R COUNCIL FOR CON **2019** ANNUAL REPORT

Mission Statement

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

Vision Statement

A Robust and Competitive Zambian Construction Industry.

Core Values

Efficiency, Environmentalism, Inclusiveness, Integrity, Professionalism

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ACRONYMS

EMP	Earth Moving Plant
ICT	Information and Communication Technologies
ILO	International Labour Organisation
IRCP	Improved Rural Connectivity Project
LBT	Labour Based Technology
MHID	Ministry of Housing and Infrastructure Development
NCC	National Council for Construction
NRFA	National Road Fund Agency
OSHE	Occupational Safety Health and Environment
PACRA	Patents and Companies Registration Agency
RDA	Road Development Agency
SI	Statutory Instrument
TEVETA	Technical Education, Vocational and Entrepreneurship Training Authority
UNZA	University of Zambia
Z. C. O	Zambian Owned Company

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BOARD CHAIRPERSONS FOREWORD



It is my pleasure to present the 2019 National Council for Construction (NCC) Annual report highlighting milestones that the organization has achieved as well as challenges that it faced during the 1st January to 31st December 2019 period.

The NCC Board is empowered by the NCC Act to play a leading role in promoting the development of the construction industry in Zambia, thus contributing to its growth. It is undoubted that construction supports socio-economic activitiesby not only providing the physical infrastructure in which economic activity thrives, but also through creating employment opportunities. It is for this reason that the Board and management of NCC continue to strive to ensure the construction industry delivers to the expectation of the Zambian people.

In keeping with the call to enhance local participation in the construction sector, NCC commenced implementation of its Strategic Plan which is expected to run over a three-year period between 2019 and 2021. The Strategic Plan focuses on four strategic themes namely:

- 1. Construction industry regulation;
- 2. Capacity development and improvement of persons in construction;
- 3. Research and development in construction; and
- 4. Development and sustainability of NCC.

This strategic direction is aimed at ensuring that NCC has the necessary tools to strengthen and enhance the focus on transformation of the construction industry from a foreign dominated industry to a locally dominated one, while at the same time, it is expected to enhance NCCs regulatory and developmental roles.

In 2019, the construction industry captured its fair share of media headlines. Issues captured mainly related to contractor performance, new projects and statements on the state of infrastructure from various stakeholders. Of particular note the industry suffered a setback when one of Zambia's key infrastructure projects had a failure. This allowed NCC as a regulator to learn and brought about the need for us to step up activities related to enforcement and enhanced testing of construction materials.

During the year, NCC regularly engaged with stakeholders by hosting meetings with contractors in the ten provinces. These proved to be an excellent opportunity to discuss issues affecting both the large and small scale contractors. Of particular note, issues such as enhanced local participation, the NCC registration criteria and service, tender-related processes and contractor payments were discussed.

NCC further engaged in capacity building of vulnerable youth and women as a way of boosting their performance. It is also gratifying to note that infrastructure at

the Kanakantapa Training site was improved, making it more comfortable for learners.

Allow me to thank my fellow Board members for their support through the year and for the many sessions of healthy, robust discussion on issues of major importance to our industry and country. I'm sure I speak for all Board members when I say that we will continue to watch NCC's journey with keen interest and a lot of pride with the achievements we have helped to facilitate.

To the NCC team, I extend the Board's sincere appreciation for putting the organization first and making its work truly count. NCC needs to remain relevant and responsive to industry needs. The future of NCC lies in its employees and their effective and efficient execution of the organisation's mandate.

In conclusion, I wish to thank the government of the Republic of Zambia and the various stakeholders who continue to facilitate effective operation of NCC activities for their unwavering support.

Mrs. Roseta Chabala

NCC BOARD







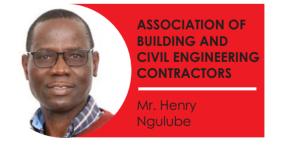








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ATTORNEY GENERALS CHAMBERS. MINISTRY OF JUSTICE

Mr. Josiah Hantebe Simachela



EXECUTIVE DIRECTOR'S REPORT



NCC Started the year full of zeal to enhance participation of the local contractors and as such, our activities werecentred around this. In line with our values of efficiency, environmentalism, inclusiveness, integrity and professionalism we set out to create a structure conducive for high performance, creating and maintaining effective stakeholder partnerships.

The organisation achieved several successes in executing its core functions during the year.

NCC issued a total of 9,208 registration certificates. This represented an increase of 20.1% from 2018 where 7,619 registration certificates were issued. It can be noted that of these, 321 contractors were

successfully upgraded, while 11 contractors entered into joint ventures. Further, 65% of registrations were renewals while 31% were first registrations.

In terms of project registration, 107 projects were registered in 2019 compared to 120 in 2018. The value of registered projects in 2019 amounted to approximately 17.5 billion kwacha.

In order to enhance participation of local contractors and improve enforcement, NCC identified the need to review its current statutory instruments and introduce guidelines to better implement and enforce the regulations.

These included the following particular documents:

- 1. Review of the Contractors' Code of Conduct SI no. 119 of 2008;
- 2. Review of Project Inspection Parameters;
- 3. Development of Best Practices Contractor Performance Assessment and Recognition Criteria/Scheme; as well as;
- 4. Development of a Quality Assurance Framework.

Through inspections it was noted that the sector continued to be male dominated. As such, NCC facilitated an empowerment scheme for marginalised groups which included 1,005 scholarships for women, physically challenged and the youth. Additionally, NCC continued to nurture young females through its career and mentorship programme.

The Construction School successfully conducted courses for 361 students who undertook various programmes.

