanakantapa**

Construction of the ablution block had reached practical completion. The block was in use by the students with minor works awaiting completion. Outstanding works included wall and floor tiling, ceiling and electrical fitting installation, glazing and joinery.

The resources for the minor improvement of infrastructure at the Training camp was supported by the World Bank through the Improved Rural Connectivity Project (IRCP). Other improvements included the installation of a boundary fence around the property.

- b) **Training Collaborations with other Institutions**

During the period under review, NCC received support from government through the National Road Fund Agency (NRFA) for road sector courses. In addition, undertook training in collaboration with other partners as shown below:

- i. **International Labour Organisation (ILO)**

1. **Low volume Sealed road**

NCC in partnership with the International Labour Organization (ILO) and Zambia Sugar Company Plc conducted training and practical demonstration for a selected number of small and medium scale contractors in the construction of low volume sealed roads and cobblestone paving using Labour Based Technology (LBT) on Luombo Road in Mazabuka.

2. **Cobblestone training**

The cobblestone training was conducted from August 23, 2018 to September 14, 2018. The class comprised of 13 participants with 2 coming from the Republic of Mozambique. The training had 3 females.

The training was in two parts divided into one week of theory and 2 weeks' practical session. The practical session involved the paving of a 4 x 6m portion at the base camp, within the Zambia Sugar Estates, off Luombo road.

The project engaged a total of 50 local residents with 25 males and 25 females being engaged to produce cobblestones at the quarry. The activity also engaged three differently abled persons as a way of enhancing the skills and encouraging participation all citizens.

The practical demonstration on the road section was reduced to 320m from the initial 500m due to some logistical challenges encountered by Zambia Sugar Plc, Mazabuka Municipal Council and other stakeholders to meet their commitments. These included non-availability of selected plant and equipment that was pledged, delayed engagement of a contractor to prepare the road subgrade, delayed disbursement of funds to facilitate NCC logistics among others.

A total of 16,000 cobblestones were produced as opposed to the projected 39,300.

- ii. **SP Courts Training – OSHE:** SP Courts Limited, a construction company specialized in construction and maintenance of communication towers engaged NCC to conduct refresher training for its site workers in Safety and Health (working on heights). The training took place from 8<sup>th</sup> to 12<sup>th</sup> September, 2018 in which 10 participants were trained and certified.

- iii. **Lusaka Water and Sewerage Staff Training:** Lusaka Water and Sewerage Company engaged NCC to train their staff. The training took place from 1<sup>st</sup> October 2018 to 21<sup>st</sup> October 2018 in which 9 staff workers were trained in Earth Moving and Plant Operation. All the participants trained were males.
- iv. **Barloworld Training:** Barloworld Zambia, engaged the School to conduct training in Earth Moving Plant Operators (EMPO) for its members of staff. The training took place at the Barloworld premises in which 8 participants were trained from 26<sup>th</sup> November to 15<sup>th</sup> November, 2018.
- v. **Habitat for Humanity Zambia – Building Works Supervision:** Habitat for Humanity Zambia engaged NCC to provide training for building works related works in which a total number of 85 participants were trained. The first training was held in Lusaka at the NCC Secretariat from 4<sup>th</sup> to 8<sup>th</sup> June 2018 and 36 trainees in total got trained. The second training was in Ndola from 18<sup>th</sup> to 22<sup>nd</sup> June 2018 in which 49 participants were trained. Habitat for Humanity engaged various community volunteers to construct affordable shelter for vulnerable person in various communities.
- vi. **African Development Bank (AfDB):** NCC was awarded Consulting Services for the Training and Capacity Building for Women and Youths in Construction for the Chinsali - Nakonde Road Rehabilitation Project (North – South corridor) financed by the African Development Bank (AfDB) at a tender sum of K 3, 858, 224.46.  
The commencement date of the assignment was 19<sup>th</sup> April, 2018. The primary objective of the assignment was to train and build capacity in 200 women and youths in Road Construction and Maintenance Supervision. Further, the training was designed to improve the contractor's ability in project implementation efficiency in primarily labour based and machine based technologies.
- c) **Career Talks**  
NCC conducted career talks to secondary school pupils in order to provide information and encouragement to pursue construction related fields of study. Pupils from 26 schools, in total, attended the program. The total number of pupils who attended the program was Five Hundred and Thirteen (513) as opposed to the targeted Four Hundred (400). The talks were conducted from 14<sup>th</sup> March to 16<sup>th</sup> April, 2018. Career talks were undertaken in Petauke, Katete, Mbala and Mpulungu.
- d) **Collaboration with other Institutions**  
NCC successfully collaborated with stakeholders in building and developing capacity of SMEs in the construction sector. Some of the key players NCC collaborated with included National Road Fund Agency (NRFA), International Labour Organisation (ILO), Road Development Agency (RDA), United Nations Development Program (UNDP), United Nations Environmental Programme (UNEP), African Development Bank (AfDB) and the World Bank (WB).
- e) **Tractor Technology Demonstration-Training Unit (DTU)**  
Routine maintenance of unsealed/gravel roads was usually based on the use of imported motorised graders which were both expensive to buy and operate in our economic environment. Therefore, with the financial support of the World Bank through the Government of the Republic of Zambia, NCC, RDA, NRFA and other stakeholders in the construction industry embarked on the introduction of the Tractor Technology, where gravel roads would be maintained using a tractor with towed accessory/ auxiliary equipment. The use of tractor towed equipment was cheaper to maintain, operate and user friendly.

Following completion of the scoping study which was aimed at investigating the location, institutional and management arrangements, organisation requirements and costs of setting up a Tractor Technology demonstration-training unit (DTU) for rural roads in Zambia, the stakeholders sanctioned the establishment of the Unit.

The IRCP had facilitated the provision of equipment to be used for training of Local Road Authorities (LRA) in low cost road maintenance using Tractor Towed Road maintenance equipment. Two tractors had been procured and delivered to NCC whereas other auxiliary equipment was awaiting delivery. The equipment would be used for the practical training and demonstration at the Kanakantapa training camp.

## FINANCE AND ADMINISTRATION

The Finance and Administration Directorate has six (6) sections, which operate in support of NCC activities.

### a) Human Resource and Administration

The following section provides activities undertaken under the Human Resources and Administration Section.

