



**NATIONAL COUNCIL  
FOR CONSTRUCTION**

ANNUAL  
REPORT  
**2016**







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## Our Vision:

To be an internationally recognized innovative and effective regulatory authority in promoting, developing, training, fostering quality and sustainable infrastructure

## Our Mission:

To effectively contribute to sustainable national economic growth through the promotion, development, training and regulation of the Zambian Construction Industry



## Our Core Values

1. Accountability
2. Innovative
3. Integrity
4. Transparency
5. Zero Tolerance to Corruption

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## Acronyms and Abbreviations

<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>LBT</b>	Labour Based Technology
<b>MWS</b>	Ministry of Works and Supply
<b>MHID</b>	Ministry of Housing and Infrastructure Development
<b>NAMSSC</b>	National Association for Medium and Small Scale Contractors
<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



## Chairperson's Statement

I am greatly honoured to present the 2016 annual report for the National Council for Construction. Over its 13 years of existence since establishment through an Act of Parliament in 2003, NCC continues to be appreciated and recognized as a critical component of the national infrastructure system with a mandate to contribute meaningfully to ensure value for money is realized in infrastructure development.

The report therefore highlights the achievements, successes and challenges of the Council for the period ended 31st December 2016. At the beginning of the year, the Council set high performance standards and targets to ensure effective attainment of its mandated functions. It is for this reason that the board approved a budget of K80,316,337.00 in 2016 compared to K77,141,769.00 in 2015.

On 1st January 2016, project registration commenced following the signing of S.I No.39 of 2015 with 56 projects registered as at 31st December 2016. A total of 5,510 registrations were recorded compared to 4,952 in 2015 despite the slow growth recorded in construction activities. However, Zambian companies continued to exhibit slow growth in transitioning to higher grades due to limitations in capacity and resources. This development has left the foreign firms still with a larger share of the market in terms of value of projects. There was also a marked improvement in compliance levels to set regulatory standards. Of the 1,423 projects visited, 823 were in compliance while 600 were non-compliant and penalized in accordance with the regulations. Through monitoring of projects, it was also identified that 48,019 job opportunities were created in various skills, a development which continued to score the significance of the construction industry in employment creation. 34 Construction standards were also recommended for consideration to the Zambia Bureau of Standards.

During the year under review, the Board appointed Q.S Matthew Ngulube as Executive Director taking over from Eng. Charles Mushota who received an appointment as Permanent Secretary for the Ministry of Housing and Infrastructure Development.

Last but not least, I would like to pay special tribute to the Board, Management and Staff for their unequivocal support during the year to ensure successful attainment of our mandate.

A handwritten signature in black ink, appearing to read 'P. Kampengele'.

Eng. Patrick Kampengele





## Executive Director's Acknowledgment

Following my appointment as Executive Director of NCC and subsequent assumption of duty on 12th December 2016, I have rolled out my vision to accelerate the Council's strategy under my tenure. This will be achieved by building on the achievements of my predecessor Eng. Charles Mushota and trying to convert some of the challenges faced into Launchpad opportunities going forward. Let me take this opportunity to express my appreciation to the Board of Directors for giving me this privilege and opportunity to serve the Council.

The issue of Zambian companies upgrading their construction businesses is indeed something never to be taken lightly because it stifles opportunities for growth by Zambian companies. NCC envisions that Zambian contractors shall begin exporting their trade in the region and beyond, but this will only come if they are exposed to large scale projects tenable in the higher grades. To this effect, NCC shall engage with stakeholders and come up with criteria that shall enhance transitioning of Zambian contractors in line with the trends obtaining. NCC shall also enhance scrutinizing at registration to ensure that firms, be it Zambian or foreign, register according to their legitimacy in order to avoid incidences of fronting. Due to the paradigm shift in the way construction business has taken its toll over the last 10 years, there is need for NCC to have provincial presence in all the 10 provinces. This shall ensure delivery of the mandate effectively by ensuring that projects in the provinces are effectively monitored. For this to be achieved, there is need to bring on board more innovative ways of sustained funding such as levies and utilizing NCC assets to generate more income.

The meaningful participation of women in construction continued to be a challenge in the period under review as evidenced by the fact that there are very few women owned construction firms. NCC shall remain open to suggestions of women regarding their involvement in construction related activities.

Last but not least, I wish to congratulate the Board, Management and Staff of NCC for their efforts in ensuring our mandate is attained. If NCC is to remain relevant to its mandate, it must continue to review its strategy and operating model to ensure that all its activities are geared towards maximizing impact in its sphere of influence.

A handwritten signature in black ink, appearing to be 'M. Ngulube', with a long horizontal stroke extending to the right.

Q.S. Matthew Ngulube  
**EXECUTIVE DIRECTOR**



# Section One:



# Preliminaries

## 1.1 About NCC

National Council for Construction (NCC) was established through the National Council for Construction Act No.13 of 2003. The mandate of NCC is to regulate, develop and build capacity of the Zambian construction industry. In fulfilling its mandate, NCC undertakes the following activities:

- Registration of contractors;
- Registration of Manufacturers and suppliers of construction materials;
- Monitoring of construction activities;
- Capacity building of medium and small scale contractors; and
- Construction Materials Testing.

## 1.2 Registration of Contractors

NCC conducts annual registration of contractors wishing to participate in construction of various infrastructure projects. Construction firms whose majority shareholding with the Patents and Companies Registration Agency (PACRA) is Zambian are eligible to register in any grade. However, construction firms whose majority shareholding is foreign are only eligible to register in Grades One and Two. Table 1 shows the related contract values by classification and grade.

**Table 1:** NCC Contract Values by Classification and Grade in 2016

GUIDELINES FOR VARIOUS CLASSIFICATIONS							
CLASSIFICATION GRADE >	1	2	3	4	5	6	
1 Access to credit facilities equal 2% of Maximum limit of tender refer Annex III	Yes	Yes	Yes	Yes	Yes	-	-
2 Professional Staff - Reg. Eng. / QS / Arch.(CVs to be included)	4 No.	3 No.	2 No.	-	-	-	-
3 Technical Staff - Technicians (Diploma related in Construction field, CVs to be included)	5 No.	4 No.	3 No.	2 No.	1 No.	1 No.	1 No.
4 Skilled Staff - Artisans / On-job training	7 No.	6 No.	5 No.	4 No.	3 No.	2 No.	2 No.
5 Financial/Accountants - CIMA/CIS/ZICA Member	1 No.	1 No.	1 No.	-	-	-	-
6 Bookkeeper - Accounting Diploma/ On-job trained bookkeeper/Accounts Clerk	1 No.	1 No.	1 No.	1 No.	1 No.	1 No.	1 No.
7 Audited Accounts to IAS in English	Yes	Yes	Yes	-	-	-	-
8 Financial Statements Certified by ZICA Member	-	-	-	Yes	Yes	-	-
9 Limitation on Contract Value to be Tendered - Category B	>K40m	>K20m- K40 m	>K10.0m- K20.0 m	>K6.75m- K10.0m	>K3.0m- K6.75 m	>K0.0m- K3.0 m	>K0.0m- K3.0 m
10 Limitation on Contract Value to be Tendered - Category C	>K50m	>K25m- K50 m	>K15.0m- K25.0 m	>K10.0m- K15.0 m	>K3.0m- K10.0 m	>K0.0m- K3.0 m	>K0.0m- K3.0 m
11 Limitation on Contract Value to be Tendered - Category R	>K150m	>K50m- K150 m	>K30.0m- K50.0 m	>K15.0m- K30.0 m	>K5.0m- K15.0 m	>K0.0m- K5.0 m	>K0.0m- K5.0 m
12 Limitation on Contract Value to be Tendered - Mining Services	>K50m	>K25m- K50 m	>K15.0m- K25.0 m	>K10.0m- K15.0 m	>K3.0m- K10.0 m	>K0.0m- K3.0 m	>K0.0m- K3.0 m
13 Limitation on Contract Value to be Tendered - Category E	>K75m	>K30m- K75 m	>K15.0m- K30.0 m	>K10.0m- K15.0 m	>K5.0m- K10.0 m	>K0.0m- K5.0 m	>K0.0m- K5.0 m
14 Limitation on Contract Value to be Tendered - Category ME	>K75m	>K30m- K75 m	>K15.0m- K30.0 m	>K10.0m- K15.0m	>K5.0m- K10.0m	>K0.0m- K5.0m	>K0.0m- K5.0m



### 1.3 Registration of Manufacturers and suppliers

Registration of suppliers and manufacturers of all construction materials and equipment is done to ensure that only construction materials meet the required standards. These standards are as stipulated by the Zambia Bureau of Standards (ZABS) or any other internationally recognised standards for use by retailers, wholesalers and manufacturers.

### 1.4 Monitoring of Contractors

In order to ensure value for money and adherence to required specifications and regulations, monitoring activities are conducted on a quarterly basis at random on various developmental projects around the country. Construction projects are inspected for compliance relevant to specifications, laws and regulations.

