



# 2012 *Annual Report*





# NATIONAL COUNCIL FOR CONSTRUCTION

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## **Vision**

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

## **Mission**

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

## **Goal Statement**

To promote sustainable infrastructure development and professional excellence through provision of training and technology transfer. To further promote and regulate the Zambian construction industry.

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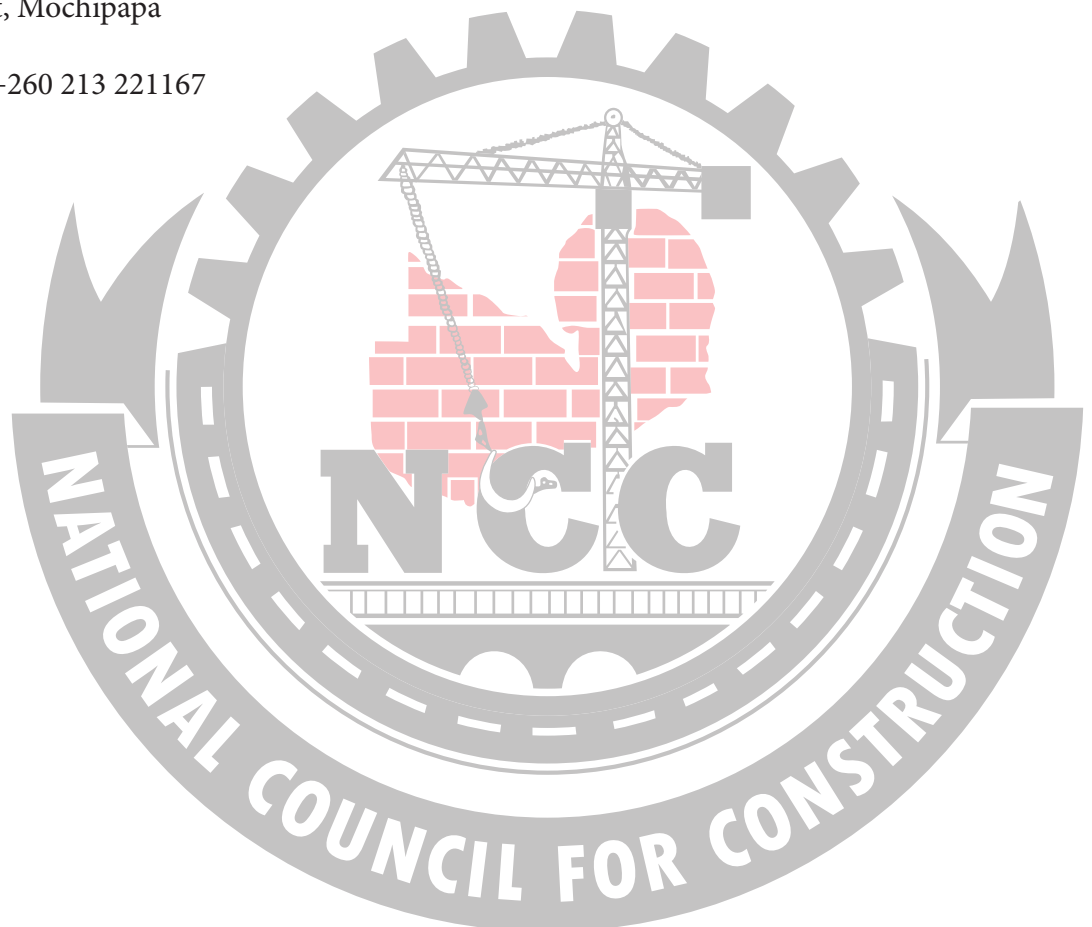
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# CHAIRMAN'S STATEMENT

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National Council for Construction (NCC) has been in existence for 9 years. It is gratifying to note all the achievements it has made over the years as we approach a decade in existence. NCC has a broad and important mandate which is to regulate and monitor all construction activity in the country. Being on the NCC Council has given us a great sense of accomplishment as we look at where we have come from, benchmarked against where we should be.

This has been a good year for the many sectors that contribute to the construction sector in Zambia. NCC continues to experience growth in the number of contractors registering. In addition it is clear that more needs to be done to improve availability of training facilities at national level as there is definitely a lot of work still to be done to fully bring the Zambian construction to level where it can compete at international levels as is being done in other countries. There is need for more Zambian contractors to upgrade from Grade 6 as this is where most Zambian contractors are registered. In 2012, this category accounted for 74 percent.

At national level, the construction sector in Zambia continues to grow at a steady 17.5 percent annually. This therefore means that in three years time, there will be just under 50 percent more construction activity than is there now. This calls for increased regulation, more points of presence for NCC and an increased staff base to meet the demands of the growing sector.

I would like to close this statement by giving thanks to the various stakeholders, cooperating partners and members of staff who have made this year a success and made this report possible through your unwavering support.



Levi Zulu  
Board Chairperson





## 1.0 INTRODUCTION

This report outlines the major activities under taken by the National Council for Construction (NCC) in 2012.

NCC was established through the National Council for Construction Act No.13 of 2003 to complement the current Construction Policy. The mandate of NCC is to monitor and regulate all construction activities in the country. This is done through, capacity building, monitoring and regulation of the construction industry. It is envisaged that is one of the sectors that is key to the development and sustenance of the country's economy and as such NCC continues to strive to ensure that this is achieved in a sustainable manner.

The functions of the Council, according to the Act are to:-

- a) Promote and develop the construction industry in Zambia, and give priority to Zambian firms and Zambian companies;
- b) Assess the performance of contractors in the execution of contracts and thus provide a performance record for contractors;
- c) Regulate the behaviour and promote minimum standards and best practice of contractors;
- d) Provide data on the size and distribution of contractors operating within the industry;
- e) Facilitate, where possible, access by Zambian firms or Zambian Companies to resources for the development of their operations;
- f) Promote, in liaison with other bodies in construction related fields, development issues relating to the construction industry;
- g) Promote research into the construction and the development and use of local materials and appropriate construction materials;
- h) 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;
- i) Set and promote safety standards in the construction industry;
- j) Prescribe and vary the categories for the registration of persons engaged in the construction industry;
- k) Conduct training and coordinate the training programmes of persons engaged in the construction industry;
- l) Make available to persons engaged in the construction industry, published information, advice and assistance in relation to the construction industry;
- m) Monitor and evaluate, from time to time, the capacity and progress of persons engaged in the construction industry;
- n) 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;
- o) Regulate activities in the construction industry through the appropriate institutions, Boards, and other authorities, as the case may be.
- p) Coordinate construction related activities;
- q) Formulate policies and programmes of the school;
- r) Recommend to the Minister the conditions under which a foreign company may be registered and permitted to operate in Zambia;
- s) Review, from time to time, the process of awarding contracts;
- t) 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
- u) Do all such acts or things are connected with or incidental to the functions of the council under this Act.

## 2.0 THE BOARD

The Board of the National Council for Construction is composed of 16 members. The Board is chaired by an individual appointed by the Minister of Transport, Works, Supply and Communications. The Board is composed of various stakeholders in the construction industry and are not officials or employees of NCC. The Executive Director of NCC is the Secretary to the Board but has no power to vote.

NCC Board members are appointed for a period of three years and are eligible for reappointment for a 2nd term. The Board is the overall authority in which all the power of the Council is vested. It is responsible for formulation of the Council policies.

The NCC Act states that the council shall consist of the following part time members appointed by the Minister:

- a) An architect nominated by the Zambia Institute of Architects;
- b) A consulting engineer nominated by the Association of Consulting engineers of Zambia;
- c) A surveyor nominated by the Surveyors Institute of Zambia;
- d) A contractor nominated by the Association for building and Civil Engineering Contractors;
- e) A contractor nominated by the National Association for Small Scale Contractors;
- f) A member nominated by construction materials manufacturers and suppliers;
- g) A representative of the public universities in Zambia;
- h) A representative of the Technical Education, Vocational and Entrepreneurship Training Authority;
- i) A representative from the Zambia Bureau of Standards;
- j) A representative from the Energy Regulation Board;
- k) A representative of the Attorney-General;
- l) The Permanent Secretary to the ministry responsible for works and supply;
- m) The Permanent Secretary to the ministry responsible for finance and national planning;
- n) The Permanent Secretary to the ministry responsible for local government and housing; and
- o) One other person

## 3.0 ADMINISTRATION

The Management of the Council comprised the following:

- i) Dr. Sylvester M. Mashamba - Executive Director
- ii) Mr. Golden Makayi - Director Registration and Regulation
- iii) Mr. Francis Mwape - Principal

In 2011, NCC had a total number of 66 members of staff.