NCC is happy to report that The National Construction Authority Bill was considered before all the Committees at the Ministry of Justice. We are therefore hopeful that its proceedings will successfully be concluded in 2020.

There were six Criminal cases before the Courts of Law to which NCC was an interested party. Three of the cases were concluded through successful convictions, while one was concluded through an acquittal and two were ongoing as at 31st December 2019.

Management began the process of implementing a formalized Risk Management Framework and the automation of the contractor registration process with its peripheral on-line payment platform.

With support from the World Bank, under the Improved Rural Connectivity Project (IRCP), NCC implemented the following activites:

- Construction of the ablution facility at the Kanakantapa Training site;
- Construction of the NCC Materials Testing Laboratory;
- Procurement of various assorted tools and equipment to enhance the training at the construction school;
- Engagement of a Consultant to develop the Labour Based Technology (LBT) mainstreaming strategy

The NCC referral construction materials testing laboratory conducted a total of 387 tests in Soils, Concrete, Bitumen/Asphalt and Aggregates.

Our ultimate objective is to regulate construction activities effectively. However, regulating this sector effectively is no easy task. As NCC, we are trying our best to ensure we meet this challenge.

Questions remain as to the adequacy of our responsiveness. We have delivered to an extent on our mandate of regulating the industry, but we could do more to respond, both reactively and proactively, to public policy priorities. Improving this aspect will be the basis of our operations in 2020.

As we enter the New Year, NCC staff and management would like to thank the Board for its continued strategic guidance.

Q. S. Matthew Ngulube

SENIOR MANAGEMENT

















BOARD ENGAGEMENT

National Council for Construction (NCC) is governed by a 16-member Board, though it currently has 14 appointed members. The NCC Board consists of professionals representing organizations as prescribed in the NCC Act and as appointed by the Minister.

List of Board Meetings held in 2019 was as follows:

Details	Date
Quarter 1 Board Meeting	8 th February 2019
Special Board Meeting	26 th March 2019
Quarter 2 Board Meeting	26 th April 2019
Quarter 3 Board Meeting	20 th September 2019
Special Board meeting	6 th December 2019

List of Committee meetings held in 2019

Audit and Risk Management Committee	25 th January 2019	
Registration, Regulation and Business Development Committee	23 rd January 2019	
Education and Training Committee	24 th January 2019	
Finance and Administration Committee	22 nd January 2019	
Special Meeting for Finance and Administration Committee	21st March 2019	
Special Meeting for Audit and Risk Management Committee	21 st March 2019	
Audit and Risk Management Committee	15 th April 2019	
Registration, Regulation and Business Development Committee	16 th April 2019	
Education and Training Committee	15 th April 2019	
Finance and Administration Committee	16 th April 2019	
Audit and Risk Management Committee	6 th September 2019	
Registration, Regulation and Business Development Committee	4 th September 2019	
Education and Training Committee	5 th September 2019	
Finance and Administration Committee	3 rd September 2019	
Special meeting for Finance and Administration	28 th November 2019	
Special Meeting for Registration, Regulation and Business Development Committee	28 th November 2019	

i. Audit and Risk Management Committee

The Audit and Risk Management Committee is responsible for all issues relating to Audit and Risk Management. It held four meetings in 2019. Members of the Committee are as listed below:

Name

- Mr. Josiah Simachela Mr. Derek Mboyanga Mrs. Margaret L. Lungu Mr. Eddie Mwitwa Q.S. Matthew Ngulube Ms. Mwenya Kapasa Mr. Lucky Muntanga
- Position Chairperson Member Member Member Management/Secretary Management

ii. Registration, Regulation and Business Development Committee

The Registration, Regulation and Business Development Committee is responsible for all issues relating to Registration and Regulation of contractors and the business aspect of the construction industry. This Committee held four meetings in 2019. Members of the Committee are as listed below:

Name

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

iii. Education and Training Committee

The Education and Training Committee is responsible for the capacity building programmes for the contractors. It held four meetings in 2019 and membership to this Committee is as listed below:

Name

Dr. Michael Mulenga Mr. Edward Mpepo Mr. Henry Ngulube Mr. Chikwanda Musonda Q.S. Matthew Ngulube Arch. Chance Kaonga Eng. Titus Chiwembe Ms. Mwenya Kapasa

Position

Chairperson Member Member Member Management Management Management/Secretary

iv. Finance and Administration Committee

The Finance and Administration Committee is responsible for all finance and administration related issues. It held four ordinary meetings in 2019. Members of the Committee are as listed below:

Name

- Mr. Edward Mpepo Mr. Chikwanda Musonda Mr. Allen Polito Hon. Isaac Banda Mr. Danny Mfune PS. Edward Chomba Mr. Mathew Ngulube Ms. Mwenya Kapasa Mr. Morgan Chiselebwe
- Position Chairperson Member Member Member Member Member Management/Secretary Management

This Finance and Administration Committee also held an Adhoc Committee of Chairpersons meeting of the Board of Directors on 23rd November 2019.



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REGISTRATION AND COMPLIANCE MONITORING

Contractor registration was undertaken in line with the provisions of the National Council for Construction Act No. 13 of 2003. Registration of contractors is based on a self-assessment tool which enables contractors to be graded and categorized according to ability. It is mandatory for anyone wishing to engage in construction works to register under the NCC Contractor Registration Scheme.

a) Contractor Registration

In 2019, NCC issued a total \$208 registration certificates. This represented an increase of 20.1 % from 2018 where 7,619 registration certificates were issued. Table 1 shows a summary of 2019 contractor registration certificates issued by Grade and Category.