### 1.5 Capacity Building of Contractors

In order to promote sustainable growth and skills capacity in the Zambian construction industry, NCC provides various capacity building programmes to Small and Medium scale contractors, Government Institutions, Local authorities, Consulting firms and Individuals. The Construction School offers training programmes at skills award level with the intent to bridge the skills gap in order to improve the local participation and performance of the construction industry in general and individual contractors in particular.

### 1.6 Construction Materials Testing

NCC has a Construction Materials Testing Laboratory whose role is to undertake analysis of a wide range of construction materials in compliance to industry, national and international standards. Though not fully operational, the lab is fully restocked with state of the art equipment courtesy of funding from the World Bank RRMP II. Once fully operational the NCC lab will provide durability, strength, weatherability, load, Geotechnical investigation, slip resistance and chemical (composition, microstructural) tests.

### 1.7 Legislation

NCC is mandated to administer the National Council for Construction Act No. 13 of 2003 read together with the Contractor Code of Conduct Statutory Instrument (SI) No. 119 of 2008 and the Registration of Projects Statutory Instrument No. 39 of 2015. It also refers to other relevant laws in its everyday administration.

### 1.8 Functions of NCC

The functions of NCC, according to the Act are to:

- Promote and develop the construction industry in Zambia, and give priority to Zambian firms and Zambian companies;
- Assess the performance of contractors in the execution of contracts and thus provide a performance record for contractors;
- Regulate the behaviour and promote minimum standards and best practice of contractors;
- Provide data on the size and distribution of contractors operating within the industry;
- Facilitate, where possible, access by Zambian firms or Zambian Companies to resources for the development of their operations;
- Promote, in liaison with other bodies in construction related fields, development issues relating to the construction industry;
- Promote research into the construction and the development and use of local materials and appropriate construction materials;

- In consultation with the National Housing Authority, the director in the Buildings Department and other bodies, promote the construction of affordable low cost and medium density housing;
- Set and promote safety standards in the construction industry;
- Prescribe and vary the categories for the registration of persons engaged in the construction industry;
- Conduct training and coordinate the training programmes of persons engaged in the construction industry;
- Make available to persons engaged in the construction industry, published information, advice and assistance in relation to the construction industry;
- Monitor and evaluate, from time to time, the capacity and progress of persons engaged in the construction industry;
- Promote and maintain competition among professionals or other persons engaged in the construction industry and promote efficiency and economy on the part of the professionals and persons so engaged;
- Regulate activities in the construction industry through the appropriate institutions, Boards, and other authorities, as the case may be.
- Coordinate construction related activities;
- Formulate policies and programmes of the school;
- Recommend to the Minister the conditions under which a foreign company may be registered and permitted to operate in Zambia;
- Review, from time to time, the process of awarding contracts;
- Standardize quality control, contract documentation, codes of practice, procurement processes, legal and contractual processes in liaison with other relevant bodies or organizations and in accordance with other written laws; and
- Do all such acts or things are connected with or incidental to the functions of the council under this Act.

### 1.9 Funding

Funding for NCC as enshrined in Part Two, Section Ten of the National Council for Construction Act No. 13 of 2003 consisted of appropriation by Parliament for the purposes of the council and fees and grants.

**1.10 Board of Directors**

NCC is governed by a 16-member Board which is the supreme policy-making body for the institution. The NCC Board consists of professionals representing organizations as prescribed in the NCC Act and as appointed by the Minister.



**Eng. Patrick M. Kampengele - Chairperson**  
Association of Consulting Engineers of Zambia



**Mrs. Roseta M. Chabala**  
Zambia Association of  
Manufacturers



**Eng. Charles Mushota**  
Ministry of Housing and  
Infrastructure Development



**Mr Chikwanda Musonda**  
Ministry of Finance and  
National Planning



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



**Mr. Josiah Hantebe Simachela**  
Attorney Generals' Chambers  
Ministry of Justice



**Mrs. Hilda Kawesha Mwansa**  
Minister's Appointee



**Mr. Michael Nyirenda**  
Association of Building and Civil  
Engineering Contractors



**Mrs. Mwangala M. Lethbridge**  
Zambia Institute of Architects



**Mrs. Catherine M. Kanyensha**  
Technical Education, Vocational  
and Entrepreneurship Training  
Authority



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



**Mrs. Agnes Banda Phiri**  
Energy Regulation Board



**Dr. Fredrick Chileshe**  
Copperbelt University



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



**Mrs. Peggy Chituta**  
Zambia Bureau of Standards



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

1.11 Management



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



**Ms. Mwenya Kapasa**  
Legal Counsel



**Eng. Golden Makayi**  
Director – Registration and Regulation



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



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



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



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



**Eng. Titus Chiwembe**  
Manager - Materials Testing Laboratory



## 1.12 Board Engagement

The Board continued to meet on a quarterly basis. The Board held 9 full Board and 12 Committees of the Board meetings:

**Table 2:** List of Board Meetings Held in 2016

Details	Date
Quarter 1 Board Meeting	12th February 2016
1st Extra Ordinary	17th March 2016
Quarter 2 Board Meeting	6th May 2016
Special Board Meeting	26th May 2016
Quarter 3 Board Meeting	5th August 2016
Special Board Meeting	25th August 2016
Quarter 4 Board Meeting	4th November 2016
Special Board Meeting	11th November 2016
Special Board Meeting	27th October 2016

## 1.13 Board Meetings

Attendance to board meetings was as listed in Table 3:

**Table 3:** Attendance to Board Meetings in 2016

Name	Position	Scheduled Meetings	Meetings Attended
Eng. Patrick Kampengele	Chairperson	9	9
Mrs. Roseta Chabala	Vice chairperson	9	9
Mrs. Agnes P. Banda	Member	9	9
Eng. Charles Mushota	Member	9	9
Mr. Amos Malupenga	Member	9	3
Mr. Michael Nyirenda	Member	9	9
Mr. Josiah Simachela	Member	9	9
Mrs. Hildah K. Mwansa	Member	9	9
Dr. Fredrick Chileshe	Member	9	9
Mrs. Catherine Kanyensha	Member	9	9
Mr. Michael Chileshe	Member	9	9
Mr. Edward Mpepo	Member	9	9
Mrs. Peggy Chituta	Member	9	9
Mr. Chikwanda D. Musonda	Member	9	9
Arch. Mwangala Lethbridge	Member	9	9
Q.S. Matthew Ngulube	Member	9	9
Mr. Morgan Chiselebwe	In attendance	9	7
Arch. Chance Kaonga	In attendance	9	9
Mr. Titus Chiwembe	In attendance	9	6
Eng. Golden Makayi	In attendance	9	9
Mr. Brian Mutale	In attendance	9	8
Mr. Lucky Muntanga	In attendance	9	8
Ms. Mwenya Kapasa	Secretary	9	7

## 1.14 Board Committees

To help discharge its executive functions, the Board has established 4 principal standing committees. A full list of Committee Meetings undertaken in 2016 was as listed in Table 4.

**Table 4:** List of Committee meetings undertaken in 2016

Details of Meeting	Date
Internal Audit Committee	19th January 2016
Registration, Regulation & Business Development Committee	20th January 2016
Education & Training Committee	21st January 2016
Finance & Administration Committee	22nd January 2016
Internal Audit Committee	12th April 2016
Registration, Regulation & Business Development Committee	13th April 2016
Education & Training Committee	14th April 2016
Finance & Administration Committee	15th April 2016
Internal Audit Committee	12th July 2016
Registration, Regulation & Business Development Committee	13th July 2016
Education & Training Committee	14th July 2016
Finance & Administration Committee	15th July 2016
Internal Audit Committee	04th October 2016
Registration, Regulation & Business Development Committee	05th October 2016
Education & Training Committee	06th October 2016
Finance & Administration Committee	07th October 2016

### Finance and Administration Committee:

The Finance and Administration Committee had four scheduled meetings and Table 5 provides shows attendance to the committees.

**Table 5:** Attendance to the Finance and Administration Committee in 2016

Name	Position	Scheduled Meetings	Meetings Attended
Arch. Mwangala Lethbridge	Chairperson	4	2
Eng. Danny Mfunu	Member	4	3
Mrs. Agnes P. Banda	Member	4	3
Mrs. Hildah K. Mwansa	Member	4	4
Eng. Charles Mushota	Member	4	3
Ms. Mwenya Kapasa	Secretary	4	3
Mr. Morgan Chiselebwe	In attendance	4	3

**Table 6:** Attendance to the Registration, Regulation and Business Development Committee in 2016

Name	Position	Scheduled Meetings	Meetings Attended
Mrs. Roseta Chabala	Chairperson	4	4
Mr. Michael Nyirenda	Member	4	4
Mr. Michael Chileshe	Member	4	4
Mr. Josiah Simachela	Member	4	3
Eng. Charles Mushota	Member	4	4
Ms. Mwenya Kapasa	Secretary	4	4
Eng. Golden Makayi	In attendance	4	3
Mr. Brian K. Mutale	In attendance	4	4

### Education and Training Committee

The Education and Training Committee had four scheduled meetings and Table 7 provides shows attendance to the committees.