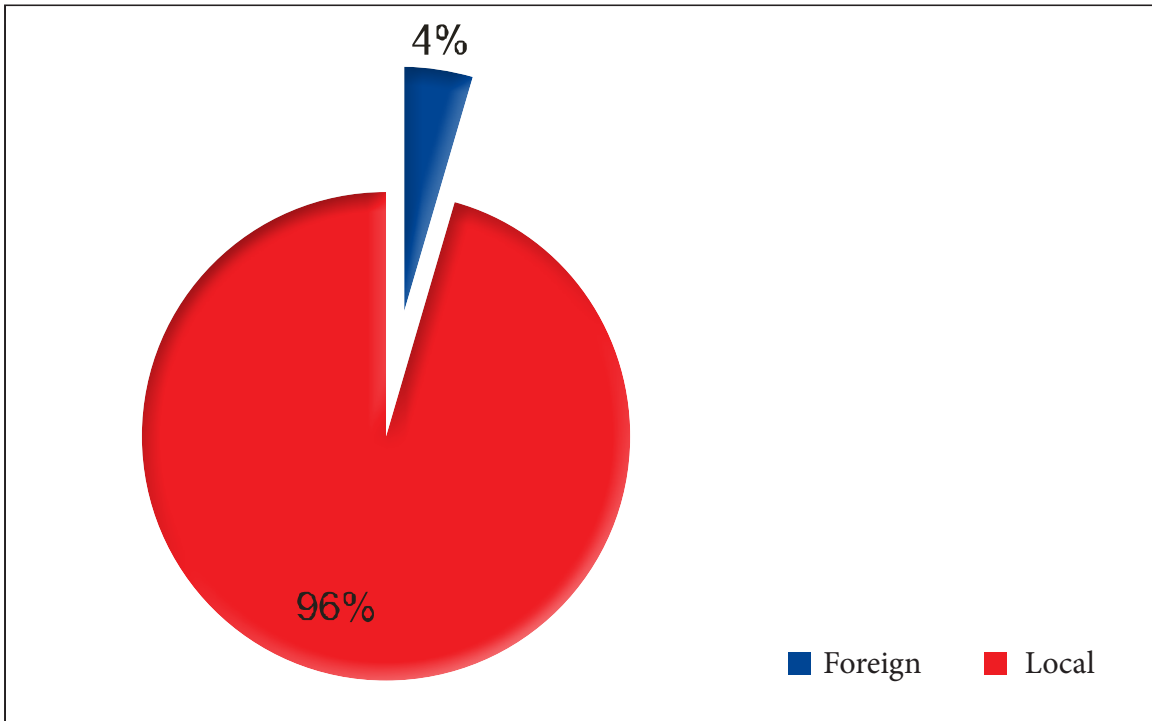
## 4.0 ASSESSMENT OF CONTRACTORS PERFORMANCE

During the year under review, NCC managed to conduct its quarterly inspections to assess performance of contractors throughout the ten provinces.

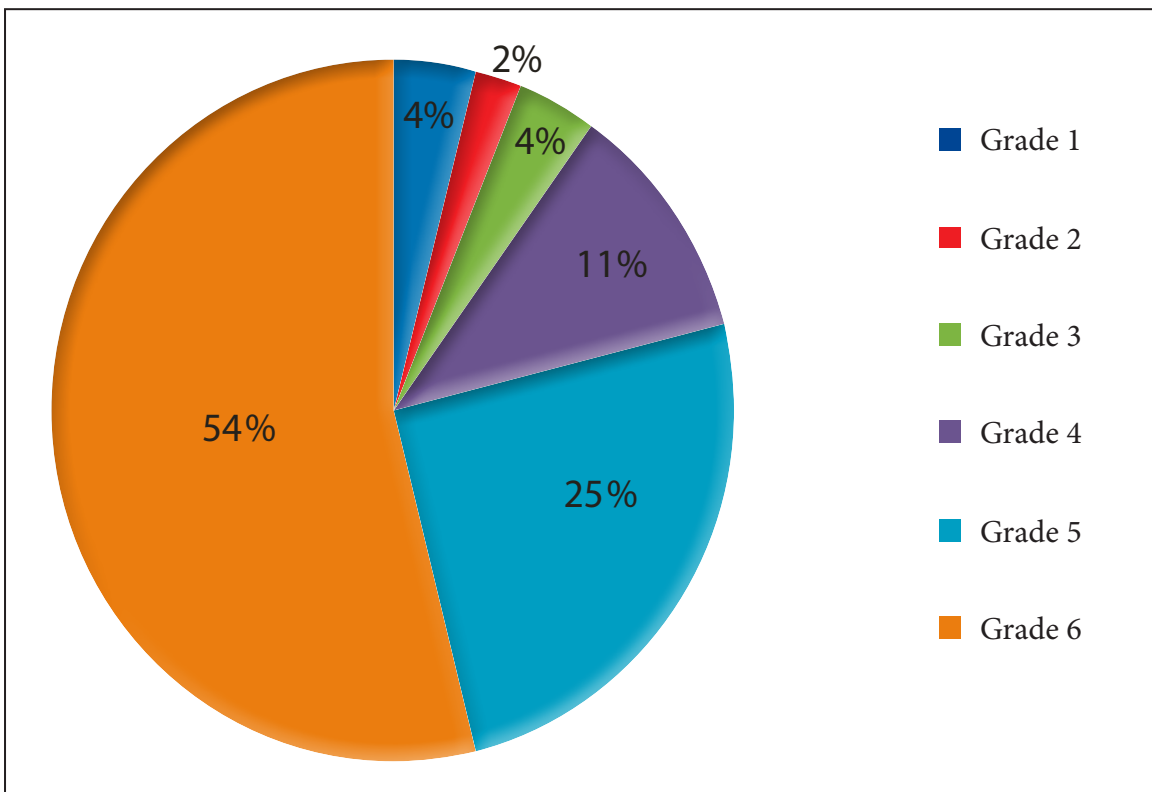
### 4.1 Contractor Registration

In 2012, 3,887 contractors were registered under the various categories from grades 1 to 6 as at November 2012. Of the registered contractors, 3,732 were Zambian entities compared to 155 foreign entities. This is shown in percentage form in Figure I.

This was a good year for the council in that it surpassed the projected target by 1,069 contractors. Figure II presents an illustration of the contractors registered by Grade.



**Figure I: Percentage Local versus Foreign Contractor Registration**  
 Source: NCC 2012, Management Reports



**Figure II: Percentage of Registered Contractors by Grade**  
 Source: NCC, 2012 Management Reports

According to Figure II 54 percent of registered contractors were in Grade 6, this grade recorded the highest number of contractors followed by Grade 5 with 25 percent.