GRADE	20/12/2019 CLASSIFICATION AND CATEGORISATION							
	Z.C.O VS FOREIGN	В	С	E	Μ	ME	R	TOTALS
1	Z.C.O	17	12	5	2	1	24	61
	FOREIGN	68	44	34	38	7	56	247
2	Z.C.O	27	29	15	6	7	2	86
	FOREIGN	53	11	13	17	2	40	136
3		51	28	25	4	1	44	153
4		275	72	57	25	4	150	583
5		632	200	128	54	23	607	1644
6		2,500	826	496	548	169	1737	6,276
S-Class								22
TOTALS		3,623	1,222	773	694	214	2,660	9,208

Table 1: 2019 Contractor Registration Statistics by Grade and Category

Key: B=General Building and Housing, C=General Civil Engineering Works, E=General Electrical and Telecommunications, M=Mining Services, ME=Mechanical Engineering, R=General Roads and Earth Works

Table 1 shows that the highest number of registration certificates were issued in Grade Six with a total number of 6,276, representing **68.2%** of the total number of registrations in 2019. The highest number of certificates were issued in the General Building and Housingcategory followed by the roads and Civil engineering categories representing 40%, 29% and 13% respectively.

GRADE	Downgrade	JV	Upgrade	First Reg	Renewal	FCO	ZCO	Total
1		5	2	21	277	247	61	308
2		3	12	53	157	136	86	222
3		1	22	12	120	0	153	153
4	1	2	59	27	497	0	583	583
5	1		226	230	1187	0	1644	1,644
6			2	2505	3767	0	6276	6,276
SPT				21	16	4	18	22
Totals	2	11	321	2,848	6,021	387	8,821	9,208

As part of its mandate NCC encourages the growth of local businesses in the industry through contractor development programmes. These programmes include capacity development leading to upgrades and successful renewal of certificates. In addition, the programme encourages Joint Ventures (JV) with foreign contractors. Table 2 shows that 321 contractors were successfully upgraded, while 11 contractors entered into joint ventures.

It can be noted that 6,021 contractors representing 65% of registrations renewed their certificates from 2018 and NCC processed a total of 2,848 new registrations representing 31% of total registrations. NCC further downgraded two contractors during the period under review.

In 2019, the total number of registrations issued to Zambian construction firms accounted for 95.8% compared to foreign firms which accounted for 4.2%.

Registration data collected indicated that foreign owned contractors made up the majority of contractors in Grades One and Two. In 2019, Grade One was composed of 80% foreign contractors compared to 74% in 2018 and Grade two had 66% foreign contractors compared to 65% in 2018.

b) Project Registration

Statutory instrument number 39 was enacted in 2015 to provide for the registration of projects, public and private, with contract value equal to or above K500,000. However, the exercise has experienced a number of challenges due to gaps in the current SI. A review was undertaken and proposed changes have been submitted to the Ministry of Housing and Infrastructure Development for consideration.

A total number of 107 projects were registered in 2019 as compared to 120 projects in 2018 as shown in Table 3.

ITEM	PERIOD	PROJECTS REGISTERED PER QUARTER	VALUE
1	First Quarter	24	K647,029,849.70
2	Second Quarter	32	K113,556,543.36
3	Third Quarter	25	K16,432,369,826.99
4	Fourth Quarter	26	K361,492,557.14
	TOTAL	107	K17,554,448,777.19

Table 3: Project Registration for 2019 per Quarter

The value of registered projects in 2019 amounted to 17.55 billion kwacha. NCC has registered a cumulative total of 401 projects since inception in 2015.

Project Registration by Category

Table 4 shows the total number of projects registered by category since inception of the registration scheme in 2015.

Project Registration by Category

Table 4 shows the total number of projects registered by category since inception of the registration scheme in 2015.

ltem	Category	Number
1	Building and Housing	303
2	Civil Engineering Works	36
3	Roads and Earthworks	42
4	Mechanical	2
5	Electrical and Telecommunications	18
	TOTAL	401

The General Building and Housing projects accounted for 76% of registered projects followed by General Roads and Earth works and Civil Engineering Works accounting for 10% and 9% respectively. While Electrical and Telecommunications accounted for 4% and mechanical engineering works 1%.

c) Compliance Monitoring

In order to enhance compliance to construction regulations and standards by stakeholders in the industry, NCC undertook a number of regulatory activities. Key among these were monitoring of construction worksat national level through quarterly and adhoc inspections. These are aimed at monitoring progress and ensuring that contractors are operating within the confines of the provisions of the NCC Act No. 13 of 2003 and its supporting legislation.

Key areas of performance monitoring comprised adherence to the NCC Act, The NCC Contractors Code of Conduct and Registration of Projects. Monitoring and Compliance Officers endeavoured to ensure that contractors were also following construction industry best practices in general. NCC compliance teams were concerned with the quality of infrastructure, proper contract management, occupational health, safety and environmental standards on construction sites. As part of inspections, NCC also monitored the implementation of government initiatives on local SME sub-contracting on major projects.

Contractors and other project stakeholders found abrogating the regulations were penalised accordingly. This included stoppage of works until compliance was achieved or corrective action taken. Fines were issued to non-compliant contractors. NCC ended the year with two contractors being taken to court for possible de-registration for non-compliance.

NCC further identified the need to review its current statutory instruments and introduce some guidelines to better implement and enforce the regulations.

This included:

Review of the Contractors' Code of Conduct – SI no. 119 of 2008;

- Review of Project Inspection Parameters;
- Development of Best Practices Contractor Performance Assessment and Recognition Criteria/Scheme; as well as; and
- Development of a Quality Assurance Framework.