**Table 7:** Attendance to the Education and Training Committee in 2016

Name	Position	Scheduled Meetings	Meetings Attended
Mrs. Catherine Kanyensha	Chairperson	4	4
Dr. Fredrick Chileshe	Member	4	4
Mr. Edward Mpepo	Member	4	4
Mr. Amos Malupenga	Member	4	0
Eng. Charles Mushota	Member	4	3
Mr. Chripsin Chilikwela	Member	4	1
Ms. Mwenya Kapasa	Secretary	4	4
Arch. Chance Kaonga	In attendance	4	4
Eng. Titus Chiwembe	In attendance	4	3

### Audit and Risk Management Committee

The Audit and Risk Management Committee had four scheduled meetings and Table 8 provides shows attendance to the committees.

**Table 8:** Attendance to the Audit and Risk Management Committee in 2016

Name	Position	Scheduled Meetings	Meetings Attended
Mrs. Peggy Chituta	Chairperson	4	4
Mr. Mulambo Haimbe	Member	4	3
Mr. Mumbwali Simuzingili	Member	4	4
Mr. Chikwanda D. Musonda	Member	4	3
Ms. Mwenya Kapasa	Secretary	4	4
Mr. Lucky Muntanga	In attendance	4	4





# Section Two:



## Administration

*This section gives an outline of activities undertaken by the various departments at NCC during the period under review. NCC is administratively divided into four departments under which most sections fall.*

## 2.1 Legal Services

The Department is also in charge of all Board related matters and provides Secretarial services to the Board.

### 2.1.1 Board Evaluation

The Board carried out a self-assessment of its performance during the year which covered the following:

1. Performance against its objectives at the beginning of the year
2. Effectiveness with respect to the strategic direction
3. Responsiveness to shareholders and Stakeholders concerns
4. Maintenance and implementation of the Board's governance principles
5. Review of the composition and diversity of the skills and exposure of the Board
6. Continuous professional development for Board members.

### 2.1.2 Board Training

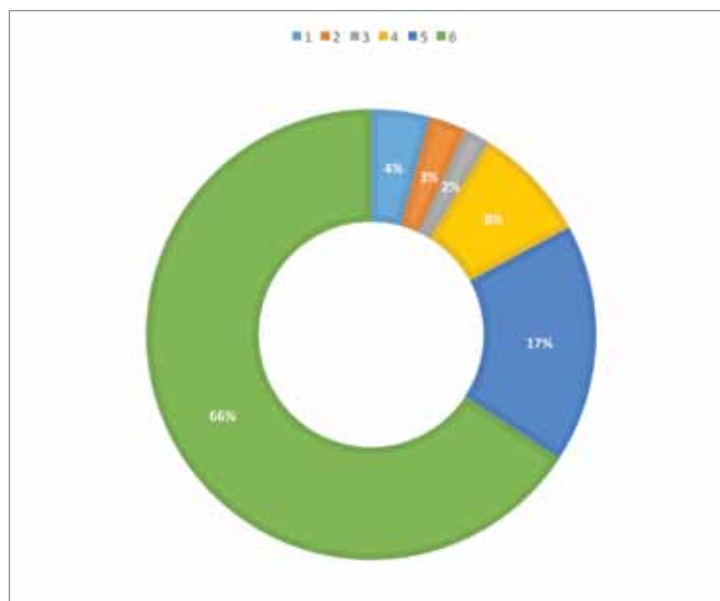
The Legal Services Directorate also facilitated training for Board Members and selected staff on Corporate Governance issues.

## 2.2 Registration and Regulation

NCC registers contractors in accordance with the provisions of the National Council for Construction Act No. 13 of 2003. NCC issues certificates by Grade and Category based on capability and capacity. It is mandatory for clients engaging in public and private sector works to refer to the Contractor Register when considering construction works tenders. The Register of Contractors facilitates public and private sector procurement and promotes contractor development and has been firmly established as a key component for public sector procurements.

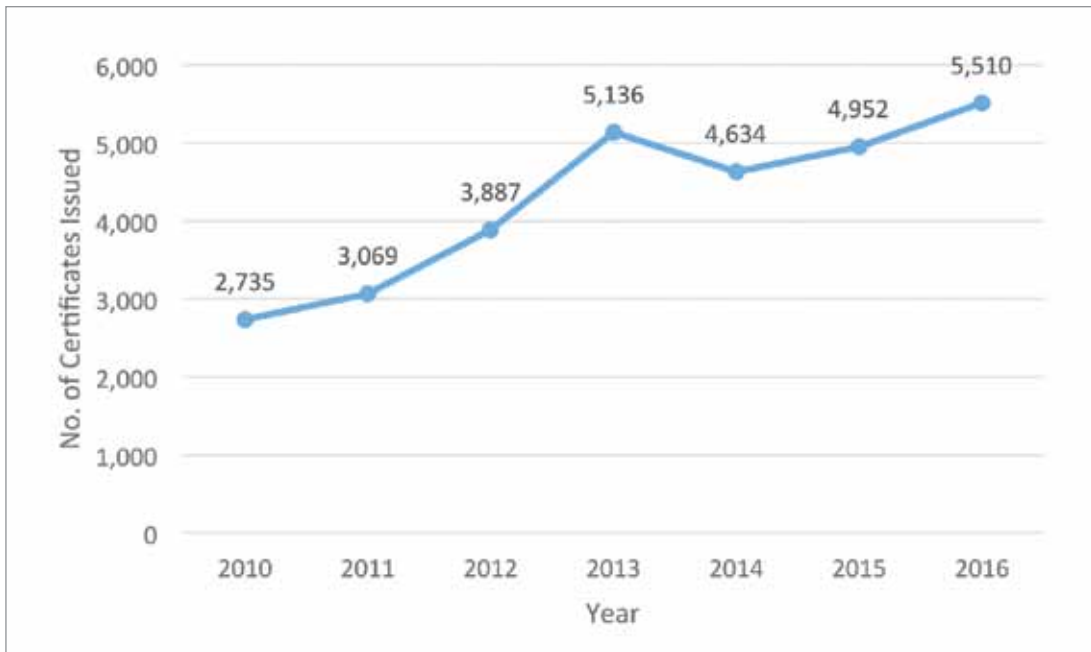
### 2.2.1 Contractor Registration

The number of registrations processed in 2016 varied by Grade with contractor certificates issued in Grade Six accounting for 66% of total registrations, Grade Five recorded 17%, whereas Grades Four, Three, Two and One recorded 8%, 2%, 3% and 4% respectively. This is shown in Figure 1.



**Figure 1:** Total Number of Registrations by Grade

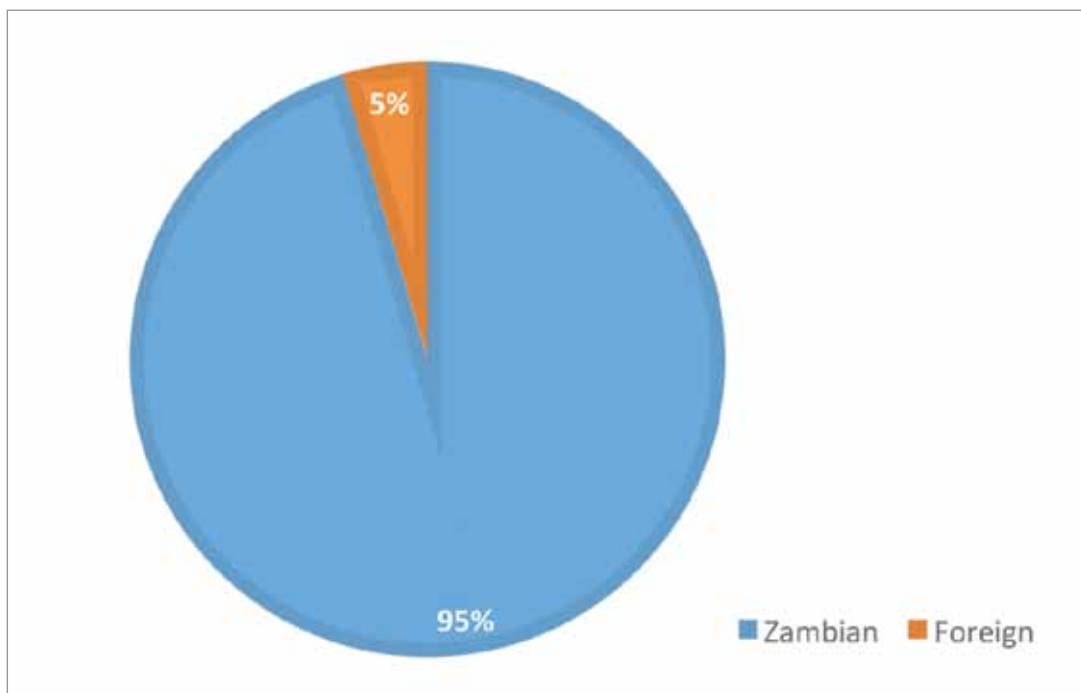
Trend statistics indicate that generally the number of registrations had increased from **2010**, where a total of **2,755** were recorded to **5,510** registrations in **2016**. Though there was a reduction in 2014 where 4,634 registration certificates were issued compared to the 2013 statistic of 5,136 registration certificates issued as shown in Figure 2.