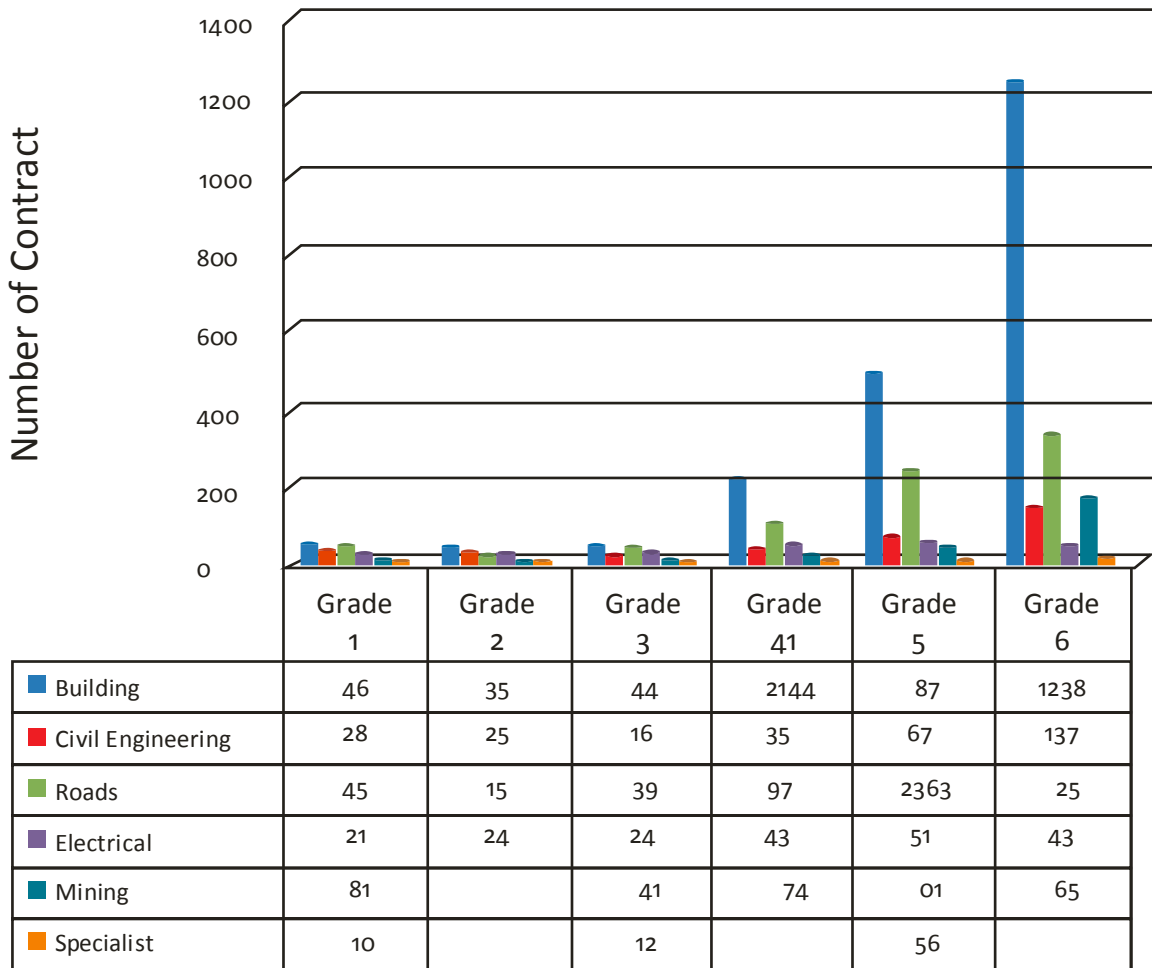


Figure III: Percentage of Registered Contractors by Grade and Sector  
Source: NCC, 2012 Management Reports

Figure III shows that the highest number of contractors registered in 2012, were in Grade 6 and those undertaking building activities.

NCC registers contractors under 3 schemes as illustrated in Figure IV. In 2012, 74 percent applied under the renewal scheme within the same grade, while 22 percent were first time applicants and 4 percent accounted for upgrades from one class to another.

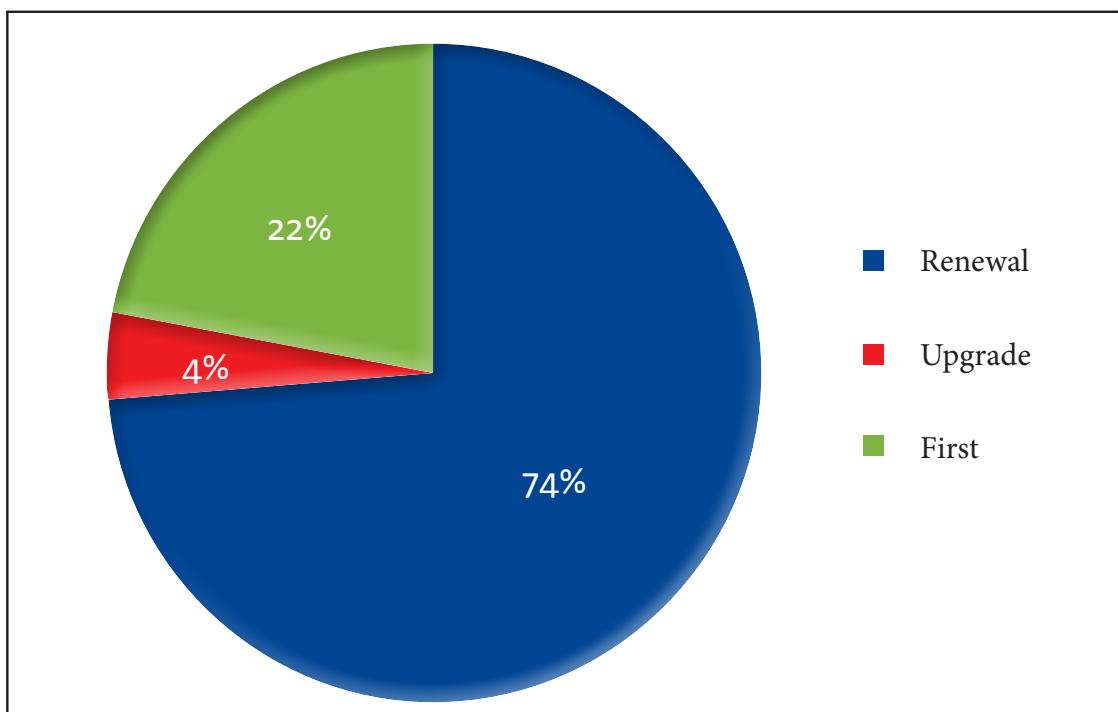


Figure IV: Percentage of Registered Contractors by Type of Registration  
Source: NCC, 2012 Management Reports

**Table I: Summary of Activities Undertaken by the Registration and Regulation Department**

S/N	Objective	Activities	Target	Achievement
1	Assess performance of contractors	Conduct quarterly assessment	4 No. Assessments	Inspections were conducted in the first, second, third quarters. Fourth quarter inspections done in 9 provinces, while Copperbelt done last
2	Conduct annual registration of contractors	Registration of contractors Design Online Registration system Review registration criteria	2,000 Contractors	3,580 contractors (156 Foreign and 3,334 Zambian) registered by Category as at November 28, 2012. IT Consultant appointed to design Website and Online registration. Registration criteria reviewed through industry stakeholder through meeting of October 3, 2012 2013. Registration renewal commenced 08.10.12
3	Conduct annual registration of suppliers and manufacturers of construction materials and equipment	Registration of suppliers and manufacturers of construction materials and equipment Design Online Registration	100 Suppliers and manufacturers	68 Suppliers and manufacturers registered as of November 28, 2012.  IT Consultant appointed to design Website and Online registration.
4	Regulate behavior and promote minimum best practices and enforcement of standards	Reviewing and adopting construction standards, monitor and inspect construction projects	20 Standards	45 Standards have been reviewed, with 21 having been reviewed in the just ended standards meeting of November 29-December 2, 2012
5	Monitor and evaluate capacity of persons in construction industry	Develop a Standard Performance Assessment Criteria (SPAC)	4 No. Evaluations	A Study Tour was conducted to Tanzania's Contractors Registration Board to learn how they monitor and evaluate the capacity of persons in the construction industry (Project Register is one of the key instruments)
6	Make available information to the public	Publish contractors and manufacturers' register; Develop interactive website	2 No. Publications	2nd Gazette was published on October 15, 2012 IT Consultant appointed to develop interactive website
7	Grow Zambian Firms and companies	Advocate for subcontracting of small and medium contractors by large scale contractors	30% of all medium to large Projects	132 contractors have been upgraded. NCC has further proposed a mandatory subcontracting scheme on all construction projects

Table I provides a summary of activities undertaken by the Registration and Regulation Department in 2012.

#### 4.2 Reasons for late renewals of Contractor Registration

NCC has a renewal period for contractor registration that commences 1st October to 31st December of every year. However, most contractors do not renew during the designated period. Table II highlights reasons for late renewals.

**Table II: Reasons Provided by Contractors for Late Renewal of 2013 Licences**

Number of Contractors Renewing their NCC Certificates late	Reasons for Late Renewal	Percentage of Total Number of Contractors (%)
	As below	
156	did not feel obliged to renew the Certificates in good time	5.27
223	Had no money to pay for renewals	7.53
458	Had no reason for renewing late	15.47
879	Waited for tenders to be floated before they could renew	22.94
	<b>Total</b>	<b>51.22</b>

Table II shows that of the total number of 3,887 licences issued in 2012, 1,716 Contractors renewed their NCC Registration Certificates late representing 51 percent.