These policy measures were initiated in 2019 and are expected to be finalised by mid-year in 2020.

d) Employment Distribution on Projects

During the fourth quarter of 2019, minimum of 18,977 employment opportunities were created on inspected projects. This number could be much higher as it is based only on fourth quarter data collected from inspected projects. Employment statistics by province and gender are provided in Table 5.

Province	Zambians		Non Zambi	ian	Total/Province
Flovince	Male	Female	Male	Female	
Southern	4,005	170	288	26	4,489
Western	345	23	44	0	412
Lusaka	7,281	290	879	57	8,507
Eastern	906	62	87	2	1,057
Central	735	52	97	6	890
Luapula	465	78	64	0	607
Copper Belt	2191	111	262	25	2,589
Muchinga	328	40	54	2	424
Gender Totals	16,256	826	1,775 118 1,893		10 077
Gender Totals	17,08	32			18,977

 Table 5: Employment Distribution on Projects Gender and province

The sector continued to be male dominated with 90% male employees and 10% female employees. NCC continued to promote female participation in the sector through encouraging formation of associations, targeted training and lobbying for the deliberate assignment of a percentage of projects to female contractors.

e) Standards Development

In its quest to promote and effectively regulate the Zambian construction industry, NCC has continued spearheading the development of standards for the construction industry. In line with this, 41 standards were reviewed.

f) Promoting Partnerships

NCC enhanced implementation of Section 24 of the NCC Act No.13 of 2003 which empowers NCC to ensure partnerships between Foreign and Zambian firms on construction projects. The rationale was to capacitate local contractors with the necessary technological and skills transfer for them to be able to grow and compete with their foreign counterparts. In this regard, NCC undertook the following activities:

- i. **Stakeholder Engagement:** A series of consultative meetings with key stakeholders including Government Agencies, Procuring Entities and Contractors were held to discuss improved compliance to implementation of the mandatory subcontracting policy and compliance on identified projects where sub-contracting was eligible.
- *ii.* **Develop and review criteria for Joint Ventures and Partnerships**: NCC also embarked on revising forms for Joint-Ventures between different grades of contractors in line with section 7,2 (ii) of the NCC Act. The reviewed NCC Act will also strengthen Joint Venture requirements on projects.

g) Enhanced Contractor Registration

In order to improve the registration process, a number of initiatives were undertaken as follows:

- i. **Registration Forms:** were reviewed to remove prohibitive requirements. It was also agreed that there would be a link between inspection findings and registration for contractors. Inspection findings would be used to further assess the contractor for renewal, upgrade and downgrade.
- ii. **Contractor Register:** A register of Contractors is issued at the beginning of every month and published on the NCC website for use.
- iii. Online Registration: The system is in use and is continually being monitored.
- iv. **Homebuilders Scheme:** This scheme is intended to capture and formalize the operations of the many skilled persons engaged in the construction of housing units and other small buildingsProposals for the registration scheme have been developed and await stakeholder engagement and sensitization



CONSTRUCTION SCHOOL

The School is mandated with developing the construction sector through demand driven and relevant capacity building programmes.

a) Capacity Building

In 2019, The Construction School successfullyconducted 12 courses and graduated 361 students who undertook various programmes as listed in Table 6.

ltem	Course Name	Male	Female	Total
1	Sustainable Building Works Supervision	18	0	18
2	Bricklaying	11	0	11
3	Road Construction and Maintenance Supervision	37	62	99
4	Occupational Safety, Health and Environment	12	35	47
5	Tiling	2	0	2
6	Earth Moving Machine Operator 1	55	1	56
7	Management of Civil Engineering Processes	19	1	20
8	Basic Land Surveying	36	0	36
9	Plumbing	6	0	6
10	Basic Housing Construction	55	1	56
11	Steel fixing	5	0	5
12	Scaffolding	5	0	5
	Total	261	100	361

Table 6: Capacity	y Buildina Proara	mmes Conducted b	v NCC in 2019
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Though female participation in Capacity building programmes has increased over the years, it can still be noted that there is need to market construction related skills development to females. In line with this aspiration, NCC has deliberately introduced a Career Talks Programme which targets secondary school going female students at national level. It is hoped that with this intervention we can eventually reach a stage where we have an equal number of female and male participants in courses.

b) Promoting use of LBT in construction

Labour-based Technology (LBT) methods involve the use of an appropriate mix of labour and capital equipment in construction, rehabilitation and maintenance of infrastructure, with a preference for labour. This is used where it is deemed technically and economically feasible, while maintaining established quality standards (ILO, 2013).

The school conducted training in LBT through the Road Construction and Maintenance Supervision Course. A total of 89 students were trained as part of a

consultancy commissioned by Road Development Agency through the African Development Bank to conduct training for Women and Youth. The trained students are expected to participate in the rehabilitation of the Chinsali to Nakonde Road Project and the "shared value" project on the Lubombo road project.

c) Promote Use of Sustainable Construction Methods:

The school reviewed and enriched the Building Works Supervision Course to encompass aspects of sustainability. This resulted in the development of the Sustainable Build Works Supervision Course in liaison with TEVETA. This course was previously called Building Works Supervision.

The schoolalso reviewed and trained staff from Mazabuka Municipal Council, Zambia Sugar PIc and selected contractors on the use of alternative road construction approach using cobblestone, double seal surface dressing and cold mix asphalt sealing of road surfacing. This course was conducted in collaboration with Zambia Sugar and International Labour Organisation (ILO).