- i. **Staff Complement:** NCC had a staff complement of 97 as at 31<sup>st</sup> December 2018.
- ii. **Staff Appointments:** Following the expiry of their contracts, two member of staff had their contracts renewed.
- iii. **Staff Separation:** One member of Staff left after her contracted ended on 21<sup>st</sup> February 2018, while another member of staff had his employment contract terminated by the Management of NCC with effect from December 2018.
- iv. **Performance Appraisals:** 2018 performance appraisals were conducted for all members of staff.
- v. **Staff Health and Wellness:** In order to encourage a lifestyle of health and fitness and wellness, two aerobics sessions were organized where members of staff were shown a number of fitness and wellness activities by a training instructor.
- vi. **Staff Recognition:** As part of Labour Day commemoration activities eight members of staff were awarded in various categories on their performance.
- vii. **Attendance of Vision Zero Lunch:** NCC followed the rest of the country in attending the Lunch of Vision Zero, which took place on the 14<sup>th</sup> of December 2018 in Livingstone.

### b) Accounts

This section ensured that NCC activities were adequately funded and that appropriate statutory financial statements were produced and accounting records maintained.

### c) Procurement and Supplies

This section highlights the main procurement activities that were undertaken during the year under review.

- i. Purchase of One 4X4 Double cab and Three Single cab motor vehicles under world Bank funding
- ii. Construction of NCC materials testing laboratory
- iii. Sage 300 advanced software Ed. Software for the NCC Governance project
- iv. Supply and delivery of building material for Kanakantapa Training Site
- v. Installation of networking materials for Choma Local Area Network
- vi. Rehabilitation of access culvert at the main entrance of the Lusaka regional office
- vii. Installation of game fence -Chongwe

### d) Information, Communication and Technology

The key activities that were undertaken included:

- i. The NCC Online Registration system was commissioned and is currently being used for new registrations, renewals and upgrades.
- ii. Fibre optic (WAN) and local area network (LAN) for Choma Regional office have been installed and commissioned in the 2<sup>nd</sup> Quarter of 2018 and this has helped link Choma office to HQ to access Email and ERP services.
- iii. Random Access Memory (RAM) upgrades for the Sage 300 ERP & Sage 300 SQL database servers was carried out for improved system performance.
- iv. Power Backup System for the NCC Central regional office was successfully installed in the 4<sup>th</sup> Quarter of 2018.
- v. Remote access to the sage 300 ERP system for the NCC regional offices was implemented in the 1<sup>st</sup> Quarter of 2018.
- vi. Routine maintenance of NCC systems was carried out as per schedule

## LEGAL SERVICES

The Department is responsible for all legal matters concerning NCC. It is also in charge of all Board related matters and provides Secretarial services to the Board.

- a) The department facilitated the signing of various MoU's between NCC and various financial institutions;
- b) Provided planned and adhoc legal advice to the Board and Management;
- c) Provided input in the Prosecution of the forgery cases that the institution faces; and
- d) Drafted and vetted various Contracts and agreements that were subsequently executed by the Institution during the year.

## INTERNAL AUDIT

The Internal Audit unit was established to provide independent and objective assurance as well as consulting services to the Board of Directors and Management. Through assurance services, the unit assists the Board of Directors and Management to deliver the mandate of the NCC by ensuring adequate and effective governance systems exists.

Further, Internal Audit unit provides assurance on the effectiveness of the Risk Management framework by determining whether or not Risk Management employed by management does identify all risks and opportunities and that appropriate responses are put in place to mitigate risks and exploit opportunities.

Internal Audit unit also assesses the effectiveness and adequacy of anti-fraud programs implemented by Management and investigates cases of alleged fraud and other impropriety.

In 2018, the Internal Audit unit undertook audits across seventeen auditable areas. During the same period, we also conducted pre-audits of payments and receipts. The audits revealed vulnerabilities in our systems and provided recommendations of appropriate action plans to address the vulnerabilities. Internal Audit and Management agreed on the action plans with the former implementing the action plans while the latter continued to follow-up on implementation by management.



## CONSTRUCTION MATERIALS TESTING

The following activities were undertaken in 2018:

- a) **Construction of Materials Testing Laboratory:** The construction of the Material testing Laboratory under the NCC component of the improved Rural Connectivity Project under the World Bank funding commenced on 16<sup>th</sup> August 2018. The Contract was awarded to Mart Speed Construction Limited. The Completion date for the construction was 15<sup>th</sup> January 2019, but was not achieved. The contractor applied for the extension of time and was awarded an extension of Ten weeks which brings the new completion date to 27<sup>th</sup> March, 2019.
- b) **Training of Laboratory Staff in ISO 17025:** Four Laboratory staff were trained in ISO17025 in November 2018 by specialised personnel from the Zambia Bureau of standards. The training was intended to enhance the operations of the laboratory by equipping laboratory staff with knowledge and skills in laboratory management systems.
- c) **Delivery of Training in collaboration with Construction School:** Laboratory staff was involved in the delivery of training in Material testing course under the Construction school. A total of 16 students were trained with 14 males and 2 females.
- d) **Testing of Construction Materials:** The Laboratory conducted various material tests for the private as well as Government projects. The tests were conducted in Soils, Concrete, and aggregates. In 2018, NCC was commissioned to conduct 425 various construction materials tests as shown in **Table7**.

**Table 7:** Types of Construction Materials Tests Conducted in 2018

Type of Test	No. of Tests conducted
Compressive strength of concrete	271
Mix Design	26
Compaction Test	27
Organic content	1
Sieve analysis	1
Maximum dry density and Moisture content	48
Rebound hammer test	16
Water absorption	1
California Bearing Ratio	9
Dynamic Cone Penetration	10
Plasticity Index	18
<b>Total</b>	<b>428</b>

**Table 7** shows that the highest number of tests conducted were the compressive strength test. Compressive strength test measures the ability of a material to resist failure under the action of compressive forces.