#### 5.0 REGULATION AND PROMOTING MINIMUM BEST PRACTICES AND ENFORCEMENT OF STANDARDS

NCC continued to review and adopt construction standards. The NCC reviewed 41 standards for 2012.

#### 6.0 INFORMATION DISSEMINATION

NCC has a mandate to avail information to the public. NCC published Contractor and Manufacturers registers for 2012. The Contractor Registration Gazette was published in March and October, 2012. NCC also published the Construction News Magazine and continues stakeholder interaction through exhibitions, press briefings and meetings. NCC further conducted a seven series TV broadcast on Zambia National Broadcasting Corporation discussing various issues pertaining to the construction industry and featuring stakeholders from both private and public sectors.

#### 7.0 CONSTRUCTION SECTOR TRANSPARENCY INITIATIVE

NCC has continued being the secretariat for the Construction Sector Transparency (CoST) Initiative which aims at promoting transparency and accountability in the construction sector leading to people getting value for their money. Initially, the CoST Initiative was initiated and funded by DFID-UK but has since been taken over by the World Bank and the International Secretariat and has been shifted from Price Waterhouse Coopers UK to Engineers Against Poverty. Zambia is one of the seven pilot countries championing this initiative.

#### 8.0 CAPACITY BUILDING OF CONTRACTORS – CONSTRUCTION SCHOOL

The Construction School is one of the three departments created to administer part of NCC aims and objectives. The core function of the training school is to build capacity through training, coordination, improvement and facilitating accessibility to training in the construction industry in Zambia. This comprises building (residential and non – residential), civil engineering (roads, bridges, water and sanitation infrastructure, etc) and management skills for the sector, in order to achieve and maintain the highest possible standards in the industry.



### 8.1 **Training in Labour Based Enhanced Road Maintenance (ERM) and Supervision for Selected Local Road Authorities at NCC**

The Construction School conducted one Enhanced Road Maintenance (ERM) Course for 2012. The course was designed specifically for Local Road Authorities (LRA) 12. The districts under the Ministry of Local Government, Housing and Early Childhood Education (MLGHECE) are Gwembe, Petauke, Chadiza, Chongwe, Chibombo, Kaoma, Senanga, Sesheke, Mumbwa, Mongu, Mansa and Samfya. This training activity was funded by DANIDA.

MLGHECE sponsored a labour Based Training programme during the period under review, the school managed to secure the training programme for staff in various departments under MLGHECE. The total number of participants trained was 30 with 3 coming from the Road Development Agency. The duration of the programme was 8 weeks; 4 weeks theory and 4 weeks practical phase. During the practical phase the participants were camped at Kanakantapa Labour-based training camp in Chongwe District. The aim of the programme was to increase the capacity for councils to manage their feeder road network under the road sector support programme following the appointment of councils as Road Authorities. The graduation ceremony for the LRAs under MLGHECE took place in December, 2012.

### 8.2 **NCC/LAFARGE Cement Zambia - Concrete Road Technology Seminar on the exploration of Concrete Roads in Zambia and Concrete Technology**

NCC and Lafarge Cement Zambia held a workshop at Inter Continental hotel Lusaka from 25 - 26th October 2012. The focus of the workshop was the exploration of concrete roads construction in Zambia and Concrete Technology in general presented by Bryan Perrie, the Managing Director of the Cement and Concrete Institute of South Africa that runs the School of Concrete Technology. NCC, Contractor Associations, Engineering, Architectural Consulting firms and other professionals in the construction industry were invited to attend. The workshop attracted 45 participants. The Minister of Communications, Works, Supply and Transport graced the opening ceremony of the two day workshop.

### 8.3 **The National Council for Construction draft Memorandum of Understanding (MoU) with Council for the Built Environment of Republic of South Africa.**

During the period under review, an MoU between NCC and Council for the Built Environment (CBE) was finalised in South Africa. The purpose of the MoU is to draw a roadmap for the accreditation of the NCC Materials Testing Laboratory. The finalisation meeting was held in October 2012 and incorporated views from representatives from the department of Public Works, Construction Industry and Development Board and Agreements of South Africa. The Zambian Task Team comprised of the Principal, Senior inspector, Materials Specialist and an official from the Ministry of Justice.

### 8.4 **Land Acquisition For Labour Based Training Activities In Kanakantapa**

The NCC acquired land in Kanakantapa Resettlement Scheme located in Chongwe District. The land will be used to set up a permanent practical training camp. The land will be used for the Labour Based Training programmes which include gravel road maintenance, culvert installations skills, land surveying, concrete culvert ring fabrication and steel fixing among other modular training programmes.

### 8.5 **Syllabus Development**

NCC hosted the first session of the syllabi development workshop (job profiling workshop) for nine skills Award courses from December 19 – 23, 2012. Courses developed were:-

- a) Carpentry (level 1, 2 and 3) (trade test certificate)
- b) Bricklaying (level 1, 2 and 3 (trade test certificate)
- c) Occupation Health Safety and Environment (skills Award Certificate)

### **8.5.1 For Skills Award Certificate**

- a) Design and Construction of Management (Drainage Engineer)
- b) Civil Engineering Documents
- c) Tendering techniques (works Procurement specialist)

### **8.5.2 ICT Courses**

- a) MS Project
- b) e-procurement

## **8.6 Rolling out Courses to Trade Schools in four provinces**

NCC embarked on a rolling out of courses programme to trade Schools in Southern, Northern, Eastern and Copperbelt Provinces during the month of August 2012. The targeted institutions for the programmes were; Livingstone Institute of Business and Engineering studies (LIBES), Chipata Trades Training Institute, Luanshya Trades Training Institute, Lukashya Trades Training Institute and the Copperbelt University.

The aim of the rolling out exercise is to introduce seven construction sector Skills Award courses which are TEVETA approved and proposed by NCC to trade schools in order to facilitate and improve accessibility to training for persons in the construction sector; and narrowing the skills gap as a way of improving the current stock of infrastructure in the country.

Courses rolled out were as follows:

- a) Road construction and maintenance
- b) Computer aided design
- c) Land surveying
- d) Clerk of works
- e) Building works supervision
- f) Contracts management
- g) Earth moving and plant operators course (EMPO)

The above listed courses are all skill award courses with the exception of the 'Clerk of Works' programme which is a Diploma Programme. NCC met Principals and Training Managers at the host institutions and discussed ways in which the programmes could be integrated into the current training programmes. The Trade Schools have since been tasked with drawing up an action plans regarding the launching of the programmes in 2013. NCC hopes to work closely with the trade schools in running the programmes as this will make the courses more accessible to interested participants.

## **8.7 Laboratory Linkages**

The NCC visited institutions on the Copperbelt aimed at enhancing laboratory linkages with other laboratories in the country. Institutions visited were as follows; Alfred Knight, Road Development Agency and the Copperbelt University Materials Testing Laboratory.

## **8.8 AutoCAD Course 01/2012**

The NCC Construction School conducted a three (3) weeks 2D & 3D AutoCAD course .The course attracted a total number of 27 participants, most of whom are industry professionals. The programme commenced on 2nd November and ended on 26th November 2012. It was envisaged that the NCC Construction school would be an accredited AutoDesk certified Training centre with AutoDesk Europe commencing 2013 when the application process was completed. Accreditation with an internationally recognized AutoCAD certifier would ensure that the NCC Construction School attracted more clients to participate in the programme.

## **8.9 Association of Schools of Construction in Southern Africa (ASOCSA) 7th Built Environment Conference**

NCC is a member of the Association of Schools of Construction in Southern Africa (ASOCSA). The association's 7th Built Environment Conference was held in Sandton City, Johannesburg and NCC participated in the event represented by the Principal, the Training Coordinator and the Materials Specialist. The workshop took place from 30th July to 2nd August 2012. The aim of the conference was to bring together industry and academia in order to share research findings on issues pertaining to the built environment in the Southern African region.

## **8.10 Earth Moving Equipment Operators' course**

NCC conducted five Earth Moving equipment Operators courses in 2012. A total of 80 participants of which 10 were female graduated. The machines involved were Hydraulic Excavator, Articulated Dump Truck, Front-End Wheel Loader and Motor Grader. The course involved both theory and practical training. The practical's phase took place at Oriental Quarries, Rural Road Unit and Sable Transport and Contractors sites. The EMPO Course continued to attract the highest number of applicants but challenges in form of equipment for training were still imminent. NCC was considering hosting the course on the Copperbelt as the majority of applicants were from Copperbelt and North-Western Provinces.