NCC facilitated research on the use of green construction materials on the 6Km Lubombo road project in Mazabuka. The aim was to determine the performance of the road using the alternative approaches to road development and to help impart skills in the local peoplefor poverty alleviation. The Project was supported by the Nordic Development Fund and engaged Messrs. NTU International A/S to provide the consultancy services. This project would be completed in 2020

d) E mpowerment schemes for the marginalised groups

Two vulnerable students were offered a 100% bursary to participate in school programmes of their choice. In addition,three physically challenged students were trained in cobblestone chiseling and engaged on the Lubombo road project in Mazabuka.



FINANCE AND ADMINISTRATION

Activities undertaken by the various sections are outlined below:

a. Human Resource and Administration

Much of the years' work in the section wasentered around creating an enabling environment for the organization. NCC had a staff complement of 96 as at 31st December 2019 against a staff establishment of 153. In terms of gender statistics there were 62 male and 34 female employees. The section facilitated the review of 25 policies and development of 5 new internal operational policies.

In order to encourage a lifestyle of health and wellness, aerobics sessions were organized for members of staff. As part of Labour Day activities, NCC recognized the performance of 13 members of staff in various categories

Most Hardworking

Mr. Christopher Silwimba Mrs. Wendy Mukape Mr. James Chintu

Most Dedicated

Ms. Catherine Musunga Ms. Prudence Tembo Ms. Cynthia Kangwa

Most Improved

Mr. Anthony Mulenga Mr. Thomson Mwango Ms. Kavui Kanguya

Most Disciplined

Mr. Kennedy Chikwemba Ms. Gloria Chifwaila Ms. Lee-Ann Chibinga

Executive Director's Award

Mr. Emmanuel Kasenda



Labour Day was commemorated on 1st May 2019 under the theme "Enhancing Productivity and Alleviating Poverty through a Decent Work Agenda".

b. Accounts

The Section ensured NCC activities were adequately funded, financial statements produced and accounting records maintained.

c. Information Communication Technology Unit

Activities undertaken by the section during the period under review included implementation of the Zambia National Data Centre cloud backup facility for NCC Servers offsite. Additionally, implementation of the NCC Online Contractor Registration Electronic payment module for Debit and Credit cards, and the Zamtel Kwacha payment platforms were initiated.

INTERNAL AUDIT

Internal Audit is an independent and objective function that provides assurance and consulting services to management and the Board of Directors. Internal Audit provides information on the state of governance, risk and compliance as well as associated recommendations, counsel and other information concerning activities undertaken.

Internal Audit activities were driven by the Risk Based Internal Audit Plan. The Audit universe reflected an enterprise-wide coverage with key auditable areas such as contractor registration, implementation of the strategic plan, budgetary control, construction projects and corporate governance. Others included information and technology, material testing laboratory, administration and policies and procedures.

Internal Audit continued to engage management on the results and made followups on recommendations. During the year, management continued to own and implement audit recommendations.

In 2019, management began the process of implementing a formalized Risk Management Framework and the automation of the contractor registration process with its peripheral on-line payment platform. Internal Audit was on hand to offer consulting activities on these two important initiatives.

As a result of the audit on policies and procedures, Internal Audit championed the review and up-dating of the Risk Management policy as well as the development of a new Risk Management Procedures Manual.

To enhance quality of our work, Internal Audit developed a new Internal Audit Procedures Manual. The manual is expected to be approved during first quarter of 2020.



LEGAL SERVICES

The Department is responsible for ensuring that all construction related activities are operating within the confines of the law. During the period under review the following activities were under consideration:

- i. The National Construction Authority Bill was considered before all the Committees at the Ministry of Justice.
- ii. There were 6 Criminal cases before the Courts of Law to which NCC was an interested party. Three of the cases were concluded through successful convictions, while one was concluded through an acquittal and two were ongoing as at 31st December 2019.



BUSINESS DEVELOPMENT

Business development promotes NCC sustainability through evaluating, assessing and developing strategies to support the NCC mandate and reduce dependence on Government funding and registration fees. This is done through fostering business linkages for contractors; facilitating access to resources for Zambian contractors; research and engagement of cooperating partners. This unit is responsible for strategic planning and tracking organizational performance.

a. Equipment Hire

The unit reviewed the lease and hire terms of engagement to make them more responsive to securing the hired out equipment and to offer competitive hire rates.

b. Research and Development in Construction

Research on the 20% Sub-contracting policy which was being undertaken in collaboration with the Copperbelt University was concluded and presented to road sector agencies at a workshop held at Government Complex. The research explored issues of compliance to the policy; access to finance; skill levels among competing sub-contractors; job competencies and local participation with regard to domicile of contractors. The objective of the research is gather data to streamline issues obtaining in the sector so as to create a baseline for the formulation of legislation pertaining to subcontracting in Zambia.

c. Improved Rural Connectivity Project (IRCP)

The Government of the Republic of Zambia contracted a credit from the World Bank to facilitate the rehabilitation and maintenance of selected rural roads across the country under the ICRP.

The project has two components, the first being for the actual works of rehabilitation and maintenance of economical and connecting roads, and the second being for Institutional capacity building to the Road Sector Player Institutions. The project is being implemented in six provinces. It is also anticipated that other economic support structures such as agricultural sheds, water dams, markets for the agricultural produce and communication towers to be determined by the various communities may be included.