**Figure 2:** Registration Certificates Issued between 2010 and 2016

Source: NCC, 2016

It can also be noted that of the 5,510 certificates issued in 2016, 5,256 representing **95%** were **Zambian companies**, while foreign companies accounted for 5%. This is illustrated in Figure 3.



**Figure 3:** Distribution of Registration Certificates Issued by Ownership

Source: NCC, 2016

Table 9 shows the number of certificates issued in 2016 by Grade and Category. As per previous trends, most certificates were issued in the Building and Housing Category. A total of 2,418 certificates were issued in this category, representing 44% of total registrations. This trend has been consistent over the last five years and may be attributed to increased investment in the provision of social services such as housing, education and health facilities.

**Table 9:** Distribution of Contractors by Category and Grade in 2016

Category	Total Number of Contractors	Grade					
		1	2	3	4	5	6
<b>Building and Housing (B)</b>	2,418	69	58	50	235	425	1,581
<b>Civil Engineering (C)</b>	493	50	23	11	36	72	301
<b>Mining Services (M)</b>	439	36	21	10	41	82	249
<b>Electrical and Telecoms (E)</b>	298	7	6	3	41	34	207
<b>Roads and Earthworks (R)</b>	1,784	62	34	27	126	316	1,219
<b>Mechanical Engineering (ME)</b>	61	6	2	0	0	4	49
<b>Specialist (S)</b>	17	0	1	1	2	4	9
<b>Total</b>	<b>5,510</b>	<b>230</b>	<b>145</b>	<b>102</b>	<b>481</b>	<b>937</b>	<b>3,615</b>

Source: NCC, 2016

The category which recorded the second highest certificates issued was the Roads and Earthworks. A trend analysis also shows an increase in registrations in this category. In 2016 a total of 1,784 registrations were issued in this category representing 32 %, compared to 2015 where 1,358 certificates were issued representing 27 % of total registrations and 1,160 registration certificates issued in 2014 representing 25 % of total registrations for that period. Figure 4 shows the number of certificates issued over a three-year period in the Roads and Earthworks Category.



**Figure 4:** Certificates issued between 2014 and 2016

Source: NCC, 2016

## 2.3 Construction School

Under the National Council for Construction Act, NCC is mandated to provide capacity building to small and medium scale contractors with a view to helping them grow. In this regard, NCC operates a Grade One Technical Education and Vocational Entrepreneurship Training Authority (TEVETA) registered institution, which offers various short intensive training to contractors at a subsidised cost with support from government and other cooperating partners. In 2016, NCC received support from NRFA, RDA, UNEP and the International Labour Organisation towards training of various SMEs in the sector.

### 2.3.1 Capacity Building

NCC conducts courses meant to bridge the skills gap in the local construction sector. Most courses are targeted at Small and Medium scale contractors, Government Institutions, Local authorities, Consulting firms, Individuals and other stakeholders in the construction sector in Zambia.

Table 10 presents a summary of Training and Capacity Building Programmes conducted by NCC in 2016.

**Table 10:** Capacity Building Programmes conducted by NCC in 2016

Item	Course/Activity	Actual No.	Target No.
1	Auto CAD	6	10
2	Basic Land Surveying	30	20
3	Building Works Supervision	11	20
4	Cobblestone Training Programme - RDA/NCC	111	45
5	Construction Materials Testing Course	49	30
6	Contracts Management	6	10
7	Earthmoving and Plant Operators Course	37	32
8	Management of Civil engineering Processes	23	20
9	Occupational Safety and Health	19	20
10	Road Construction and Maintenance Supervision	95	110
11	Provincial Training Workshop	273	450
	<b>Total</b>	<b>660</b>	<b>767</b>

Source: NCC, 2016

In response to the Pave Zambia programme, in 2016 there was high demand for the Cobblestone and Paving Technologies training programme. Table 10 shows that the programme initially targeted 45 but due to demand, 111 students were trained.

### 2.3.2 Provincial Training Workshops

The School conducted the Provincial training and Advisory workshops for contractors in nine of the ten provinces of Zambia. The trainings provided information on key areas such as contracts management, submission of successful bids and green building technologies to mention a few. In addition, NCC invited other Government Agencies whose operations had bearing on the Zambian Construction Industry to make presentations on their respective roles. These included Zambia Revenue Authority (ZRA), National Pension Scheme Authority (NAPSA), Workers Compensation Fund Control Board, Zambia Public Procurement Authority (ZPPA), Zambia

Development Agency, the Road Development Agency and the Ministry of Works and Supply - Infrastructure Department.

**Table 11:** Summary of Provincial Training Workshop Attendance by Province

Item	Province	Target No.	Actual No.
1	Central	50	35
2	Copperbelt	50	17
3	Eastern	50	39
4	Luapula	50	34
5	Muchinga	50	28
6	North Western	50	24
7	Northern	50	27
8	Southern	50	35
9	Western	50	34
	<b>Total</b>	<b>450</b>	<b>273</b>

Source: NCC, 2016

The Construction School also recorded a notable drop in attendance of the Provincial training and advisory workshops, which recorded participation of 273 in 2016 compared to 582 in 2015.

It can be noted that a total of 660 students were trained in 2016. This was short of a target of 832. In comparison to 2015, when NCC trained 804 students in various courses, there was a notable drop in enrolment by 21 %. Approximately 25 % of the participants in the various training programmes were female.

### 2.3.3 Development of Syllabus for Diploma in Highway Engineering Course

Technical experts drawn from NCC, UNZA, RDA, EIZ, Engineering Consultants and TEVETA developed syllabus for a Diploma in Highway Engineering Course. The programme content will comprise of 22 modules with a duration of three (03) years. This programme will be unique considering its content and the fact that no other institution in Zambia offers the course. It is thus envisaged to attract students from both industry and direct entrants from school. The document awaits validation and subsequent approval by TEVETA.

### 2.3.4 Graduation Ceremonies

- a. **2017 Combined Graduation Ceremony:** NCC held the 7th Combined Graduation Ceremony for Skills Award Courses conducted at the Construction School between July 2015 and June 2016. The ceremony which saw 230 students graduate was held at New Government Complex on 20th July 2016 and officiated by the Minister of Works and Supply Hon. Eng. Yamfwa Mukanga.
- b. **Graduation of Earth Moving Plant Operators in Northern Province:** NCC conducted a graduation ceremony for 15 Operators of Earth Moving Plant from District and Municipal Councils in Northern and Luapula Provinces in Kasama on 18th February 2016. The training was conducted by NCC on the 1.9 km road leading to the new cemetery. The Executive Director attended the event which was graced by the Northern Province Deputy Permanent Secretary as the guest of honour. Prior to the ceremony, the team toured the site to appreciate how the road was performing. The acting Permanent Secretary expressed happiness on the quality of works that were done and requested the Executive Director to consider completing the remaining section of the road.



- c. **Paving Technology Course:** In its quest to decentralise training, the Construction School conducted two paving technology courses in North Western (Solwezi) and Muchinga (Chinsali) Provinces. A total of 47 participants graduated at the ceremony which was held on 15th November 2016 at Solwezi Lodge. In Chinsali, a total number 49 graduated on 17th November 2016 at the Council Hall.



**RDA Training Phase II**



The trainees of phase I from RDA sponsored grouping i.e. the National Association of Medium and Small Scale Contractors (NAMSSC), Zambian Women in Construction (ZAWIC), Ubutala Bwabumi (UUB), the Ministry of Youth and Sports and Vendors Association of Zambia were deployed to the Chilanga production site. The RDA was procuring cobbles at K1.50 each from the trainees.

### 2.3.5 Library

The library is a strategic unit in the Construction School. The school is working to modernize its library to cope with technology developments. Consequent to this the school has established a computer laboratory. The School is in the process of introducing eLearning and establishing an eLibrary. It is envisaged that this approach will broaden access to our training programmes by our SMEs and other stakeholders.