## **8.11 Maintenance of Paved Roads course**

This course was undertaken in August 2012. It comprised 14 participants out of which two were females. Nine were Zambia Air Force (ZAF) members of staff. The practical training took place at City Airport Base where ZAF provided most of the practical training materials after they made a request to the NCC Construction School to have the practical trainings conducted at their premises as a way of correcting the defects on one of their drive ways.

## **8.12 Expert Attachment to the NCC Soil & Bitumen Materials Laboratory**

JICA officially appointed a long term senior volunteer to be attached to the NCC Materials Testing Laboratory for a two year period beginning July 2011. The volunteer initially came to NCC as a short term volunteer in November 2009 for seven months only. He is due to leave in June 2013 after the expiry of his term.

## **8.13 Activities under Memoranda of Understanding**

NCC performed the following activities under current MoUs:

### **8.13.1 NCC – Copperbelt Univeristy (CBU) Memorandum of Understanding (MoU)**

NCC held a meeting with the School of Built Environment at the Copperbelt University. Key issues discussed included the need to ensure collaboration in joint training activities as well as work together on Research; Development and Demonstration (RDDs) in the Construction Industry.

### **8.13.2 NCC – University of Lusaka (UNILUS) Memorandum of Understanding (MoU)**

NCC held two meetings with the Rector of the University of Lusaka (UNILUS) and conducted a joint tour of Oriental Quarries in Makeni. The purpose of the tour was to try and establish a faculty for training artisans in practical skills. Oriental Quarries have shown willingness to work with NCC and UNILUS. The University and NCC all agreed to try and explore ways of engaging Oriental Quarries as a manufacture of concrete products and cement in the training of Road paving artisans as well as refresher courses for supervisors in civil and building works.

Table III provides a summary of activities undertaken by the Construction School in 2012

**Table III: Summary of activities by the Construction School Department - 2012**

ITEM NO	ACTIVITY	PROGRESS	NO. OF PARTICIPANTS	DURATION (WEEKS)	REMARKS
<b>COURSES</b>					
1	Road Construction & Maintenance Supervision Course No.1& 2	100% complete	90	16	Completed successfully
2	Equipment Maintenance & plant Operation Course No.1,2, 3 & 4	100% complete	45	08	Completed successfully
3	AutoCAD 2 & 3D	100% complete	30	04	ICT courses related to civil works. Commenced 5th & ended 30th November 2012
4	Building Technology	100% complete	30	04	Conducted successfully
5	Construction Management	100% complete	35	04	Commenced 29th September and ended 23rd November 2012
6	Material Testing Course	100% complete	20	03	The course commenced on 1st and ended 19th October 2012 and was conducted at CBU
7	Land Surveying Course	100% complete	17	03	The course commenced on 1st and ended 19th October 2012 and was conducted at CBU
8	Steel Fixing Course	100% complete	06	01	Commenced on 26th and ended 30th November 2012
9	Culvert & Drainage Construction Course	100% complete	05	35	The course commenced 29th October and ended 30th November 2012
10	MS Project	100% complete	27	02	The course which commenced 3rd December is in progress and is scheduled to end 14th December 2012
<b>OTHER STRATEGIC PLAN ACTIVITIES</b>					
11	Develop & implement 05 modular courses for the Local Road Authorities	100% completed			5No. charts & Curriculum have been detailed and now awaiting validation and consequent approval by TEVETA
12	Maintenance of Training Equipment	On going	On going	On going	On going
13	Procurement of Teaching Aids	100% completed			A request to procure 4No. more LCD projectors & 2No. Laptops made from the previous balance

14	Drilling & Equipping of borehole	100% completed			The bore hole has been handed over to NCC and is fully operational
15	Annual Skills Competition	100% Completed		5th August 2012	The grande finale was on 4th and the prize giving ceremony on 5th August 2012. This was graced by the Honorable Minister of Transport, Works, Supply & Communication
16	Teaching Methodology	100% Completed			Payments have been made for the last person to go to TVTC for training in the last week of December 2012.
17	Coordination of Research	100%			Council for Scientific and Industrial Research (CSIR) and Agreement of South Africa visited NCC to hold collaboration talks.
18	ASOCSA	100%			The budget was been varied to enable construction school participate in the IVETA conference and FIDIC training workshops. 2No. training staff participated in the IVETA conference that was held in October 2012 in Malawi. The Training Manager attended a FIDIC training course held in Kenya
<b>Construction</b>		<b>Materials</b>		<b>Laboratory</b>	
19	Laboratory Expert	On going	On going		Senior JICA still attached to NCC
20	Establish Linkages	On going	On going		Council for the Built Environment/NCC MoU still being reviewed by all Task Team members in Zambia and South Africa.

## 9. NCC PARTICIPATION IN LOCAL EXHIBITIONS

NCC participated in the 2012 International Trade Fair in Ndola and the 2012 Agriculture and Commercial Show in Lusaka. This is one of the ways NCC uses to disseminate information and market its activities to stakeholders and the public.

### 9.1 Workshops:

The National Council for Construction in collaboration with the Council for Built Environment of South Africa held an inaugural Workshop on “Futuristic Built Environment, Education Best Practice and Standards for Southern Africa” on 24 - 25 February 2012. The Workshop was well attended with over 40 participants and attracted wide media coverage. The NCC & CBE are drafting a MoU for sustaining the future events and other matters of mutual interest. The Council for the Built Environment is a statutory body under the Department of Public Works in South Africa.

## 10. PUBLIC EVENTS

NCC participated and joined other organizations in commemorating the following public events; Women's day, Youth Day, Labour Day, Inter-Company Relay.

## 11. CAPACITY BUILDING

### 11.1 Staff Training

During the year under review, NCC continued promoting staff personal development through capacity building activities. In this regard, a total of 16 members of staff were supported on various short training programmes as outlined in Table IV.

**Table IV: Summary of Staff Capacity Building Undertaken in 2012**

	Name	Course	Venue
1	Jeremiah Sande	Teaching Methodology	Luanshya
2	Roy Chikwanda	Teaching Methodology	Luanshya
3	Mary Bridget Hanzaala	Writing of Test Items	Luanshya
4	Lwenga Muyamwa	Writing of Test Items	Luanshya
5	Training Officers	Construction Materials Testing	CBU
6	Training Officers	Land Surveying	CBU
7	Cynthia Majula	Public Administration	NIPA
8	Effa Nyangulu	Occupational Health, Safety & Environment	University of Africa
9	Kitchen & Hostel Staff	Food and Beverages	Lusaka
10	Isaac Ngulube	Road Construction Course for Africa	Japan
11	Office Orderlies	House Keeping & Customer Care	Lusaka
12	Office Orderlies	Records Management	Luanshya
13	Thomas Lungu	Automotive Electronics	Lusaka
14	Jeremiah Sande	Contracting & Contract Management	Swaziland
15	Noel Muleya	Contracting & Contract Management	Swaziland



# FINANCIAL STATEMENTS

31st December 2012





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## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF NATIONAL COUNCIL FOR CONSTRUCTION**

We have audited the accompanying financial statements of National Council for Construction, set out on pages 4 to 17, which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Directors' Responsibility for the Financial Statements**

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and the provisions of the National Council for Construction Act. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Council for Construction as at 31 December 2012 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **Report on Other Legal and Regulatory Requirements**

In our opinion, the financial statements of National Council for Construction as at 31 December 2012 have been, in all material respects, properly prepared in accordance with the provisions of the National Council for Construction Act, No. 13 of 2003.



**AMG Global  
Chartered Accountants**



**C. MUGALA  
PARTNER**

**Date** ..... 12/06/2013 .....

**NATIONAL COUNCIL FOR CONSTRUCTION**  
**STATEMENT OF RESPONSIBILITIES OF THE DIRECTORS**  
**31 December 2012**

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The directors are required, in terms of the National Council of Construction Act of Parliament of Zambia, Act Number 13 of 2003 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the organisation as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the organisation and places considerable importance on maintaining a strong control environment. To enable the organisation to meet these responsibilities, the directors sets standards for internal controls aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the organisation and all employees are required to maintain the highest ethical standards in ensuring the organisation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the organisation is on identifying, assessing, managing and monitoring all known forms of risk across the organisation. While operating risk cannot be fully eliminated, the organisation endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the organisation's cash flow forecasts for the year to 31 December 2013 and, in the light of this review and the current financial position, they are satisfied that the organisation has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the organisation's financial statements. The financial statements have been examined by the organisation's external auditors and their report is presented on page 1 and 2.