By the close of the year, the following were achieved by NCC under this project:

- i. The ablution facility at the Kanakantapa Training site was 80% completed;
- ii. Construction of the Materials Testing Laboratory was concluded and awaiting the launch by Government;
- iii. Various assorted tools and equipment were procured to enhance the training at the construction school;
- iv. The consultant to develop the LBT mainstreaming strategy was shortlisted and was expected to commence work in January 2020 pending the vetting of his contract by Attorney General's Chambers.

CONSTRUCTION MATERIALS TESTING

The following activities were achieved by the section in 2019:

a. Periodic Quality Inspections

Two Inspections were conducted on the Mpika dual carriage way project to ascertain the quality of works that was under way. Another inspection was conducted on the Society Business Park to check the quality/strength of concrete columns that had collapsed.

b. Assessment of missing Standards

Forty-Nine Standards were identified and recommended for adoption to the Standards committee.

c. Testing of Construction Materials:

NCC operates a referral construction materials testing laboratory. In this regard, a total of 387 tests were conducted in Soils, Concrete, Bitumen/Asphalt and Aggregates.

Table 7, provides a summary of the type of test and quantity of materials tested.

S/N	Name of Test	Quantity Tested
1.	Compressive strength of concrete	92
2.	Concrete mix design	5
3.	Particle size distribution	45
4.	Moisture density relationship	64
5.	California Bearing Ratio	31
6.	Plasticity Index	32
7.	Plastic limit	16
8.	Liquid Limit	16
9	Linear Shrinkage	26
10.	Unconfined Compressive strength	28
11.	Marshall Mix Design	11
12.	Sand Replacement	07
13.	Los Angeles Abrasion Test	07
14.	Rebound Hammer Test	07
	Total	387

Table 7: Summary of Types of Construction Materials Tests Conducted in 2019

As shown in Table7 Compressive strength of concrete is the most used test. It is performed to determine the strength of concrete against compressive forces. This is followed by the Moisture density relationship which determines the optimal moisture content for the soil to attain its maximum compaction (dry density).

d. Delivery of training in conjunction with the Construction School

The Laboratory was involved in conducting the material testing course which commenced on 14th October 2019 and ended on 6th December 2019. The total number of students enrolled was 7 comprising 02 males and 05 females.

e. Inter-Laboratory Comparison testing

The laboratory participated in the inter laboratory comparison testing of materials with Rankin Engineering Consultants and other laboratories. This is essential for monitoring the performance of the laboratory. It is also an essential part of achieving accreditation to ISO/IEC17025 general requirements.



By the close of the year the following were achieved by NCC under this project:

- I. The ablution facility at the Kanakantapa Training site was 80% completed;
- ii. Construction of the Materials Testing Laboratory was as concluded and awaiting the launch by Government;
- iii. Various us assorted tools and equipment were procured to enhance the training at the construction school;
- iv. The consultant to develop the LBT main streaming strategy was short-list and was expected to commence work in January 2020 pending the vetting of his contract by Attorney General's Chambers.



PUBLIC RELATIONS

During the year under review, The Public Relations section continued to engage with various stakeholders and disseminate information about the role and various activities about NCC. These activities were carried out in line with NCC's goals of enhanced corporate communication and visibility. In this regard, the section facilitated the following activities:

a. Media Engagement

NCC engaged with various print and electronic media at national level. media in the print and electronic at national level. Topics discussed included the role and mandate of NCC, The Construction School, The Construction Materials Testing Lab, NCC Online Registration, Career Talks and Mentorship and the registration, monitoring and compliance procedures.

b. Event Management

I. Career Talks: In order to promote growth in the local construction industry and in



particular female participation in the sector, NCC conducted Career Talks in 3 schools in Lusaka Province (Kasisi, Katondwe and Rufunsa technical girls schools) the Career Talks programme aims to provide secondary school pupils with an insight into the construction industry professions so as to encourage more girls to take up careers in construction. A total of 300 students were reached during this programme.

Additionally, NCC hosted a group of 20 girls for three weeks as part of Ministry Education's programme to enhance participation of girls in non-traditional careers. ii. **Development and Investment in Infrastructure Conference:** NCC also facilitated the



hosting of the 6th Development for Investment in Infrastructure Conference (DII) in Livingstone in July which was combined with the National Economic Summit by the Economics Association of Zambia (EAZ). The conference was held under the theme "Innovation in Infrastructure Development and investment. Is Africa ready for change?"

iii. **Graduation Ceremony:** The combined 2018/2019 Graduation ceremony was held on December 6, 2019. The occasion was graced by Hon. Vincent Mwale, Minister of Housing and Infrastructure. The ceremony was held at the Olympic Youth Development Centre. A total number of 301 students received their skills award certificates in the various courses undertaken.



c. Commemoration of National Days NCC participated in the commemoration of the following days:



International Women's Day: NCC participated in this commemoration on 8th March, 2019. The theme was "Think Equal, Build Smart, innovate for Change", puts innovation by women and girls, for women and girls, at the heart of efforts to achieve gender equality".



Youth Day: NCC participated in the commemoration of youth day on12th March 2019 which was held under the theme 'transforming' education to make education inclusive and accessible for all youth".

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Labour day: NCC participated in the commemoration of Labour day on 1st May 2019, under the theme, "Enhancing Productivity and Alleviating Poverty through a Decent Work Agenda"



16 Days of Gender Activism- NCC in collaboration with the Ministry of Housing and Infrastructure Development (MHID) and National Housing Authority (NHA) participated in activities to commemorate 16 Days of Gender Activism whose theme was "Raising an equality conscious generation against gender based violence".