- Acquisition of Books: The School received a donation of 200 books in various fields of specialization from ILO. In addition, a total of 30 text books for the materials testing, roads, buildings and OSHE courses were procured. In addition, software for cataloging and classification was purchased and these are the Sears List of Subject Headings and the Dewey Decimal Classification.
- The eLibrary and eLearning: NCC identified staff to be trained to manage and operate the e-library from the Construction School and the IT section. These were trained in managing and running the Moodle classes.
- Computer Laboratory: The computer lab was operationalized for use with workstations and furniture installed. A smart screen and ceiling mounted LCD were also installed.

### 2.3.6 Zambia Green Jobs Programme

- Sustainable Built Environment Training Workshop:** Based on the Agreement between UNEP, ILO and NCC for implementation of the Zambia Green Jobs Programme, a Green Building awareness workshop was conducted. The main objective of the training was to develop awareness and understanding on sustainable built environments integrating green building technologies and materials; ensure that

participants contribute to sustainable economic growth and awareness creation among the planning agencies; creation of more and better jobs in the building construction industry value chain.

The training workshop took place from the 25 to 26th of January, 2016 at Gonde lodge, Kabwe, Central province. The workshop targeted Planners, Architects and Engineers from Ministry of Local Government and Housing (MLGH), City and District Councils, Ministry of Works and Supply - Buildings Department. A total of 39 Professionals attended the training which was officially opened on 25th January, 2016 by the Minister of Works and Supply, Hon. Eng. Yamfwa Mukanga, MP.

- b) **Training of Entrepreneurs in Start and Improve Your Green Construction Business:** As part of the terms of reference between NCC and ILO on the Zambia Green Jobs Programme, NCC conducted a Training of Enterprises (ToEs) Workshop in Start and Improve Your Green Construction Business (SIYGCB) in Lusaka. The objective of this training was to promote the concept of green construction and explore business cases and opportunities in the green construction area. A total number of 30 enterprises were trained.

The agreement between NCC and ILO also catered for activities pertaining the review of the Building Works Supervision Course currently offered by the NCC School to incorporate sustainability concepts.

- c) **Sustainable Building Works Supervision - Job Profile and Curriculum Chart:** A TEVETA led workshop to review the Curriculum Chart for the Building Works Supervision Course was held on 12th and 14th September 2016 at the NCC Secretariat with different stakeholders in the construction industry.
- d) **Sustainable Building Works Supervision - Syllabus Detailing:** Another workshop was held at Tuskers Hotel in Kabwe from the 21st to 25th November 2016 which focused on detailing of the syllabus and validation of the Building Works Supervision course. The course has now been proposed as the Sustainable Building Works Course. Participants included Department of Public Infrastructure, Ministry of Local Government, and Zambia College for the Built Environment, UNEP, National Housing Authority and TEVETA. The syllabus was submitted to TEVETA for approval.

### 2.3.7 Tracer Study

TEVETA had partnered with NCC to conduct a Tracer Study for graduates trained by the Construction School between 2010 and 2015. The study sought to establish what had been happening to the graduates after completion of training. The study will also provide a platform to facilitate feedback from employers and graduates on ways of improving the quality of training as part of curriculum evaluation. A total of 146 graduates from the Copperbelt (56), North Western (60) and Muchinga (30) were traced. This study is expected to continue in 2017.

### 2.3.8 Career Talks

In raising awareness about the various careers available in the construction sector, career talks were undertaken in various secondary schools. NCC conducted Career talks in Eastern, Northern, Southern, Central and Copperbelt provinces. The aim of the Career Talks was to promote careers in construction to help reduce the construction skills gap in future. NCC had a target of reaching 410 students but reached 495 students in the various provinces.

### 2.3.9 Collaboration with other Institutions

The Construction School has continued to collaborate with other institutions in the attainment of its capacity building mandate. These include, but not limited to the following:

- a. National Road Fund Agency: Provided funding for SMEs capacity building programmes in road construction courses.
- b. International Labour Organisation: Provided financial and Technical Support for Zambia Green Jobs Project.
- c. Road Development Agency: Provided funding for cobblestone technology capacity building programmes for SMEs.
- d. AVIC International Holding Corporation: Availed their Material Testing Laboratory for capacity building in construction materials testing for SMEs.
- e. Capacity Building to the Zambia Road Transport Sector Programme: NCC participated in a workshop hosted by the Ministry of Transport and Communications to pilot the development of training materials for the sector in Drainage works and Materials Testing in Samfya from 29th August to 2nd September 2016.

## 2.4 Finance and Administration

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

### 2.4.1 Human Resource and Administration

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

- a. Staff Complement: NCC had a staff complement of ninety-five as at 31st December, 2016. During the year, NCC employed thirteen members of staff. Two separated from employment and two were dismissed on recommendation of the Disciplinary Committee.
- b. Capacity Building: A total of 15 members of staff were sponsored to attend various training programmes. Three members of staff were sponsored for long term training and the remaining 12 attended short term training.
- c. Performance Appraisals: 2016 performance appraisals were conducted for all members of staff.
- d. Staff Health and Wellness: In order to encourage a lifestyle of health and fitness, wellness afternoon was organized where members of staff were shown a number of fitness and wellness activities.
- e. Staff Recognition: As part of Labour Day commemoration activities Eight members of staff were awarded in various categories on their performance.
- f. 2016 National Voluntary, Counselling and Testing (VCT) Day: NCC Participated in the National Voluntary Counselling and Testing Day in conjunction with Ministry of Works and Supply on the 27th to 30th June 2016 under the theme: "HIV Testing: Key to Reaching 90-90-90 Target". The activism week was from 27 to 29th June 2016 with a march past on 30th June 2016. The ministry selected Kenneth Kaunda International Airport construction site and Government Printers where VCT activities were conducted as well as aerobics at Office Equipment as part of the activism activities. During the activism week, various activities including sensitization talks to workers on the importance of wellness were conducted. The Ministry also provided Mobile Health facilities on these selected sites where workers were counselled after which voluntary health Tests for HIV/AIDS, BP, Malaria, Weight, Dental and Diabetes tests were conducted.

### 2.4.2 Accounts

Budget monitoring remains at the foremost of the organisations' operations. The primary responsibility of Accounts is to ensure effective and efficient management of funds in such a manner as to accomplish the

objectives of the organisation. The unit constantly interacts with the Departments at NCC and provides reports on the financial position of the organisation to ensure NCC remains financially stable. The Accounts unit is prudent in monitoring expenditure against allocated budget and has contributed significantly towards the organisation achieving an unqualified audit report.

### **2.4.3 Procurement and Supplies**

This section highlights the main procurement activities that were undertaken during the year under review. NCC Procurement in line with the approved Procurement Plan for 2016 undertook various tenders via open and simplified bidding. Some notable contracts for goods and services awarded were as follows:

1. Purchase of One Motor Grader from Barlow World;
2. Purchase of Two Land Cruiser Motor Vehicles from Toyota Zambia;
3. Refurbishment of NCC Head Office first floor office works and Ground Floor reception;
4. Rehabilitation and Conversion of a Three Bedroomed House into Offices at Plot 30741 Olympia, Lusaka, for the National Council for Construction (NCC) Central Regional Office;
5. Consulting Services for Architectural and Engineering Design, preparation of Bidding documents and the supervision of the construction of National Council for Construction Regional Office in Kitwe; and
6. Purchase of 41 Mobile phone Tablets.

### **2.4.5 Information, Communication and Technology**

The key activities which were undertaken included:

1. Migration of web hosting facilities and resolution of conflicts on the website;
2. Resolution of the Online Registration system on the NCC website;
3. Upgrade RAM for the servers;
4. Replacement server for the computer Lab;
5. Software collection from Centre of Excellence for E Governance and ICT;
6. Creation of a virtual private network (VPN) between Kitwe office and Lusaka HQ connect the Sage accounting system, mail server, IP Phones and other shareable NCC resources to Kitwe using the ZAMREN link;
7. Implementation of the Computer Lab at the NCC Secretariat; and
8. Implementation of the Choma Local Area Network (LAN).

## **2.5 Construction Materials Testing**

NCC continued to restock the laboratory with modern testing equipment and commenced planning for modernizing the infrastructure. It is envisaged that the laboratory will be fully operational and ready for accreditation by 2018.

Of particular note, the lab commenced research into the use of local Construction Materials. A link was established with Handyman's Lime, a private company in Ndola to collaborate in research and development in the use of Lime as a Construction material. A Memorandum of Understanding was drafted between the two parties for approval by the Attorney General's office.

Delivery of training in conjunction with the construction school. Laboratory staff were involved in conducting training under the construction school. Staff trained facilitated training in the materials testing course, Road Construction and Maintenance Supervision and Land Surveying.

Testing of Construction Materials: The Laboratory undertook on-site testing of concrete for the Food Reserve Agency in Kazungula district using its newly acquired equipment.

## 2.6 Internal Audit

During the year under review, Internal Audit provided objective and independent assurance to the Board and Management on the efficacy, efficiency and adequacy of internal controls, processes and policies.