The financial statements, set out on pages 4 to 17 which have been prepared on the going concern basis, were approved by the directors on..... and were signed on its behalf by:



.....  
**CHAIRPERSON**

  
.....  
**EXECUTIVE DIRECTOR**



**NATIONAL COUNCIL FOR CONSTRUCTION**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2012**

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	Note	2012 ZMK	2011 ZMK
Grants	2	8, 107, 807, 891	3, 009, 791, 995
Fees	3	23, 111, 374, 422	15, 019, 651, 286
Other operating income	4	1, 539, 683, 625	744, 578, 437
<b>Gross income</b>		<u>32, 758, 865, 938</u>	<u>18, 774, 021, 718</u>
Expenditure	5	(23, 006, 833, 426)	(15, 240, 974, 593)
Operating surplus		<u>9, 752, 032, 512</u>	<u>3, 533, 047, 125</u>
Net financing income	6	811, 807, 504	593, 666, 779
Surplus for the year		<u>10, 563, 840, 016</u>	<u>4, 126, 713, 904</u>
Other comprehensive income		-	-
Total comprehensive income		<u>10, 563, 840, 016</u>	<u>4, 126, 713, 904</u>

**NATIONAL COUNCIL FOR CONSTRUCTION**  
**STATEMENT OF FINANCIAL POSITION**  
**for the year ended 31 December 2012**


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	Note	2012 ZMK	2011 ZMK
<b>ASSETS</b>			
<b>Non – current assets</b>			
Property, plant and equipment	7	10, 924, 409 780	10, 677 ,561, 677
		_____	_____
<b>Current assets</b>			
Accounts receivables	8	1, 811, 912, 881	1, 663, 803, 651
Cash and cash equivalents	9	29, 830, 773, 637	14, 528, 312, 905
		_____	_____
		31, 642 686 518	16, 192, 116 ,556
		_____	_____
<b>Total assets</b>		<b>42, 567, 096, 298</b>	<b>26, 869, 678, 233</b>
		_____	_____
<b>FUNDS EMPLOYED AND LIABILITIES</b>			
<b>Funds employed</b>			
Accumulated fund	10	20, 341, 404, 979	9, 777, 564, 963
Capital grants	11	7, 958, 851, 745	8, 288, 743, 739
		_____	_____
<b>Total funds employed</b>	28	<b>300, 256, 724</b>	<b>18, 066, 308, 702</b>
		_____	_____
<b>Current liabilities</b>			
Accounts payables	12	14, 266, 839, 574	8, 803, 369, 531
		_____	_____
<b>Total liabilities</b>	14	<b>266, 839, 574</b>	<b>8, 803, 369, 531</b>
		_____	_____
<b>Total funds employed and liabilities</b>		<b>42, 567, 096, 298</b>	<b>26, 869, 678, 233</b>
		_____	_____

The financial statements on pages 4 to 17 were approved by the National Council for Construction's Board of Directors on ..... and were signed on its behalf by:

.....  
*Ituli*

**DIRECTOR**

.....  


**DIRECTOR**

**NATIONAL COUNCIL FOR CONSTRUCTION**  
**STATEMENT OF CASH FLOWS**  
**for the year ended 31 December 2012**

		2012 ZMK	2011 ZMK
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>			
	<b>Note</b>		
<b>Operating cash flows</b>			
Operating surplus		9,752,032,512	3,533,047,125
Adjustments for items not affecting cash flows:			
Depreciation on property, plant and equipment	7	1,029,413,383	927,743,325
Transfer from Capital Grant	11	(329,891,994)	(329,891,994)
Profit on disposal of motor vehicles		(10,658,208)	(624,048)
		-----	-----
Net operating cash flows before reinvestment			
Working capital		10,440,895,693	4,130,274,408
Increase in accounts receivables		(148,109,230)	(1,021,710,651)
Increase in accounts payables		5,463,470,043	4,623,945,810
		-----	-----
Net cash flows from operations		15,756,256,506	7,732,509,567
		-----	-----
<b>Returns on investments and servicing of finance</b>			
Net financing income	6	811,807,504	593,666,779
		-----	-----
Net cash flows from operating activities		16,568,064,010	8,326,176,346
		-----	-----
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment	7	(1,276,261,486)	(1,672,377,135)
Proceeds from disposal of motor vehicles		10,658,208	36,355,563
		-----	-----
		(1,265,603,278)	(1,636,021,572)
		-----	-----
Increase in cash and cash equivalents		15,302,460,732	6,690,154,774
Cash and cash equivalents at the beginning of the year		14,528,312,905	7,838,158,131
		-----	-----
Cash and cash equivalents at the end of the year		29,830,773,637	14,528,312,905
		-----	-----

# NATIONAL COUNCIL FOR CONSTRUCTION

## ACCOUNTING POLICIES

### 31 December 2012

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#### PRINCIPAL ACCOUNTING POLICES

The principal accounting policies of the Council, which are set out below, are consistently applied in all material respects.

#### BASIS OF PREPARATION

The financial statements are prepared in compliance with International Financial Reporting Standards (IFRS). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies. The financial statements are presented in Zambian Kwacha (K).

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed below as part of the accounting policies.

#### NEW STANDARDS AND INTERPRETATIONS EFFECTIVE IN 2012

A number of new standards, amendments to the standards and interpretations are mandatory for the year ended 31 December 2012, and have been adopted by the Council where relevant to the Council's operations. In 2012, there were no new standards, amendments to the standards and interpretations which had an impact on the Council's financial statements.

#### CURRENCY

These financial statements are expressed in Zambian Kwacha (ZMK). Closing statement of financial position balances are translated using the closing exchange rate. Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of transactions and for practical purposes of these financial statements, income and expenditure exchange items are translated at the approximate average exchange rate for the year.

#### PROPERTY, PLANT AND EQUIPMENT

##### *Carrying amount*

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

##### *Depreciation*

Depreciation is calculated to write off the cost of property, plant and equipment using the straight line method over the expected useful lives of the assets concerned. The annual rates of depreciation applied are as follows:

Buildings	2.5%
Office equipment	33%
Office furniture	25%
Motor vehicles	25%
Workshop equipment	25%
Laboratory equipment	25%

**NATIONAL COUNCIL FOR CONSTRUCTION**  
**ACCOUNTING POLICIES**  
**31 December 2012**

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***Impairment***

The carrying amounts of the Council's assets, other than deferred income tax assets, are reviewed as at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset is carried at its revalued amount in which case it is treated as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the revaluation surplus of the same asset.

***Calculation of recoverable amount***

The recoverable amount of items of property, plant and equipment is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

***Reversal of impairment loss***

Any impairment losses previously recognised are reversed if there has been a change in the estimates used to determine the recoverable amount.

**INCOME**

Income is recognised to the extent that it is probable that economic benefits will flow to entity and the income can be measured reliably.

Income represents grants received from the Ministry of Works and Supply and is recognised in the statement of comprehensive income when money is received. Other income represents revenue generated from the operations of the Council like registration, annual, scrutiny and affiliation fees as well as hiring of facilities and is recognised in the statement of comprehensive income when money is received. Fees received in advance are deferred to the period which they relate.

**FINANCIAL INSTRUMENTS**

The term financial instruments include financial assets and financial liabilities.

Financial assets are classified and accounted as follows:-

- a) Held for trading:- assets which are acquired for the purpose of selling or repurchasing in the short term. Held for trading assets are accounted initially at fair value (which at the time of acquisition will normally be at cost, assuming purchase at market values) and subsequently measured at fair value through the statement of comprehensive income.
- b) Held-to maturity investments:- assets with fixed or determinable payments and fixed maturity over which the Centre has intention and ability to hold to maturity. Held-to-maturity assets are accounted initially at fair value (cost) and subsequently measured at amortised cost using the effective interest method, through the statement of comprehensive income.
- c) Loans and receivables:- assets with fixed or determinable payments. Loans and receivables are accounted initially at fair value (cost) and subsequently measured at fair value. Gains or losses on changes in fair value are recognised directly in equity, except for impairment losses and foreign exchange gains and losses.
- d) Available-for-sale:- assets that do not fall under a) to c) above. Available-for-sale assets are accounted initially at fair value. Gains or losses on changes in fair value are recognised directly in equity, except for impairment losses and foreign exchange gains and losses.