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INTEGRITY COMMITTEE

The Integrity Committee is an in-house vehicle used to cultivate a culture of zero tolerance to corruption in the organization.

a. Appointment of focal point persons

Three members of staff representing the three regional offices were appointed to serve as focal point persons. NCC now has representatives from Central, Southern and Northern regions on the Integrity Committee. These are expected to be the champions of integrity issues in their various regions.

b. Corruption Day

The NCC Integrity Committee was part of the organizing Committee of the International Anti- Corruption Day. Further the NCC IC was part of the staff from the NCC that participated in the celebrations to mark this day on 9th December 2019.

c. ACC Sensitization Workshops

Members of the Integrity Committee attended a Workshop organized by the Anti-Corruption Commission from 17th – 21st June 2019 in Lusaka. The other organizations that participated were Zambia National Broadcasting Corporation (ZNBC) and University Teaching Hospital (UTH).



FINANCIAL STATEMENTS

National Council for Construction

Financial Statements

For the year ended 31 December 2019



Chartered Public Accountants & Management Consultants

> Postal Address P O Box 38298 4th floor, Electra house Cairo Road **Lusaka** Tel: 01 231960 Fax: 01 236779 Email: <u>cyma@zamtel.zm</u>

National Council for Construction Financial Statements for the year ended 31 December 2019

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

Board Members' Report

The Board 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 2019.

Board Members

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

	NAME	ORGANISATION
1.	Mrs. Roseta M. Chabala - Chairperson	Zambia Association of Manufacturers
2.	Hon. Isaac Banda – Vice Chairperson	Any Other Person appointed by the Minister
3.	Eng. Danny Mfune	Representative - Ministry of Housing and Infrastructure Development.
4.	Mr. Chikwanda Musonda	Representative - Ministry of Finance
5.	Dr. Bishop. Ed Chomba	Permanent Secretary- Ministry of Local Government
6.	Mr. Josiah Simachela	Representative - Attorney General, Ministry of Justice
7.	Mr. Henry Ngulube	Association of Building & Civil Engineering Contractors
8.	Mrs. Mpangela T. Nkonge	Zambia Institute of Architects
9.	Mr. Edward Mpepo	National Association for Medium & Small Scale Contractors
10.	Mr. Allen Polito	Energy Regulation Board
11.	Dr. Michael Mulenga	University of Zambia, School of Engineering
12.	Mr. Michael Chileshe	Surveyors Institute of Zambia
13.	Mrs. Margaret L. Lungu	Zambia Bureau of Standards
14.	QS. Matthew Ngulube	Executive Director – NCC

Senior Management

QS. Matthew Ngulube Morgan Chiselebwe Chance Kaonga Ernest Nshindano Mwenya Kapasa

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Executive Director Director Finance and Administration Principal Construction School Director Registration and Regulation Legal Counsel

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

Board Members' Report - Continued

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Ownership and principal business of the Council

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

The company's results	2019	2018
Income	<u>62,546.351</u>	<u>67,817,015</u>
Expenditures	<u>70,770,178</u>	<u>64,707,137</u>
(Deficit)/Surplus	(<u>8,223,427)</u> 1	<u>3,109,878</u>

The Council recorded a deficit of K8,2 million in 2019 compared to a surplus of K3,1 million in 2018.

Average number of employees and their total remunerations

The average number of employees during the year was 96 (2018: 97). The employees' total remunerations amounted to K17.8 million (2018: K18.2 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 Board 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.

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The financial statements on pages 10 to 23 were approved by the Directors

Mrs Roseta M. Chabala **Council Chairperson**

QS. Matthew Ngulube **Executive Director**

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

Council's Responsibilities and Statement

Section 14 of the National Council for Construction Act No. 13 of 2003 requires the Board 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 Board 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 theBoard 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 2019.
- (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 2019.
- (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 10 to 23 were approved by the Board of Members at a Board meeting held on15/07/2020.....and were signed on its' behalf by:

Mrs Roseta M. Chabala Board Chairperson

QS. Matthew Ngulube **Executive Director**



Chartered Accountants & Management Consultants

LUSAKA 4th flr, Electra house Cairo Road Lusaka Zambia Postal Address P O Box 38298 Tel: 231960 Fax: 236779 Email: cyma@zamtel.zm LIVINGSTONE P O Box 60740 Musi-O-Tunya House Livingstone Zambia Postal Address

Tel: 323316 Livingstone Zambia

AUDITORS' REPORT

To the Members of: National Council for Construction

Opinion

We have audited the financial statements of the National Council For Construction, which comprise the statement of financial position as at 31st December 2019, 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 2019 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and are in compliance with the National Council for Construction Act No. 13 of 2003.

Report on other Legal and regulatory requirements

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

Basis for Opinion

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

Key Audit Matters

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Key audit matters are those that in our professional judgement were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
GRATUITY The Council, during the year under review paid gratuity to employees amounting to K3,665,897.This is contrary to the deed of agreement with ZSIC Ltd which stipulates that the Council that will be paying gratuity premiums to ZSIC and in turn ZSIC will settle gratuity obligations to NCC employees as and when they fall due.	The Matter was brought to the attention of Management who indicated willingness to follow up and regularise the situation.