## BUSINESS DEVELOPMENT

During the year under review, the Business Development Unit undertook the following activities:

- a) **Facilitation of the Development of the NCC 2019 TO 2021 Strategic Plan**  
The unit facilitated the development of the New Strategic Plan 2019 to 2021 which has focused on 4 key result areas namely:
  - i. Development and Sustainability of NCC
  - ii. Research and Development in Construction
  - iii. Construction Industry Regulation
  - iv. Capacity Development and Improvement of persons in construction
  
- b) **Development of the NCC Monitoring and Evaluation Plan**  
Following approval of the Strategic Plan, the unit developed the NCC Monitoring and Evaluation Plan. The aim of the plan is to provide guidance on collecting and analyzing information pertaining to implementation of Strategic Plan activities.
  
- c) **The 20% Road Sub-Contracting Policy Research**  
The unit led a team of researchers who conducted research on the Evaluation of the effectiveness of the 20% Sub-Contracting Policy with support of funds from National Road Fund Agency (NRFA) in collaboration with the Copperbelt University. Objective of the research was to obtain evidence based information from the industry in order to inform policy refinement in view of the many contentions surrounding the same.

The report was finalized and presented at a workshop comprising Road Sector Agency CEOs and Permanent Secretaries. It is envisaged that the report would be used as one of the source documents for the development of the Bill on sub-contracting.





## PUBLIC RELATIONS

During the period under review, NCC undertook a number of communication activities

### a) **Media Engagement**

- i. **Media Breakfast:** NCC hosted a media breakfast on 29<sup>th</sup> February 2018 at Protea Hotel – Lusaka Towers. Main issues being disseminated related to Protecting the 20% for the local contractor, looking for expanded sources of CFIs and reminders that all foreign contractors need to enter into Joint Ventures with local contractors.
- ii. **Print Media:** NCC placed various adverts in the daily papers. NCC mainly advertises in the Times and the Daily Mail. A total of 42 adverts were accordingly placed in the daily papers.
- iii. **Radio Announcements:** NCC aired various announcements and adverts on various radio and stations around the country. In particular, NCC engaged Radio Mazabuka, K-FM (Mansa), Radio Yangeni (Mansa), Radio Mano (Kasama), Mpika Radio, Chinsali Radio, Byta FM, Radio Mazabuka, Radio Lyambai, Radio Liseli, Zambezi FM, Breeze FM, Radio Maria, Solwezi FCC Radio, Radio Maranatha and Radio Chengelo.
- iv. **Radio Programmes:** NCC produced and aired radio programmes on various topical issues relating to the construction industry as follows:
  - 26 programmes on ZNBC Radio Four.
  - 13 programmes on Radio Icengelo
  - 13 Programmes on Solwezi Radio
  - 13 Programmes on Breeze FM
- v. **TV Programmes:** NCC facilitated appearance on two programmes on ZNBC TV1. These were Kwacha Good Morning Zambia and Business Day. Both were discussing NCC's role and mandate with regards to the Zambian construction industry.

### b) **Event Management:**

NCC Participated in the following events as part of attaining its mandate:

- i. **MoU Signing Ceremony:** NCC participated in the Signing Ceremony of the MoU between NCC and WARMA whose purpose is to streamline water resource management, in particular the registration and regulation of those involved in drilling of boreholes.
- ii. **Southern Tourism and Agricultural Show**

NCC Participated in the Southern Tourism and Agricultural Show which was held under the theme Sustainable Economic Empowerment. The show was held in Livingstone from 28<sup>th</sup> June to 1<sup>st</sup> July 2018. In line with the theme, NCC showcased various activities undertaken in explaining NCCs regulatory role, the various programs offered by the construction school and the various initiatives government is implementing to ensure sustainable growth of the local contractor.
- iii. **The Development for Investment in Infrastructure Conference (DII 2018)**

NCC in collaboration with universities of Zambia, Copperbelt and Johannesburg facilitated hosting of the DII Conference which took place in Livingstone from 11<sup>th</sup> to 13<sup>th</sup> July 2018. The conference theme was, *'Readying Africa for Sustainable Development; A Capacity building, Empowerment & Strategy Discourse'*.
- iv. **Zambia Agricultural and Commercial Show**

NCC Participated in the Agricultural Show is being held under the theme "Sustainable Economic Empowerment" from 1<sup>st</sup> to 6<sup>th</sup> August 2018. In line with the theme, NCC showcased various activities undertaken in explaining NCCs regulatory role, the various programs offered by the construction school and the various initiatives government is implementing to ensure sustainable economic empowerment of the construction industry in Zambia.
- v. **Graduation Ceremony**

The 9<sup>th</sup> Combined Graduation Ceremony for the Skills Award Courses that were conducted between August 2017 and July 2018 was held at the New Government Complex, on 10<sup>th</sup>

August 2018. The ceremony was graced by the Minister of Housing and Infrastructure Development Honourable Ronald Kaoma Chitotela. A total number of 349 students received skills award certificates in various courses.

**vi. Environmental Education Association of Southern Africa:** NCC Participated in the 36<sup>th</sup> Environmental Education Association of Southern Africa (EEASA) Conference whose theme was "Rethinking Education for Sustainable Development: A Key to our Future". It was held 17<sup>th</sup> to 21<sup>st</sup> September 2018 in Livingstone. NCC showcased its activities and in particular the importance of the EIA Guidelines as they relate to the construction industry.

**c) Commemoration Days**

NCC participated in the commemoration of the following days:

- i. Youth Day 2018** on 12<sup>th</sup> March 2018 which was held under the theme *Leveraging Opportunities for Youth through ICT*.
- ii. International Women's Day** NCC participated in this commemoration on 8<sup>th</sup> March, 2018. The theme was "Time Is Now: Rural and Urban Activists Transforming Women's Lives".
- iii. Anti-Corruption Day 2018** on 9<sup>th</sup> December 2018 the theme for this day was United Against Corruption.
- iv. 16 Days of Gender Activism** NCC in collaboration with MHID and National Housing Authority participated in activities to commemorate 16 Days of Gender Activism whose theme was Orange the World: #Hear Me Too, End Violence Against Women and Girls. Activities included a March Past and Exhibition. In addition, NCC participated in the purchase and donation of various foodstuffs, groceries, cleaning materials and clothing to a Girls Safe Home for abused children, a Social Welfare Centre for vulnerable Children in Chawama and Chimbokaila Prisons for female inmates in Lusaka.
- v. Public Service Week:** NCC Participated in the three-day Road Show from 20<sup>th</sup> – 22<sup>nd</sup> June 2018 which was held at East Park as part of activities to commemorate Public Service Day which fell on 23<sup>rd</sup> June 2018. The theme for the commemoration was 'Combating Corruption in the Public Service through Stakeholder Participation and Promotion of Ethical Leadership to realise the objective of Agenda 2063 and Sustainable Development Goals'