In terms of risk management, the unit continued to assist the Board and Management to have clear visibility into NCC's risk landscape by ensuring that all relevant and significant risks were identified and appropriate responses to risk exposures put in place.

During the year 2016, detailed reviews of existing internal controls and processes were undertaken and reports detailing material weaknesses and recommendations on remedial measures were produced. In this regard, Management, continued to implement recommendations by the Audit and Risk Management Committee and the Board in light of reports from Internal Audit.

The unit will continue assisting the Board and Management in their quest to deliver the Mission Statement of NCC as well as attain its vision.

## 2.7 Business Development

During the period under review, the unit preoccupied itself with the following:

### 2.7.1 Training Levy:

Following resolution of the Committee of Chairpersons of Road Sector Agencies meeting held in August 2015 to approve NCC's proposal for a 0.5% Training Levy on all road projects above K500,000.00 in value NCC developed a draft Statutory Instrument for the operationalization of the Levy.

### 2.7.2 Report on the Survey of the Zambian Construction Industry:

The draft preliminary report on the Survey of the Zambian Construction Industry being conducted in collaboration with the Zambia Institute of Policy Analysis and Research (ZIPAR) was submitted to NCC management for comments. The final report is earmarked for launch in the first quarter of 2017.

### 2.7.3 Development of Manuals from The DII Conference

Following the DII Conference which ended on 2nd September 2016, the unit facilitated the development of 10 training manuals in collaboration with the conference organizing committee for the NCC Construction School based on scientific papers presented at the conference. The manuals earmarked for development are:

- a) Strategic Capabilities for Mega Project Initiators;
- b) Intermediate Project Management;
- c) Use of local materials in the construction industry: Bamboo; Clay bricks; Gum Poles;
- d) Occupational Health, Safety and Environment: Roads-Quarrying;
- e) Occupational Health, Safety and Environment: Buildings-Lifting Machines;
- f) Occupational Health, Safety and Environment: Nutrition;
- g) Occupational Health, Safety and Environment: Civil Works;
- h) Occupational Health, Safety and Environment: Electrical;
- i) Construction Camps in Building and Civil Engineering Construction; and
- j) Partnerships and Joint Ventures

The manuals are being developed to increase teaching resources for continuous professional development of people in the sector.





*Teaching women and the youth how to make cobblestone as part of the paving technologies training.*



*Construction Materials Testing off Great North Road.*



*The Brick Paving Technology Course held in Kabwe and conducted with 26 Contractors paved part of the Kabwe Railway Clinic as part of their training.*



*Road Construction and Maintenance Supervision Course students on site installing a double barrel 900mm culvert in Kanakantapa.*





*The 7th Combined Graduation Ceremony*



*NCC Showcasing Excavator operation during International Women's Day commemoration in Lusaka at the Showgrounds.*



*NCC Stand during the National Council for Construction Expo 2016.*



*Teaching women and the youth how to make cobblestone as part of the paving technologies training.*



*Teaching women and the youth how to make cobblestone as part of the paving technologies training.*

**2.7.4 Business Linkages with Cooperating Partners:** the unit initiated the following business linkages which shall be actualized through MOUs

- a) **Copperbelt University:** Finalization of the MOU with CBU for cooperation in matters pertaining to research in the use of local construction materials and other research areas of interest in the built environment and construction.
- b) **Copperfield Mining and Construction:** To partner in offering practical training to students undertaking the Earth Moving Plant Operators Course at NCC Construction School.
- c) **Handyman's Lime:** To partner in the popularization in the use of lime as a binding material among contractors; Research pertaining to the use of lime and training of plant operators for earth moving equipment
- d) **Mobile Mission Maintenance:** To partner in offering extended training to students in some selected building and road related courses targeting the Northern Region.

## 2.8 Public Relations

During the period under review, the following activities were undertaken:

- a. Product Dissemination Meetings: As a way of creating exposure and increasing networking, NCC conducted two product-marketing meetings with 50 contractors each. The first one related to waterproofing technologies and the other one was on the application of geotextiles in construction.
- b. International Anti-Corruption Day: On 9th December 2016, NCC participated in activities to commemorate the International Anti-Corruption Day, whose national activities were spearheaded by the Anti-Corruption Commission in Zambia.
- c. Labour Day: NCC participated in the May Day celebrations and march past on 1st May 2016 under the theme: "Achieving national development through productive decent work, sustainable job creation and social justice" Thirty (34) members of staff from head office, Northern region office and Southern region office were selected to represent NCC in the various march pasts. A luncheon was also held at the NCC Cafeteria and eight (8) members of staff were awarded under various categories.
- d. Public Service Day: NCC joined other parastatals and government institutions that exhibited the various services that they provide to the general public at the Public Service Day Exhibition show and Road show at East Park Mall under the theme: "Public Governance for Inclusive Growth: towards the Africa we want" from 20th to 22nd June 2016.
- e. NCC Construction Expo 2016: During the period under review, preparations for the 2016 Expo commenced. A venue was secured – New Government Complex and an Expo Coordinator was engaged (Image Promotions Limited). The Expo is expected to take place from 11th to 13th April 2016
- f. 2016 International Women's Day: NCC joined the rest of the world in commemorating International Women's Day which was held on 8th March 2016 under the theme "Planet 50-50 by 2030: Step it up for Gender Equality". This day celebrates the social, political and economic achievements of women while focusing world attention on areas that require further action and improvement.
- g. Youth Day: NCC also participated in Youth Day activities which was held on 12th March 2016 under the theme "Youth Champions of Dialogue, Peace, Unity and Economic Emancipation". This day appreciates and recognises the various contributions from youths in the various sectors of society. NCC was represented by 15 participants who took part in the Youth Day activities in Lusaka which started off with a march past from Civic Centre to the Freedom Statue.
- h. Communication Media: In addition to the traditional forms of Communication, NCC increased engagement with contractors by including more interactive media in their communication channels. During the period under review NCC activated the Bulk SMS facility, enhanced its Facebook Page, increased periodic correspondence via email to contractors.



# Section Three:



# Financial Statements

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**National Council for Construction**  
**Financial Statements**  
**For the year ended 31 December 2016**

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**CYMA**

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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 2016.

### Council Members

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

NAME	ORGANISATION
Mr. Patrick M. Kampengele-Chairman	Association of Consulting Engineers of Zambia
Eng. Charles Mushota	Permanent Secretary-Ministry of Housing and Infrastructure Development.
Mr. Chikwanda Musonda	Permanent Secretary-Ministry of Finance
Mr. Amos Malupenga	Permanent Secretary-Ministry of Local Government
Mr. Josiah Simachela	Attorney General S.C- Ministry of Justice
Mrs. Hilda Kawesha Mwansa	Any Other Person appointed by the Minister
Mr. Michael Nyirenda	Association of Building & Civil Engineering Contractors
Mrs. Mwangala M. Lethbridge	Zambia Institute of Architects
Mrs. Catherine M. Kanyensha	Technical Education, Vocational and Entrepreneurship Training Authority (TEVETA)
Mrs. Roseta M. Chabala	Zambia Association of Manufacturers
Mr. Edward Mpepo	National Association for Medium & Small Scale Contractors
Mrs. Agnes Banda Phiri	Energy Regulation Board
Dr. Fredrick Chileshe	Copperbelt University, School of Mines
Mr. Michael Chileshe	Surveyors Institute of Zambia
Mrs. Peggy Chituta	Zambia Bureau of Standards
QS Matthew Ngulube	Executive Director – NCC

### Appointments during the year

Name	Organisation	Date appointed
Eng. Charles Mushota	Permanent Secretary-Ministry of Housing and Infrastructure Development.	10/10/2016
QS Matthew Ngulube	Executive Director	05/12/2016

### Senior Management

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

## 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 of Contractors and conducting training of persons in the Construction Industry in Zambia.

### The company's results

	2016	2015
Income	<u>50,760,481</u>	<u>50,694,821</u>
Expenditures	<u>66,742,280</u>	<u>58,325,696</u>
Deficit	<u>2,212,9041</u>	<u>(7,630,873)</u>

The Council recorded a surplus of K2.2 million in 2016 compared to a deficit of K7.6 million in 2015.

### Average number of employees and their total remunerations

The average number of employees during the year was 97 (2015: 90). The employees' total remunerations amounted to K18 million (2015: K14.8 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 33 to 47 were approved by the Directors.



.....  
Eng. Charles Mushota  
**Permanent Secretary**



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



## 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 2016;
- (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 2016.
- (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 33 to 47 were approved by the Council of Members at a Council meeting held on **22/05/2017** and were signed on its behalf by:



.....  
Eng. Charles Mushota  
**Permanent Secretary**



.....  
Q.S. Mathew Ngulube  
**Executive Director**

# Report of the Auditors 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 31st December 2016, 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 31st December 2016 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.

## 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.

## *Council Members' Report - continued*

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.

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.

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.