# NATIONAL COUNCIL FOR CONSTRUCTION

## ACCOUNTING POLICIES

### 31 December 2012

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#### FINANCIAL ASSETS

The principle financial assets of the Council are cash and cash equivalents and other receivables. These assets are accounted for as follows:

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Council's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

##### *Trade and other receivables*

Other receivables comprise loans and advances to employees. Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of comprehensive income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

#### FINANCIAL LIABILITIES

The Council's principal financial liabilities are trade and other payables, and accrued expenses. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Trade and other payables and accrued expenses are stated at their nominal value.

The accounting policies adopted for specific financial liabilities and equity instruments are set out below:

##### *Trade and Other Payables*

Trade and other payables and accrued expenses are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

##### *Provisions*

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event and it is probable that the Council will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

#### EMPLOYEE BENEFITS

##### *Defined Contribution Schemes*

A defined contribution scheme is a pension plan under which the Council 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 years. The Council's contribution to the defined contribution schemes are charged to the statement of comprehensive income in the year to which they relate. The Council has no further obligation once the contributions have been paid.



# **NATIONAL COUNCIL FOR CONSTRUCTION**

## **ACCOUNTING POLICIES**

### **31 December 2012**

---

#### ***National Pension Scheme Authority***

The Council makes contributions to the state defined contribution pension scheme, National Pension Scheme Authority, “NAPSA”, on behalf of the employees. Both the employer and employee contribute 5% each of the employees’ gross salary.

#### ***Zambia State Insurance Pension Trust Fund***

The Council also makes contributions to the Zambia State Insurance Pension Scheme, where both the employer and employees contribute.

#### **NET FINANCING INCOME/COSTS**

Net financing income/costs comprise interest payable on borrowings calculated using the effective interest rate method, bank interest receivable, foreign exchange gains and losses that are recognised in the statement of comprehensive income.

#### **GRANTS**

Grants received to give immediate financial support to the Council are recognised in the statement of comprehensive income in the period to which they relate.

Grants received as a contribution towards specific expenditure on property, plant and equipment are recognised over the expected useful economic lives of the related assets.

#### **CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

#### **Critical accounting estimates and assumptions**

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

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

##### ***Property, plant and equipment***

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

#### **Critical judgements in applying the entity’s accounting policies**

In the process of applying the Council’s accounting policies, management has made judgements in determining:

- The classification of financial assets and liabilities; and
- Whether assets are impaired.

**NATIONAL COUNCIL FOR CONSTRUCTION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2012**

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**1 NATIONAL COUNCIL FOR CONSTRUCTION ACTIVITIES**

The National Council for Construction was established under the Ministry of Works and Supply through an Act of Parliament under the National Council Construction Act No.13 of 2003 as a corporate body to monitor and register contractors; provide training for contractors and regulate the Construction Industry.

**2 GRANTS**

	<b>2012</b>	<b>2011</b>
	<b>ZMK</b>	<b>ZMK</b>
Road Sector Capacity Building – NRFA Grant	5, 000, 507, 564	-
Government grant	2, 777, 408, 333	2, 679, 900, 001
Transfer from capital grant	329, 891, 994	329, 891, 994
	<hr/>	<hr/>
	8, 107, 807, 891	3, 009, 791, 995
	<hr/>	<hr/>

**3 FEES**

Registration, scrutiny and annual fees	22, 490, 399, 422	14, 530, 851, 286
Tuition fees	620, 975, 000	488, 800, 000
	<hr/>	<hr/>
	23, 111, 374, 422	15, 019, 651, 286
	<hr/>	<hr/>

**4 OTHER OPERATING INCOME**

Laboratory testing	2, 070, 000	5, 870, 000
Hire of facilities	1, 435, 490, 801	683, 284, 389
Construction Sector Transparency Initiative	88, 464, 616	-
Construction magazine	3, 000, 000	54, 800, 000
Profit on disposal of motor vehicles	10, 658, 208	624, 048
	<hr/>	<hr/>
	1, 539, 683, 625	744, 578, 437
	<hr/>	<hr/>

**NATIONAL COUNCIL FOR CONSTRUCTION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2012**

**5 EXPENDITURE**

	<b>2012</b>	<b>2011</b>
	<b>ZMK</b>	<b>ZMK</b>
<b>5.1 Analysis</b>		
Advocacy and Sensitisation	117, 833, 921	138, 944, 667
Agricultural and Commercial Show	112, 608, 913	110, 240, 394
Annual Skills Competition	131, 232, 000	113, 704, 010
Audit and accounting fees	60, 320, 000	46, 000, 000
Backup wireless services	37, 206, 304	43, 257, 000
Board expenses	286, 826, 960	167, 051, 500
Building Technology Course	121, 000, 000	102, 911, 792
Canteen expenses	1, 365, 560, 341	570, 480, 609
Capacity Building	469, 500, 314	479, 741, 521
Cleaning materials and groceries	350, 727, 889	393, 111, 720
Computers software and accessories	67, 291, 488	111, 063, 511
Conduct TNA	-	39, 390, 000
Construction Management Course	-	79, 937, 000
Coordination of Research	-	12, 327, 000
Construction Sector Transparency Initiative	86, 926, 631	278, 148, 739
Depreciation	1, 029, 413, 383	927, 743, 325
Develop and Implement Modular Courses	-	36, 986, 500
Enforcement of Construction Regulations	307, 879, 792	341, 906, 654
Enhanced Road Maintenance	-	407, 397, 803
Establish Linkages and Accreditation – Lab	29, 935, 200	66, 161, 400
Expenses on hire of facilities	-	137, 651, 736
Fuel and lubricants	527, 377, 631	443, 900, 000
Health Safety HIV on site training	-	64, 489, 440
HIV/AIDS Awareness	22, 000, 000	18, 815, 000
HR Consultancy services	461, 539, 123	210, 731, 400
Insurance	354, 483, 243	40, 047, 011
International Training Exchange/ASOCSA	56, 018, 410	126, 121, 813
International Construction Events	148, 263, 662	102, 893, 676
Kitchen and Hostels expenses	281, 481, 000	81, 625, 000
Kitwe Office expenses	79, 324, 103	75, 207, 096
Laboratory expert	134, 520, 000	60, 490, 000
Materials Testing Courses	28, 580, 000	40, 499, 700
Membership to Professional Bodies	65, 956, 000	5, 800, 000
Monitoring Construction Activities	804, 187, 354	952, 829, 459
Motor vehicle expenses	543, 719, 738	337, 107, 331
NEPAD summit	71, 278, 800	104, 050, 503
NRFA expenses (Note 5.2)	4, 181, 936, 110	-
Other expenses	750, 676, 178	662, 510, 882
Plant Operators Course	189, 877, 150	(48, 462, 891)
Provincial Registration Committee Expenses	215, 190, 830	52, 328, 000
Registration expenses	71, 129, 220	34, 863, 087
Repairs and maintenance	376, 297, 807	531, 020, 503
Revision of Construction Standards	139, 032, 400	79, 382, 000
	<b>2012</b>	<b>2011</b>
	<b>ZMK</b>	<b>ZMK</b>
Security expenses	116, 190, 047	87, 000, 000
Staff costs (Note 5.3)	7, 134, 668, 776	5, 210, 710, 566
Stationery and printing	901, 067, 843	684, 308, 250
Teaching Methodology	62, 975, 000	66, 370, 000
Telephone, fax and email	279, 624, 843	266, 601, 974
Television programmes	29, 000, 000	66, 850, 000
TEVETA licence	15, 200, 000	22, 900, 000
Trade Fair	110, 894, 700	126, 328, 000
Travel local and international	280, 080, 322	129, 499, 912
	<b>23, 006, 833, 426</b>	<b>15, 240, 974, 593</b>