**d) Printing Works**

During the period under review the following items were printed:

- 2017 Annual Report
- The NCC Service Charter
- 2019 Desk and Wall Calendars
- Various Brochures
- Strategic and Business Plan
- 2019 Construction School Prospectus
- 2019 Construction School Brochure

## INTEGRITY COMMITTEE

The Integrity Committee is an in-house vehicle used to cultivate a culture of zero tolerance to corruption in the organisation. The Integrity Committee works in collaboration with the Anti-Corruption Commission of Zambia. During 2018, the Committee undertook the following activities:

- a) Development of NCC Service Charter which was approved and implemented in 2018.
- b) Appointment of Focal Point Persons for our regional offices.
- c) Training of appointed Focal Point Persons by the Anti-Corruption Commission
- d) Commemoration of International Anti-Corruption Day activities
- e) Attended opening of tenders and evaluation meetings
- f) Sensitized members of staff on the dangers of corruption.

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**National Council for Construction**

**Financial Statements**

**For the year ended 31 December 2018**

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**CYMA**

*Chartered Public Accountants  
& Management Consultants*

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**National Council for Construction  
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## Council Members' Report

The Council Members of the National Council for Construction (NCC) have the pleasure in presenting their report and audited financial statements for the year ended 31 December 2018.

### Council Members

The Members of the Council during the year were as follows:

	<b>NAME</b>	<b>ORGANISATION</b>
1.	Mrs. Roseta M. Chabala - <b>Chairperson</b>	Zambia Association of Manufacturers
2.	Eng. Danny Mfunne	Permanent Secretary-Ministry of Housing and Infrastructure Development.
3.	Mr. Chikwanda Musonda	Permanent Secretary-Ministry of Finance
4.	Mr. Amos Malupenga	Permanent Secretary-Ministry of Local Government
5.	Mr. Josiah Simachela	Attorney General S.C- Ministry of Justice
6.	Hon. Isaac Banda	Any Other Person appointed by the Minister
7.	Mr. Zhang Jian	Association of Building & Civil Engineering Contractors
8.	Mrs. Catherine M. Kanyensha	Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA)
9.	Mrs. Mpangela T. Nkonge	Zambia Institute of Architects
10.	Mr. Edward Mpepo	National Association for Medium & Small Scale Contractors
11.	Mr. Allen Polito	Energy Regulation Board
12.	Dr. Michael Mulenga	University of Zambia, School of Engineering
13.	Mr. Michael Chileshe	Surveyors Institute of Zambia
14.	Mrs. Margaret L. Lungu	Zambia Bureau of Standards
15.	QS. Matthew Ngulube	Executive Director – NCC

### Senior Management

QS. Matthew Ngulube	Executive Director
Morgan Chiselebwe	Director Finance and Administration
Chance Kaonga	Principal Construction School
Ernest Nshindano	Director Registration and Regulation
Mwenya Kapasa	Legal Counsel



**National Council for Construction  
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*(All amounts are in thousands of Kwacha unless otherwise stated)*

**Council Members' Report - Continued**

**Ownership and principal business of the Council**

The National Council for Construction is a body corporate established under the National Council for Construction Act No. 13 of 2003. The principal activities of the Council are: to promote the development of the construction industry by regulating and assessing the performance Contractors and conducting training of persons in the Construction Industry in Zambia.

**The company's results**

	2018	2017
Income	<u>67,817,015</u>	<u>57,367,586</u>
Expenditures	<u>64,707,136</u>	<u>61,819,293</u>
Surplus / (Deficit)	<u>3,109,878</u>	<u>(4,451,708)</u>

The Council recorded a Surplus of K3,1 million in 2018 compared to a deficit of K4,4 million in 2017.

**Average number of employees and their total remunerations**

The average number of employees during the year was 97 (2017: 97). The employees' total remunerations amounted to K18.2 million (2017:17.5 million.)

**Health, Safety and welfare of the employees**

The Council complied with all statutory regulations in relation to Factories and Public Health Act.

**Going concern**

The financial statements have been prepared on a going concern basis which assumes that the Council will continue in operational existence in the foreseeable future.


The validity of this assumption depends on the Government of the Republic of Zambia's continued support and the Council's ability to generate its own revenues from registration, regulation as well as training.

If the council were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and reclassify fixed assets as current assets.

**Other material facts, circumstances and events**

The Council members were not aware of any material facts, circumstances or events which occurred between the reporting date and this report which might influence an assessment of the financial position of the Council.

The financial statements on pages 7 to 22 were approved by the Directors.

  
.....  
Mrs Roseta M. Chabala  
Council Chairperson

  
.....  
QS. Matthew Ngulube  
Executive Director

**National Council for Construction  
Financial Statements  
for the year ended 31 December 2018**

*(All amounts are in thousands of Kwacha unless otherwise stated)*

**Council's Responsibilities and Statement**

Section 14 of the National Council for Construction Act No. 13 of 2003 requires the Council members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Council and of the Statement of Comprehensive Income of the Council and its cash flows for that year.

The Council Members' responsibility includes:

- (i) Designing and implementing internal controls relevant to the preparation and presentation of financial statements that are free from material misstatements whether due to fraud or error;
- (ii) Selecting and applying suitable accounting policies;
- (iii) Making estimates that are reasonable in the circumstances;

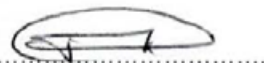
Section 13 of National Council for Construction Act No. 13 of 2003 requires the Council members to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Council and of the Statement of Comprehensive Income of the Council and its cash flows for that year. It also requires the Council members to ensure that they keep proper accounting records that disclose accurately, the financial position of the Council. They are also responsible for safeguarding the assets of the Council.