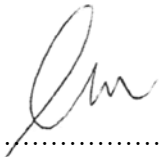
There were no matters communicated with the Directors in the Audit of the financial statements of the current period.

**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.

CYMA

**CYMA**



.....  
Chintu Mulendema  
**Managing Partner**

30/05/2017

.....  
**Date**

Membership Practicing Certificate Number 0000269

## Statement of Comprehensive Income

	Notes	2016	2015
<b>INCOME</b>			
Grants	8	5,676,175	7,908,381
Fees	9	42,874,877	38,733,283
Other Income	10	1,105,438	2,097,859
Interest Income	11	<u>1,103,991</u>	<u>1,955,298</u>
<b>Total income</b>		<b>50,760,481</b>	<b>50,694,821</b>
<b>Operating Expenditures</b>			
Administrative expenses	12	<u>(66,742,280)</u>	<u>(58,325,694)</u>
<b>Deficit for the year</b>		<b>(15,981,799)</b>	<b>(7,630,873)</b>
<b>Other Comprehensive Income</b>			
Revaluation		<u>18,194,703</u>	<u>-</u>
<b>Total Comprehensive Surplus/ (deficit) for the Year</b>		<b><u>2,212,904</u></b>	<b><u>(7,630,873)</u></b>

## Statement of Financial Position

	Notes	2016	2015
<b>ASSETS EMPLOYED</b>			
<b>Property, Plant and Equipment</b>	<b>3</b>	<b>42,210,263</b>	20,151,581
<b>Current Assets</b>			
Receivables	<b>5</b>	<b>3,199,831</b>	4,091,155
Bank and Cash Balances	<b>6</b>	<b>7,819,838</b>	22,335,463
		<b>11,019,669</b>	26,426,618
<b>Total Assets</b>		<b>53,229,932</b>	46,578,199
<b>EQUITY AND LIABILITIES</b>			
<b>Funds Employed</b>			
Accumulated Fund		<b>8,541,540</b>	24,523,339
Capital Grant		<b>10,086,091</b>	7,097,625
Revaluation Reserve		<b>18,194,703</b>	
		<b>36,822,334</b>	31,620,964
<b>Current Liabilities</b>			
Trade and other payables	<b>7</b>	<b>667,302</b>	972,223
Deferred Income	<b>8</b>	<b>15,740,296</b>	13,985,012
		<b>16,407,598</b>	14,957,235
<b>Total Equity and Liabilities</b>		<b>53,229,932</b>	46,578,199

These Financial Statements on page 33 to 47 were approved by the National Council for Construction Council of Members on **22/05/2017** and signed on its behalf by:



.....  
Eng. Charles Mushota  
**Permanent Secretary**



.....  
Q.S. Mathew Ngulube  
**Executive Director**



## Statement of Changes in Equity

	Accumulated Fund K	Capital Grant K	Revaluation Reserve K	Total K
<b>Balance at 1 January 2015</b>	<b>32,154,212</b>	<b>7,360,500</b>	-	<b>39,514,712</b>
Amortisation	-	(262,875)	-	(262,875)
Surplus / (Deficit) for the year	(7,630,873)	-	-	-7,630,873
<b>Balance at 31 December 2015</b>	<b>24,523,339</b>	<b>7,097,625</b>	-	<b>31,620,964</b>
Valuation surplus	-	-	18,194,703	18,194,703
Additions	-	3,864,642	-	3,864,642
Amortisation	-	(876,176)	-	-876,176
Surplus/(deficit) for the year	-15,981,799	-	-	-15,981,799
<b>Balance at 31 December 2016</b>	<b>8,541,540</b>	<b>10,086,091</b>	<b>18,194,703</b>	<b>36,822,334</b>

## Statement of Cash Flows

	Notes	2016	2015
<b>Cash flows from Operating Activities</b>			
Deficit		<b>(15,981,799)</b>	<b>(7,630,873)</b>
<b>Adjusted For:</b>			
Interest Received		<b>(1,103,991)</b>	(1,955,298)
Depreciation	3	<b>4,086,383</b>	3,019,373
Amortisation of capital grants	10	<b>(876,176)</b>	(262,875)
Profit on Disposal of Fixed Assets		<b>241,914</b>	(175,358)
		<b>(13,633,669)</b>	(7,005,031)
<b>Adjusted for working capital movements</b>			
Increase receivables		<b>891,324</b>	104,921
Increase/(decrease) payables		<b>(304,921)</b>	2,259,171
Increase receivables Deferred income		<b>1,755,284</b>	-
		<b>(11,291,982)</b>	(4,640,939)
<b>Returns on investments and servicing of finance</b>			
Interest received		<b>1,103,991</b>	1,955,298
Net Cash flows from operating activities		<b>(10,187,991)</b>	(2,685,641)
<b>Cashflow from Investing Activities</b>			
Property, Plant and Equipment	3	<b>(8,380,758)</b>	(4,470,229)
Proceeds from sale of Fixed Assets		<b>188,482</b>	531,629
Capital Grants		<b>3,864,642</b>	-
<b>Net cash Inflow</b>		<b>(14,515,625)</b>	(6,624,241)
<b>Cash Movement</b>			
Net Bank and Cash Balances at start of the year		<b>22,335,463</b>	28,959,704
Net Bank and Cash Balances at end of the year	5	<b>7,819,838</b>	22,335,463
<b>Movement in Cash</b>		<b>(14,515,625)</b>	(6,624,241)

## 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.

## Significant Accounting Policies (continued)

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

### (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.

### (i) 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.



## *Significant Accounting Policies (continued)*

- 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.

## Notes to the financial statements (continued)

## 3 Property Plant and Equipment

	Leasehold Property	Motor vehicles	Laboratory Equipment	Office Equipment	Furniture & Fittings	Capital WIP	Total
<b>Cost/Valuation</b>							
At 1 January 2015	16,142,085	10,288,741	268,068	2,804,187	1,150,392	-	32,030,554
Additions	19,248	2,577,930	-	1,188,005	573,176	-	4,470,229
Disposals	-	(1,674,971)	-	(880,428)	(108,646)	-	(2,689,990)
<b>At 31 December 2015</b>	<b>16,161,333</b>	<b>11,191,700</b>	<b>268,068</b>	<b>3,111,764</b>	<b>1,614,922</b>	-	<b>33,810,793</b>
Additions	1,086,338	4,565,870	1,188,420	1,052,974	181,156	306,000	8,380,758
Revaluations	14,256,681	-	-	(50,599)	(18,703)	-	14,256,681
Disposals/ Adjustments	-	(884,956)	-	-	-	-	(1,043,788)
<b>At 31 December 2016</b>	<b>31,504,352</b>	<b>14,872,614</b>	<b>1,456,488</b>	<b>4,114,139</b>	<b>1,777,375</b>	<b>306,000</b>	<b>55,404,444</b>
<b>Depreciation</b>							
At 1 January 2015	3,193,529	5,660,534	268,068	2,012,389	596,507	-	12,973,558
Charge for the year	397,147	1,814,660	-	423,104	336,271	-	3,019,373
Disposals	(12,500)	(1,340,693)	-	(872,824)	(107,702)	-	(2,333,719)
<b>At 31 December 2015</b>	<b>3,578,176</b>	<b>6,134,501</b>	<b>268,068</b>	<b>1,562,669</b>	<b>825,076</b>	-	<b>13,659,212</b>
Charge for the year	416,129	2,528,916	-	794,712	291,507	-	4,086,383
Revaluation	(3,938,022)	-	-	-	-	-	(3,938,022)
Disposals/ Adjustments	-	(481,382)	-	(23,767)	(18,703)	-	(613,381)
<b>At 31 December 2016</b>	<b>56,283</b>	<b>8,182,035</b>	<b>268,068</b>	<b>2,333,614</b>	<b>1,097,880</b>	-	<b>13,194,192</b>
<b>Carrying Amounts</b>							
<b>At 31 December 2016</b>	<b>31,448,069</b>	<b>6,690,579</b>	<b>1,188,420</b>	<b>1,780,525</b>	<b>679,495</b>	<b>306,000</b>	<b>42,210,252</b>
At 31 December 2015	12,583,157	5,057,199	-	1,549,095	789,846	-	20,151,581

**Note**

During 2016 the National Council for Construction revalued its properties for Lusaka and Choma offices. The valuation was done by the Government of Zambia Valuation Department. This created a valuation Surplus of K18,194,703.