**NATIONAL COUNCIL FOR CONSTRUCTION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2012**

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<b>5.2 NRFA Expenses</b>		
Develop and Implement Modular Course	112, 104, 958	-
Teaching Aids	31, 702, 800	-
Maintenance of Training Equipment	213, 354, 192	-
Earth Moving Plant and Operators	484, 595, 655	-
Drainage Structures	201, 097, 840	-
Materials Testing	158, 500, 000	-
Occupational Safety Health and Environment	115, 290, 320	-
Hire of Project Support Staff	11, 200, 000	-
Sector ICT	155, 246, 231	-
Steel fixing	69, 215, 000	-
Capacity Building Programmes	142, 952, 040	-
Road Construction and Maintenance Course 1,	682, 942, 609	-
Construction Management Course	94, 500, 000	-
Road Construction Surveying	104, 945, 000	-
Management of Civil Engineering Processes	236, 380, 000	-
Provisional Training Workshops	367, 909, 465	-
	<hr/>	<hr/>
	4, 181, 936, 110	-

<b>5.3 Staff costs</b>		
Salaries and wages	3, 596, 269, 862	2, 610, 691, 869
NAPSA	384, 265, 910	309, 559, 490
PAYE	1, 242, 065, 778	828, 974, 070
Pension contribution	1, 147, 396, 880	885, 628, 898
Group life assurance	134, 524, 077	86, 129, 478
Group personal accidents	-	32, 945, 589
Medical expenses	306, 553, 400	260, 590, 000
Leave benefits	185, 743, 539	127, 666, 772
Staff welfare	60, 185, 000	38, 900, 000
Workers compensation	29, 624, 400	29, 624, 400
Commutation	48, 039, 930	-
	<hr/>	<hr/>
	7, 134, 668, 776	5, 210, 710, 566

**5.4 The average number of employees during the year was 65 (2011: 65).**

**6 NET FINANCING INCOME**

Bank interest received	615, 775, 804	378, 487, 379
Interest on staff loans	196, 031, 700	215, 179, 400
	<hr/>	<hr/>
	811, 807, 504	593, 666, 779

**NATIONAL COUNCIL FOR CONSTRUCTION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2012**

<b>7 PROPERTY, PLANT AND EQUIPMENT</b>								
	<b>Laboratory equipment ZMK</b>	<b>Land and buildings ZMK</b>	<b>Motor vehicles ZMK</b>	<b>Office equipment ZMK</b>	<b>Office furniture ZMK</b>	<b>Workshop equipment ZMK</b>	<b>Total ZMK</b>	
<b>Cost</b>								
At 31 December 2011	268,067,978	10,559,352,1525	740,154,344	1,597,375,902	534,322,994	1,242,530,581	19,941,803,951	
Additions	-	-	639,794,817	415,168,269	121,298,400	100,000,000	1,276,261,486	
Disposals	-	-	(115,437,600)	-	-	-	(115,437,600)	
At 31 December 2012	268,067,978	10,559,352,152	6,264,511,561	2,012,544,171	655,621,394	1,342,530,581	21,102,627,837	
<b>Depreciation</b>								
At 31 December 2011	128,449,239	2,366,614,203	3,748,414,257	1,345,131,835	441,404,659	1,234,228,081	9,264,242,274	
Charge for the year	67,016,994	263,983,804	477,544,423	150,969,427	65,858,736	4,039,999	1,029,413,383	
Disposals	-	-	(115,437,600)	-	-	-	(115,437,600)	
At 31 December 2012	195,466,233	2,630,598,007	4,110,521,080	1,496,101,262	507,263,395	1,238,268,080	10,178,218,057	
<b>Net book value</b>								
At 31 December 2012	72,601,745	7,928,754,145	2,153,990,481	516,442,909	148,357,999	104,262,501	10,924,409,780	
At 31 December 2011	139,618,739	8,192,737,949	1,991,740,087	252,244,067	92,918,335	8,302,500	10,677,561,677	
					<b>2012 ZMK</b>		<b>2011 ZMK</b>	
<b>8 ACCOUNTS RECEIVABLES</b>								
Staff receivables				1,675,975,620		1,275,374,725		
Other receivables				135,937,261		388,428,926		
				<u>1,811,912,881</u>		<u>1,663,803,651</u>		
<b>9 CASH AND CASH EQUIVALENTS</b>								
Barclays Bank Kwacha Account				17,237,332,220		6,467,737,319		
Finance Bank Kwacha Account				3,415,848,087		670,592,723		
Fixed deposit account – Barclays				3,599,903,896		3,484,517,405		
Unconfirmed deposits				-		707,680,764		
Fixed deposit account – Intermarket				5,577,689,434		3,197,784,694		
				<u>29,830,773,637</u>		<u>14,528,312,905</u>		
<b>10 ACCUMULATED FUND</b>								
Opening balance				9,777,564,963		5,650,851,059		
Total comprehensive income				10,563,840,016		4,126,713,904		
Closing balance				<u>20,341,404,979</u>		<u>9,777,564,963</u>		

**NATIONAL COUNCIL FOR CONSTRUCTION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 December 2012**

**11 CAPITAL GRANTS**

	<b>Laboratory equipment ZMK</b>	<b>Buildings ZMK</b>	<b>Total ZMK</b>
<b>Cost/valuation</b>			
At 31 December 2011	268,067,978	10,515,000,000	10,783,067,978
At 31 December 2012	268,067,978	10,515,000,000	10,783,067,978
<b>Amortisation</b>			
At 31 December 2011	128,449,239	2,365,875,000	2,494,324,239
Transfer to income statement	67,016,994	262,875,000	329,891,994
At 31 December 2012	195,466,233	2,628,750,000	2,824,216,233
<b>Net book value</b>			
At 31 December 2012	72,601,745	7,886,250,000	7,958,851,745
At 31 December 2011	139,618,739	8,149,125,000	8,288,743,739
		<b>2012 ZMK</b>	<b>2011 ZMK</b>

**12 ACCOUNTS PAYABLES**

**12.1 Analysis**

Deferred registration fees	13,111,250,113	6,449,535,250
Accruals (note 12.2)	1,155,589,461	1,646,153,517
Unallocated fees deposits	-	707,680,764
	14,266,839,574	8,803,369,531

**12.2 Accruals**

Motor vehicles	639,794,820	1,441,067,552
Toner	-	75,775,500
Site tools	100,000,000	48,935,000
Canteen purchase	-	34,375,465
Telephone bills	29,832,191	-
Audit fees	60,320,000	46,000,000
Office equipment	286,744,700	-
Allowances	4,725,400	-
Wages for site workers	12,540,000	-
Maintenance of LAN	16,700,000	-
BB7 Scheme Loans	4,934,350	-
	1,155,589,461	1,646,153,517

**13 TREASURY AND RISK MANAGEMENT**

13.1 The main risks arising from the Council's financial instruments are currency risk, interest rate risk, market risk, credit risk and liquidity and cash flow risks. The Council does not use derivative financial instruments for speculative purpose.

**13.2 Interest rate risk**

This is the risk arising from the adverse movement in the value of future interest receipts or commitments resulting from movements in interest rates.

The interest rates for both interests receivable and payable from/to local financial institutions are generally pegged against the Bank of Zambia bank rate. The Council finances its operations through grants from the Government of the Republic of Zambia, donations and from its own operations.

**13.3 Market risk**

The principal amounts of all financial assets and financial liabilities are fixed and not subject to market related value adjustments.

**13.4 Credit risk**

This is the risk that a counter party to a deal or loan will default.

The Council's cash resources are principally invested with financial institutions which are considered by management to be reputable. Adequate provision is made against any trade and other receivables considered doubtful.

**13.5 Liquidity and cash flow risk**

This is the risk of insufficient liquid funds being available to cover commitments.

In order to mitigate any liquidity risk the Council may face, the Council has, throughout the period ended 31 December 2012, maintained substantial unutilised cash resources as indicated by significant liquid resources.

At 31 December 2012, the Council had a net positive cash and bank balances of K29 830 773 637.

**13.6 Currency risk**

This is the risk that the Council is exposed to unfavourable exchange rate movements on mismatched spot or forward positions in a foreign currency deal.

The Council incurs foreign currency risk on capital contribution receivables and purchases that are denominated in a currency other than the Zambian Kwacha. The currency giving rise to this risk is principally the United States dollar.

Currency risk is, however, managed by ensuring, as far as possible, that available foreign currency denominated liquid assets are reserved for payment of foreign currency denominated liabilities.









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