In the opinion of the Directors:

- (i) The Statement of Comprehensive Income is drawn up so as to give a true and fair view of the loss of the Council for the year ended 31 December 2018;
- (ii) The Statement of Financial Position is drawn up so as to give a true and fair view of the state of affairs of the Council as at 31 December 2018.
- (iii) There are reasonable grounds to believe that the Council will be able to pay its debts as and when they fall due.
- (iv) The financial statements have been prepared in accordance with the International Financial Reporting Standards and are in compliance with the National Council for Construction Act No. 13 of 2003.

**Approval of the Financial Statements**

Consequently, the financial statements on pages 7 to 22 were approved by the Council of Members at a Council meeting held on 26-03-19 and were signed on its' behalf by:



Mrs Roseta M. Chabala  
Council Chairperson



QS. Matthew Ngulube  
Executive Director



# CYMA

*Chartered Accountants & Management Consultants*

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## AUDITORS' REPORT

### To the Members of: National Council for Construction

#### Opinion

We have audited the financial statements of the National Council For Construction, which comprise the statement of financial position as at 31<sup>st</sup> December 2018, and the comprehensive statement of income, statement of changes in capital and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial Statements give a true and fair view of the financial position of the Council as at 31<sup>st</sup> December 2018 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and are in compliance with the National Council for Construction Act No. 13 of 2003.

#### Report on other Legal and regulatory requirements

In accordance with National Council for Construction Act No. 13 of 2003, we report that, in our opinion, the required accounting records, other records and registers required by the Act have been properly kept in accordance with the Act.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council's in accordance with the International Ethics Standards Board for Accountants' code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.





### **Other information**

Management is responsible for other information. The other information comprises information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors**

The Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, directors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern using the going concern basis of accounting unless directors either intend to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

### **Auditor's responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements are as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



**National Council for Construction  
Financial Statements  
for the year ended 31 December 2018**

*(All amounts are in thousands of Kwacha unless otherwise stated)*

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

- i) 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council's to cease to continue as a going concern.
- v) 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.
- vi) Obtain sufficient appropriate audit evidence regarding the financial information of the Council activities to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.



**National Council for Construction  
Financial Statements  
for the year ended 31 December 2018**  
*(All amounts are in thousands of Kwacha unless otherwise stated)*

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We also provide the directors with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with directors, we 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. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**CYMA**

.....  
*Dr Chintu Y. Mulendema*  
**Managing Partner**

.....  
**Date**

Membership Practicing Certificate Number 0000269



**National Council for Construction  
Financial Statements  
for the year ended 31 December 2018**

*(All amounts are in thousands of Kwacha unless otherwise stated)*

**Statement of Comprehensive Income**

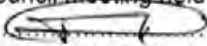
	Notes	2018	2017
<b>INCOME</b>			
Grants	10	4,704,036	6,312,881
Fees	11	59,524,791	48,587,232
Other Income	12	3,356,335	2,452,291
Interest Income	13	231,853	15,182
<b>Total income</b>		<u>67,817,015</u>	<u>57,367,586</u>
<b>Operating Expenditures</b>			
Administrative expenses	15	<u>(64,707,136)</u>	<u>(61,819,293)</u>
<b>Total Comprehensive Surplus/ (deficit) for the Year</b>		<u><u>3,109,878</u></u>	<u><u>(4,451,708)</u></u>


**National Council for Construction  
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**Statement of Financial Position**

	Notes	2018	2017
<b>ASSETS EMPLOYED</b>			
Property, Plant and Equipment	3	<u>33,732,458</u>	<u>38,256,852</u>
<b>Current Assets</b>			
Inventory		663,590	-
Receivables	6	6,511,976	2,828,633
Bank and Cash Balances	7	12,139,729	9,670,365
		<u>19,315,294</u>	<u>12,498,999</u>
<b>Total Assets</b>		<u><b>53,047,752</b></u>	<u><b>50,755,851</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Funds Employed</b>			
Accumulated Fund		7,199,710	4,089,832
Capital Grant		7,628,020	8,857,055
Revaluation Reserve		18,194,703	18,194,703
		<u>33,022,434</u>	<u>31,141,590</u>
<b>Current Liabilities</b>			
Trade and other payables	8	279,937	457,159
Finance lease	9	207,773	480,085
Deferred Income	10	18,737,906	17,994,274
		<u>19,225,616</u>	<u>18,931,517</u>
<b>Long term Liabilities</b>			
Finance Lease	9	799,702	682,745
		<u>799,702</u>	<u>682,745</u>
<b>Total Equity and Liabilities</b>		<u><b>53,047,752</b></u>	<u><b>50,755,851</b></u>

These financial statements on pages 7 to 22 were approved by the Council of Members at a Council meeting held on 26-03-19 and were signed on its behalf by:

  
Mrs Roseta M. Chabala  
Council Chairperson

  
QS. Matthew Ngulube  
Executive Director



**National Council for Construction  
Financial Statements  
for the year ended 31 December 2018**

*(All amounts are in thousands of Kwacha unless otherwise stated)*

**Statement of Changes in Equity**

	Accumulated Fund K	Capital Grant K	Revaluation Reserve K	Total K
<b>AS at 1 January 2017</b>	<b>8,541,540</b>	<b>10,086,091</b>	18,194,703	<b>36,822,334</b>
Amortisation	-	(1,229,036)	-	(1,229,036)
Surplus/(deficit) for the year	(4,451,708)	-	-	(4,451,708)
<b>As at 31 December 2017</b>	<b>4,089,832</b>	<b>8,857,055</b>	<b>18,194,703</b>	<b>31,141,590</b>
Amortisation	-	(1,229,036)	-	(1,229,036)
Surplus/(deficit) for the year	3,109,878	-	-	3,109,878
<b>As at 31 December 2018</b>	<b>7,199,710</b>	<b>7,628,019</b>	<b>18,194,703</b>	<b>33,022,432</b>