## Notes to the financial statements (continued)

	2016	2015
<b>4 Surplus for the year</b>		
Surplus is stated after charging:		
Depreciation	<b>4,086,383</b>	<b>3,019,373</b>
Audit fees	<b>75,233</b>	62,176
	<hr/>	<hr/>
<b>5 Receivables</b>		
Debtors	-	120,000
Less provision for doubtful debts	-	-
	-	120,000
Prepayments and deposits	<b>20,000</b>	20,000
Bank Interest Receivable	<b>61,613</b>	317,459
Staff Loans and Advances	<b>3,118,218</b>	3,633,696
	<b>3,199,831</b>	4,091,155
	<hr/> <hr/>	<hr/> <hr/>
<b>6 Cash and Cash Equivalents</b>		
Barclays Bank Kwacha	<b>2,480,410</b>	6,734,035
Finance Bank Kwacha	<b>3,003,393</b>	5,589,626
US Dollar	<b>13,261</b>	-
Intermarket Bank Fixed Deposit	<b>1,971,627</b>	8,012,827
Barclays Bank Kwacha	<b>351,147</b>	1,998,975
	<b>7,819,838</b>	22,335,463
	<hr/> <hr/>	<hr/> <hr/>
<b>7 Payables</b>		
Valuation Fees	<b>21,000</b>	-
Dairies	-	70,000
Computer equipment	-	754,404
Annual Reports	-	31,144
Gratuity settlement	-	46,384
Audit Fees	<b>75,233</b>	68,391
Maintenance Support	-	1,900
Subsistence allowances	-	-
Survey Fees	<b>317,608</b>	-
Other Accruals	<b>253,461</b>	-
	<b>667,302</b>	972,223
	<hr/> <hr/>	<hr/> <hr/>
<b>8 Deferred Income</b>		
Registration fees for 2016	<b>15,740,296</b>	13,985,012
	<hr/> <hr/>	<hr/> <hr/>

Deferred income relates registration fees paid in advance for the following year.

## Notes to the financial statements (continued)

	2016	2015
<b>9 Grants</b>		
Road Sector Capacity building - NRFA Grant	1,300,000	4,679,633
Government Grant	3,499,999	2,965,873
Transfer from Capital Grant	876,176	262,875
	<u>5,676,175</u>	<u>7,908,381</u>
<b>10 Fees</b>		
Registration, Scrutiny and Annual Fees	41,844,315	38,064,223
Tuition Fees	1,030,562	669,060
	<u>42,874,877</u>	<u>38,733,283</u>
<b>11 Other operating Income</b>		
Hire of Facilities	576,028	345,351
World Bank	364,307	-
Green Technology Construction	386,017	1,556,150
Profit from disposal of assets	(241,914)	175,358
Rental Income	21,000	21,000
	<u>1,105,438</u>	<u>2,097,859</u>
<b>12 Interest Income</b>		
Bank interest	928,407	1,660,582
Interest on Staff Loans	175,584	294,716
	<u>1,103,991</u>	<u>1,955,298</u>
<b>13 Administrative Expenses</b>		
Advocacy, Sensitisation and Publicity	1,421,373	481,781
Annual skills Competition	211,412	311,820
Audit and Accounting Fees	75,233	62,176
Freight and Courier charges	103,105	90,621
Board Expenses	3,006,663	1,841,278
Building Technology course	70,894	-
Canteen Expenses	446,846	509,613
Capacity Building	439,174	1,048,948
Cleaning Materials and Groceries	266,314	270,967
Computers software and accessories	204,309	454,782
Review of NCC Act	-	118,733
Construction Sector outlook report	-	46,050
Depreciation	4,086,383	3,019,373
	<u>10,331,706</u>	<u>8,256,142</u>

## Notes to the financial statements (continued)

	2016	2015
<b>13 Administrative Expenses - Continued</b>		
Balance B/fwd	10,331,706	8,256,142
Enforcement of construction regulations	317,524	603,646
Contractors verification expenses	1,003,147	1,058,016
Fuel and Lubricants	1,298,388	712,197
Graduation Ceremonies	160,479	113,665
Staff wellness	46,652	108,146
Implementation of Business Plan	222,553	172,537
NORAD Refund	121,992	121,000
Insurance of NCC Assets	427,679	520,939
International Construction Events	132,221	375,558
International Training Exchange/ASOCSA	-	47,804
Kitchen and Hostels expenses	-	184,672
Kitwe Office Expenses	213,018	161,352
External Technical Assistance	-	143,990
School activities & advocacy	206,676	320,597
Bank Charges	83,797	102,925
Membership to professional bodies	87,290	52,446
Monitoring Construction Activities	1,442,151	1,419,783
Motor Vehicles expenses	690,223	528,920
MOU implementation	22,663	27,085
Labour Day Celebrations	153,460	99,460
Road Sector Contractors Capacity Building (Note 12.1)	3,471,953	2,612,948
Other expenses	119,462	205,219
Bad Debts	120,000	-
Provincial Registration Committee Expenses	104,250	113,000
Registration expenses	360,201	350,318
Repairs and maintenance	515,276	454,364
Revision of construction standards	430,864	242,520
Security expenses	323,697	320,234
Staff costs (Note 12.2)	37,781,124	32,813,991
Stationery and Printing	991,388	1,329,605
Training of Trainers in EMPO Course	540,726	-
Telephone, Fax and email	261,175	242,161
TEVETA license	46,650	95,575
National Exhibitions and Exposure	430,263	437,352
Travel Local and International	550,017	649,917
World Standards Day	-	-
Stakeholder Consultative Workshop	152,090	122,424
Stakeholder Sensitisation	-	-
Construction outlook report	124,428	-
Construction School Review Workshop	-	-
	<b>63,285,183</b>	<b>55,120,508</b>



## Notes to the financial statements (continued)

	2016	2015
<b>13 Administrative Expenses - Continued</b>		
Balance B/fwd	<b>63,285,183</b>	55,120,508
Commemoration of World Safety Day	-	37,534
Commemoration of Women's Day	<b>131,260</b>	99,959
Procurement Committee	<b>298,561</b>	471,721
Team Building	-	786,690
Water and Electricity	<b>105,182</b>	64,271
Fibre Optic Subscriptions	<b>415,436</b>	548,022
Green Technology Construction expenses	<b>842,388</b>	894,466
Educational Materials	<b>160,007</b>	103,409
Maintenance of Training Equipment	<b>728,412</b>	-
Codification of NCC new Assets	<b>16,200</b>	13,300
Youth Day	<b>44,807</b>	30,520
Exchange loss	<b>461,258</b>	-
Commemoration of National Days	<b>113,260</b>	-
Gender Commemoration	-	42,040
Public Service Day	<b>32,140</b>	-
International Anti-Corruption Day	<b>28,900</b>	25,700
Books & Laws of Zambia	-	29,404
Legal Management services	<b>52,036</b>	15,350
Corporate Social Responsibility	<b>27,250</b>	22,800
Student medical scheme	-	20,000
	<b><u>66,742,280</u></b>	<b><u>58,325,694</u></b>
<b>13.1 Road Sector Contractors Capacity Building - NRFA Grant</b>		
Earth Moving Plant and Operators	<b>92,760</b>	305,936
Materials testing	<b>25,960</b>	10,200
SME Mentorship, Placement & Tracer	<b>34,400</b>	21,614
Sector ICT	<b>213,541</b>	-
Health and safety	<b>8,000</b>	-
Cobblestone Technology Course	<b>121,203</b>	38,490
Capacity Building Programme	<b>336,939</b>	324,651
Brick Paving Course	<b>352,321</b>	-
Roll out Courses	-	471,069
Road Construction and Maintenance Course	<b>1,306,926</b>	811,821
Road Construction Surveying	<b>90,627</b>	-
Management of Civil Engineering Processes	<b>20,100</b>	-
Provincial Training workshop	<b>675,112</b>	625,702
SME Mentorship, Placement & Tracer	<b>190,142</b>	-
Bank Charges	<b>3,922</b>	3,465
	<b><u>3,471,953</u></b>	<b><u>2,612,948</u></b>

## Notes to the financial statements (continued)

	2016	2015
<b>13 Administrative Expenses - Continued</b>		
<b>13.2 Staff Costs</b>		
Salaries and Wages	<b>18,033,255</b>	14,773,228
NAPSA	<b>727,280</b>	664,242
PAYE	<b>8,264,330</b>	7,776,494
Pension Contribution	<b>1,152,507</b>	473,295
Group Life Assurance	<b>483,386</b>	259,644
Group personal accidents	<b>14,043</b>	32,047
Medical Expenses	<b>974,413</b>	682,820
Leave Benefits	<b>1,199,757</b>	1,218,800
Staff welfare	<b>319,599</b>	454,598
Workers Compensation	<b>43,754</b>	38,739
Commutation	-	16,900
Gratuity Contributions	<b>6,520,598</b>	6,100,507
Recruitment cost	<b>36,566</b>	245,768
Internship costs	<b>11,636</b>	76,909
	<b><u>37,781,124</u></b>	<b><u>32,813,991</u></b>

### 14 Contingent Liabilities

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

### 15 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

### 16 Capital Commitments

There were no capital commitments in place as at 31 December 2016 (2015: none)

### 17 Comparative Figures

Comparative figures have been reclassified where necessary to afford meaningful comparison.





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