**National Council for Construction  
Financial Statements  
for the year ended 31 December 2018**

*(All amounts are in thousands of Kwacha unless otherwise stated)*

**Statement of Cash Flows**

	Notes	2018	2017
<b>Cash flows from operating Activities</b>			
Surplus/ (Deficit)		3,109,878	(4,451,708)
<b>Adjusted For:</b>			
Interest Received		(231,853)	(15,182)
Depreciation	3	4,559,281	4,956,139
Amortisation of capital grants	10	(1,229,036)	(1,229,036)
Write of CWIP		-	306,000
Profit on Disposal of Fixed Assets		6,796	192,159
		<u>6,215,066</u>	<u>(241,628)</u>
<b>Adjusted for working capital movements</b>			
Increase receivables		(3,683,340)	371,198
Increase in inventory		(663,590)	-
Increase/(decrease) payables		(177,222)	(210,143)
Increase receivables Deferred income		743,632	2,253,977
		<u>2,434,547</u>	<u>2,173,404</u>
<b>Returns on investments and servicing of finance</b>			
Interest received		<u>231,853</u>	<u>15,182</u>
Net Cash flows from operating activities		<u>2,666,400</u>	<u>2,188,586</u>
<b>Cashflow from Investing Activities</b>			
Property, Plant and Equipment	3	(486,096)	(1,766,681)
Proceeds from sale of Fixed Assets		444,415	265,793
Finance Lease		(155,355)	1,162,829
		<u>2,469,364</u>	<u>1,850,527</u>
<b>Net cash Inflow</b>		<u>2,469,364</u>	<u>1,850,527</u>
<b>Cash Movement</b>			
Net Bank and Cash Balances at start of the year		9,670,365	7,819,838
Net Bank and Cash Balances at end of t	5	12,139,729	9,670,365
		<u>2,469,364</u>	<u>1,850,527</u>
<b>Movement in Cash</b>		<u>2,469,364</u>	<u>1,850,527</u>



**National Council for Construction  
Financial Statements  
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*(All amounts are in thousands of Kwacha unless otherwise stated)*

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**Significant Accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**(a) Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The Council meets its day to day working capital requirements through funds generated from its operations and Grants from the Government of the republic of Zambia and National Road Fund Agency ( NFRA)

The financial statements have been prepared on a going concern basis on the assumption that the Council will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the Government of the Republic of Zambia's continued support and the Council's ability to generate its own revenues from Registration and Regulation as well as training.

If the council were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and reclassify fixed assets as current assets.

**(b) Revenue recognition**

Revenue represents the fair value of the consideration received or receivable, net of discounts and sale-related taxes. Revenue from sales of goods is recognised when the goods are delivered and title has passed. Revenue for services is recognised when the service has been rendered.

Interest income is recognised on a time proportion basis when it is determined that such income will accrue to the Council.

**(c) Translation of foreign currencies**

Transactions in foreign currencies during the period are converted into the functional currency, Kwacha, using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at period-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the income statements.

**(d) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost. Subsequently, they are stated at historical cost or revalued amount less depreciation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.



## **Significant Accounting policies (continued)**

Depreciation is calculated on the straight line basis to write down the cost of each asset, or the revalued amount, to its residual value over its estimated useful life as follows:

• Leasehold Land and Buildings	2.5%	Furniture & Fittings	25%
• Motor Vehicles	25%	Office Equipment	33%
• Laboratory equipment	25%	Workshop Equipment	25%

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The surplus on revaluation of non-current assets is credited to a non-distributable reserve. A transfer is made from this reserve to the revenue reserve each year equivalent to the difference between the actual depreciation charge for the year and the depreciation charge based on historical values.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and are taken into account in determining operating profit. On disposal of revalued assets, amounts in the revaluation surplus relating to that asset are transferred to retained earnings.

### **(e) Grants**

Revenue grants are recognised as income in the income statement in full on a receipt basis in the year received. Capital grants are capitalised and amortised over the depreciable life of the asset.

### **(f) Receivables**

Receivables are presented in the statement of financial position net of allowances for doubtful receivables, estimated by the Council's management based on prior experience. A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all the amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.

### **(g) Employee benefits**

#### ***Retirement benefit obligations***

The council has registered all its employees with the statutory pension scheme (NAPSA) and a private pension scheme with ZSIC Life Limited. These are both defined contribution schemes.

A defined contribution scheme is a pension plan under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

The Council's contributions to the defined contribution scheme are charged to the income statement in the period to which they relate.



**National Council for Construction  
Financial Statements  
for the year ended 31 December 2018**

*(All amounts are in thousands of Kwacha unless otherwise stated)*

**Accounting policies (continued)**

**(h) Provisions**

Provisions are recognised when the Council has present legal or constructive obligations as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**(l) New Standards and Interpretations**

A number of new standards, amendments to standards and interpretation are mandatory for the year ended 31 December 2016, and have been adopted by the Council where relevant to the Council's operations.

Many standards or amendments became effective for the first time in the current financial year. These include an amendment to IFRS10, IFRS12, and IAS 28, IFRS11 Accounting for acquisitions of interest in joint operations- Amendments to IFRS 11, IFRS 14 regulatory deferral Accounts, IAS 1 Disclosure Initiative- Amendments to IAS1 IAS16 and IAS 38 Clarification of Acceptable methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38, IAS 16 and IAS 41 Agriculture: Bearer Plant - Amendments to IAS16 and IAS 41, IAS 27 Equity Method in separate Financial Statements- Amendments IAS 27

The nature and impact of the standards and amendments that are applicable to the financial statements of the Council are described below:

**IFRS 9 'Financial Instruments'**

The new standard for financial instruments (IFRS 9) introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

- Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:
- the classification and measurement of the Council's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed
- an expected credit loss-based impairment will need to be recognised on the Council's trade receivables and investments in debt-type assets currently classified as Available For Sale (AFS) and Held To Maturity (HTM), unless classified as at fair value through profit or loss in accordance with the new criteria
- it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Association makes an irrevocable designation to present them in other comprehensive income.
- if the Council continues to elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Council's own credit risk.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018



## **Notes to the financial statements**

### **1 Financial risk management objectives and policies**

The Council's activities expose it to a variety of financial risks, including credit risk and the effects of changes in foreign currency exchange rates and interest rates.

Most of the transactions for the council are carried out in Zambia Kwacha. The exposure foreign currency risk is low.

### **2 Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

#### ***(i) Critical accounting estimates and assumptions***

##### ***Property Plant and Equipment***

Critical estimates are made by the Council members in determining depreciation rates for property, plant and equipment. The rates used are set out in accounting policy (d) above.

##### ***Receivables***

Critical estimates are made by the Council members in determining the recoverable amount of impaired receivables.

#### ***(ii) Critical judgements in applying the entity's accounting policies***

In the process of applying the Council's accounting policies, Council members have made judgements in determining whether assets are impaired.



National Council for Construction  
Financial Statements  
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(All amounts are in thousands of Kwacha unless otherwise stated)

Notes to the financial statements (continued)

3 Property Plant and Equipment

	Leasehold Property	Motor vehicles	Office Equipment	Furniture & Fittings	Equipment	Total
<b>Cost/Valuation</b>						
At 1 January 2017	31,504,352	14,872,614	4,114,153	1,885,078	2,829,964	55,404,444
Additions	-	1,513,314	106,652	46,715	-	1,766,681
Disposals/ Adjustments	-	(900,523)	(149,132)	-	-	(1,385,695)
<b>At 31 December 2017</b>	<b>31,504,352</b>	<b>15,585,405</b>	<b>4,071,673</b>	<b>1,931,793</b>	<b>2,829,964</b>	<b>55,785,430</b>
Additions	-	-	336,768	149,328	-	486,096
Disposals/ Adjustments	-	(1,232,759)	(270,895)	(100,761)	(38,426)	(1,642,841)
<b>At 31 December 2018</b>	<b>31,504,352</b>	<b>14,352,646</b>	<b>4,137,546</b>	<b>1,980,361</b>	<b>2,791,538</b>	<b>54,766,443</b>
<b>Depreciation</b>						
At 1 January 2017	56,283	8,182,035	2,333,617	1,205,583	1,524,379	13,301,897
Charge for the year	787,609	2,667,339	834,686	314,281	352,224	4,956,139
Disposals/ Adjustments	-	(541,711)	(49,990)	-	-	591,701
<b>At 31 December 2017</b>	<b>843,892</b>	<b>10,307,662</b>	<b>3,118,313</b>	<b>1,519,864</b>	<b>1,876,603</b>	<b>17,666,335</b>
Charge for the year	787,609	2,356,626	782,496	280,329	352,221	4,559,281
Disposals/ Adjustments	-	(783,534)	(268,917)	(100,753)	(38,426)	(1,191,630)
<b>At 31 December 2018</b>	<b>1,631,501</b>	<b>11,880,754</b>	<b>3,631,892</b>	<b>1,699,440</b>	<b>2,190,398</b>	<b>21,033,985</b>
<b>Carrying Amounts</b>						
At 31 December 2018	29,872,851	2,471,892	505,654	280,921	601,140	33,732,458
At 31 December 2017	30,660,460	5,277,743	953,360	411,929	953,361	38,256,852



**National Council for Construction  
Financial Statements  
for the year ended 31 December 2018**

*(All amounts are in thousands of Kwacha unless otherwise stated)*

<b>Notes to the financial statements (continued)</b>	<b>2018</b>	<b>2017</b>
<b>4 Surplus for the year</b>		
Surplus is stated after charging:		
Depreciation	4,559,281	4,962,116
Audit fees	174,000	127,024
	<u>4,733,281</u>	<u>5,089,140</u>
<b>5 Inventory</b>		
Inventory as at 31 December 2018	663,590	-
<b>6 Receivables</b>		
Debtors	744,148	-
Less provision for doubtful debts	-	-
	<u>744,148</u>	<u>-</u>
Prepayments and deposits	319,017	266,730
Gratuity	4,551,439	1,053,848
Staff Loans and Advances	897,371	1,508,056
	<u>6,511,976</u>	<u>2,828,634</u>
<b>7 Cash and Cash Equivalents</b>		
Barclays Bank Kwacha	4,874,857	3,188,865
Atlas Mara Zambia Bank Kwacha	2,741,339	4,754,746
Barclays US Dollar	4,154	8,427
ZICB Fixed Deposit	1,069,450	1,069,450
Barclays Bank Kwacha	13,926	481,788
First National Bank	3,436,003	167,089
	<u>12,139,729</u>	<u>9,670,365</u>
<b>8 Payables</b>		
Board Fees	-	78,261
Pension Contribution	-	105,885
Fuel and Lubricants	105,937	66,714
Maintenance of Local Area	-	114,990
Audit Fees	174,000	91,308
	<u>279,937</u>	<u>457,158</u>
<b>9 Finance Lease Obligations</b>		
Motor Vehicle Finance Lease	1,007,475	1,162,830
	<u>1,007,475</u>	<u>1,162,830</u>
Due within 12 months	207,773	480,085
Due after 12 Months	799,702	682,745
	<u>1,007,475</u>	<u>1,162,830</u>



**National Council for Construction  
Financial Statements  
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**Notes to the financial statements (continued)**

	<b>2018</b>	<b>2017</b>
<b>10 Deferred Income</b>		
Registration as at 31 December	<u>18,767,906</u>	<u>17,994,274</u>
Deferred income relates registration fees paid in advance for the following year.		
<b>11 Grants</b>		
Road Sector Capacity building - NRFA Grant	1,000,000	2,997,412
Government Grant	2,475,000	2,086,433
Transfer from Capital Grant	<u>1,229,036</u>	<u>1,229,036</u>
	<u>4,704,036</u>	<u>6,312,881</u>
<b>12 Fees</b>		
Registration, Scrutiny and Annual Fees	58,697,725	47,607,563
Tuition Fees	<u>827,066</u>	<u>979,669</u>
	<u>59,524,791</u>	<u>48,587,232</u>
<b>13 Other operating Income</b>		
Hire of Facilities	1,896,161	1,372,706
African Development Bank	771,555	-
Green Technology Construction	-	595,443
Cobblestone Technology	502,667	218,103
Profit from disposal of assets	(6,796)	(192,159)
Other Income	158,548	62,199
20% Sub-Contracting	-	375,000
Rental Income	<u>34,200</u>	<u>21,000</u>
	<u>3,356,335</u>	<u>2,452,291</u>
<b>14 Interest Income</b>		
Bank interest	231,853	15,182
Interest on Staff Loans	-	-
	<u>231,853</u>	<u>15,182</u>
<b>15 Administrative Expenses</b>		
Advocacy, Sensitisation and Publicity	604,036	263,059
Annual skills Competition	23,751	53,288
Audit and Accounting Fees	174,000	127,024
Freight and Courier charges	79,636	81,362
Board Expenses	1,689,992	1,008,232
Building Technology course	19,793	19,500
Canteen Expenses	753,310	622,319
Capacity Building	527,638	410,164
Cleaning Materials and Groceries	619,983	595,441
Computers software and accessories	1,385,570	160,133
Depreciation	<u>4,559,281</u>	<u>4,962,116</u>
	<u>10,436,989</u>	<u>8,302,637</u>

**National Council for Construction  
Financial Statements  
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**Notes to the financial statements (continued)**

	<b>2018</b>	<b>2017</b>
<b>15 Administrative Expenses - Continued</b>		
Balance B/fwd	<b>10,436,989</b>	8,302,637
Enforcement of construction regulations	<b>573,238</b>	351,649
Contractors verification expenses	<b>392,491</b>	593,578
Fuel and Lubricants	<b>1,153,934</b>	820,552
Graduation Ceremonies	<b>70,982</b>	78,833
Staff wellness	<b>156,800</b>	20,258
Implementation of Business Plan	<b>218,949</b>	348,258
Industrial Assessment	<b>6,000</b>	-
Insurance of NCC Assets	<b>527,084</b>	578,487
International Construction Events	<b>99,780</b>	237,348
Kitwe Office Expenses	<b>202,446</b>	137,305
School activities & advocacy	<b>652,642</b>	91,585
Bank Charges	<b>136,744</b>	107,039
Membership to professional bodies	<b>151,203</b>	107,685
Monitoring Construction Activities	<b>1,663,439</b>	1,503,339
Motor Vehicles expenses	<b>619,691</b>	695,465
MOU implementation	<b>17,610</b>	65,737
Labour Day Celebrations	<b>82,900</b>	82,900
Road Sector Contractors Capacity Building (Note 15.1)	<b>2,155,234</b>	3,879,971
African Development Bank-Capacity Building	<b>638,953</b>	-
Other expenses	-	35,060
Hire of Facilities	<b>134,516</b>	-
Provincial Registration Committee Expenses	-	71,449
Registration expenses	<b>260,242</b>	422,724
Repairs and maintenance	<b>619,160</b>	117,890
Revision of construction standards	<b>126,759</b>	192,176
Security expenses	<b>307,999</b>	271,593
Staff costs (Note 15.2)	<b>39,406,163</b>	37,713,075
Stationery and Printing	<b>1,102,849</b>	862,544
Training of Trainers in EMPO Course	-	101,002
Telephone, Fax and email	<b>408,091</b>	401,728
TEVETA license	<b>18,827</b>	90,561
National Exhibitions and Expo	<b>68,368</b>	38,351
Travel Local and International	<b>387,707</b>	547,449
Stakeholder Consultative Workshop	-	77,099
Stakeholder Sensitisation	-	115,959
Construction School Review Workshop	-	41,128
	<b><u>62,797,788</u></b>	<b><u>59,102,412</u></b>



**National Council for Construction  
Financial Statements  
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*(All amounts are in thousands of Kwacha unless otherwise stated)*

**Notes to the financial statements (continued)**

	2018	2017
<b>15 Administrative Expenses - Continued</b>		
Balance B/fwd	62,797,788	59,102,412
Commemoration of Women's day	93,390	84,868
Procurement Committee	91,804	133,666
Team Building	-	45,625
Water and Electricity	167,623	116,424
Fibre Optic Subscriptions	569,780	372,133
Green Technology Construction expenses	-	45,025
Educational Materials	70,100	198,473
Maintenance of Training Equipment	33,461	31,668
Codification of NCC new Assets	12,470	1,760
Youth Day	34,600	-
Exchange loss	524	830
SADC / COMESA Trade Participation	172,917	-
Gender Commemoration	-	50,000
Public Service Day	36,900	12,600
International Anti-Corruption Day	72,550	32,000
Legal Management services	9,000	207,707
Corporate Social Responsibility	100,924	15,750
Consultancy Fees	126,400	306,000
Loss on Intermarket Bank	-	702,177
Finance lease charges	316,905	360,174
	<u>64,707,136</u>	<u>61,819,293</u>
<b>15 Road Sector Contractors Capacity Building - NRFA Grant</b>		
Earth Moving Plant and Operators	87,720	667,636
Materials testing	6,000	89,142
SME Mentorship, Placement & Tracer	-	11,709
Sector ICT	-	66,641
Health and safety	22,060	97,666
Cobblestone Technology Course	207,647	482,734
Capacity Building Programme	43,085	200,050
Brick Paving Course	-	141,843
Roll Out Courses	-	7,960
Road Construction and Maintenance Course	1,119,958	1,090,515
Road Construction Surveying	-	119,500.00
Management of Civil Engineering Processes	-	169,760
Provincial Training workshop	373,367	612,571
Lab Restocking	18,524	117,334
20% Sub Contracting Policy	274,413	-
Bank Charges	2,460	4,911
	<u>2,155,234</u>	<u>3,879,971</u>



**National Council for Construction  
Financial Statements  
for the year ended 31 December 2018**  
*(All amounts are in thousands of Kwacha unless otherwise stated)*

**Notes to the financial statements (continued)**

	<b>2018</b>	<b>2017</b>
<b>15 Administrative Expenses - Continued</b>		
<b>15 Staff Costs</b>		
Salaries and Wages	18,232,538	17,517,312
NAPSA	782,260	856,637
PAYE	9,842,348	8,995,374
Pension Contribution	1,567,053	1,180,374
Group Life assurance	629,119	587,116
Group personal accidents	14,043	14,043
Medical Expenses	834,288	1,032,686
Leave Benefits	1,959,629	2,078,620
Staff welfare	370,268	367,860
Workers compensation	49,568	43,753
Commutation		-
Gratuity Contributions	5,100,000	5,000,000
Recruitment cost	5,250	21,699
Internship costs	19,800	17,601
	<u>39,406,163</u>	<u>37,713,075</u>

**16 Contingent Liabilities**

There were no known contingent liabilities as at the year end.

**17 Events after reporting date**

There has not been any material matter or event that has arisen since the year end up to date of approval of these financial statements which would affect substantially the operations of the entity that requires disclosure or adjustment

**18 Capital Commitments**

The were no capital commitments in place as at 31 December 2018 (2017: none)

**19 Comparative Figures**

Comparative figures have been reclassified where necessary to afford meaningful comparison









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