National Council for Construction Financial Statements for the year ended 31 December 2019

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

Other information

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

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

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

Responsibilities of the Directors

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

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

Auditor's responsibilities for the Audit of the Financial Statements

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

National Council for Construction Financial Statements for the year ended 31 December 2019 (All amounts are in thousands of Kwacha unless otherwise stated)

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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- iv) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council's to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- vi) Obtain sufficient appropriate audit evidence regarding the financial information of the Council activities to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

National Council for Construction Financial Statements for the year ended 31 December 2019

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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Dr. Chintu Mulandama

24/07/2020 Date

Dr. Chintu Mulendema Managing Partner

Practicing Certificate Number AUD/F000113

National Council for Construction Financial Statements for the year ended 31 December 2019 (All amounts are in thousands of Kwacha unless otherwise stated)

Statement of Comprehensive Income

	Notes	2019	2018
INCOME			
Grants	12	5,747,999	4,704,036
Fees	13	52,607,249	59,524,791
Other Income	14	3,983,571	3,356,335
Interest Income	15	207,532	231,853
Total income		62,546,351	67,817,015
Operating Expenditures			
Strategic plan output driven costs	17	(7,324,690)	(8,323,674)
Administrative expenses	16	(16,175,926)	(16,977,299)
Staff Costs	18	(47,269,560)	(39,406,164)
		(70,770,178)	(64,707,137)
Total Comprehensive Surplus/			
(deficit) for the Year		(8,223,827)	3,109,878

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

Statement of Financial Position

	Notes	2019	2018
ASSETS EMPLOYED			
Property, Plant and Equipment	3	30,830,762	33,732,456
Intangible assets	9	942,390	
		31,773,152	33,732,456
Current Assets			
Inventory	5	453,625	663,590
Receivables	6	4,946,079	6,511,975
Bank and Cash Balances	`	7,907,634	12,139,729
		13,307,338	19,315,294
Total Assets		45,080,490	53,047,750
EQUITY AND LIABILITIES			
Funds Employed			
Accumulated Fund		(6,868,575)	7,199,710
Capital Grant		6,651,114	7,628,019
Revaluation Reserve		16,830,100	18,194,703
		16,612,639	33,022,432
Current Liabilities			
Trade and other payables	8	9,846,962	279,937
Finance lease	10	274,227	207,773
Deferred Income	11	17,820,059	18,737,906
		27,941,248	19,225,616
Long term Liabilities			
Finance Lease	10	526,603	799,702
		526,603	799,702

Total Equity and Liabilities

These financial statements on pages10 to 23 were approved by the Board Members at a Council meeting held on15/07/2020......and were signed on its' behalf by:

St te Mrs Roseta M. Chabala **Board Chairperson**

QS. Matthew Ngulube Executive Director

45,080,490

53,047,750

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

Statement of Changes in Equity

	Accumulated Fund	Capital Grant	Revaluation Reserve	Total
	К	К	К	К
AS at 1 January 2018	4,089,832	8,857,055	18,194,703	31,141,590
Amortisation	-	(1,229,036)	-	(1,229,036)
Surplus/(deficit) for the year	3,109,878			3,109,878
As at 31 December 2018	7,199,710	7,628,019	18,194,703	33,022,432
Additions	-	288,150	-	288,150
Amortisation	-	(1,265,055)	(1,364,603)	(2,629,658)
Prior year adjustments	(5,844,458)	-	-	(5,844,458)
Surplus/(deficit) for the year	(8,223,827)			(8,223,827)
As at 31 December 2019	(6,868,575)	6,651,114	16,830,100	16,612,639

The prior year adjustments is made up of the following:

Gratuity Premiums	(6,760,065)
Intangible Assets	1,070,718
Car loan deductions	(155,111)
	(5,844,458)

National Council for Construction Financial Statements for the year ended 31 December 2019 (All amounts are in thousands of Kwacha unless otherwise stated)

Statement of Cash Flows	Notes	2019	2018
Cash flows from operating Activities			
Surplus/ (Deficit)		(8,223,827)	3,109,878
Adjusted For:			
Interest Received	2	(207,532)	(231,853)
Depreciation Amortisation of software	3 9	3,395,911 427,344	4,559,281
Amortisation of capital grants	9 12	(1,265,055)	- (1,229,036)
Amortisation of revaluation reserve	Τζ	(1,364,603)	(1,229,030)
Profit on Disposal of Fixed Assets		-	6,797
Prior year adjustment		(5,844,458)	
		(13,082,220)	6,215,067
Adjusted for working capital movem	ents		
Increase receivables		1,565,900	(3,683,340)
Increase in inventory		209,965	(663,590)
Increase/(decrease) payables		9,567,025	(177,222)
Increase receivables - Deferred incom	ne	(917,852)	743,632
		(2,657,181)	2,434,547
Returns on investments and servicin	g of financ	e	
Interest received	-	207,532	231,853
Net Cash flows from operating activitie	es	(2,449,649)	2,666,400
Cashflow from Investing Activities			
Property, Plant and Equipment	3	(494,217)	(486,096)
Intangible Assets	9	(1,369,734)	
Donated Assets		288,150	444,415
Finance Lease		(206,645)	(155,355)
Net cash Inflow		(4,232,095)	2,469,364
Cash Movement			
Net Bank and Cash Balances at start o	-	12,139,729	9,670,365
Net Bank and Cash Balances at end o	7	7,907,634	12,139,729
Movement in Cash		(4,232,095)	2,469,364

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

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.

(14)

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

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%
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٠	Motor Vehicles	25%	Office Equipment	33%
٠	Laboratory equipment	25%	Workshop Equipment	25%
			Intangible assets	33%

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

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

pay further contributions if the fund does not hold sufficient assets to pay all employees' benefits relating to employee service in the current and prior periods.

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

Accounting policies (continued)

(h) Provisions

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

(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 Councils 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.

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

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.

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for the year ended 31 December 2019 (All amounts are in thousands of Kwacha unless otherwise stated)

Notes to the financial statements (conti	nued) 2019	2018
4 Surplus for the year		
Surplus is stated after charging:		
Depreciation	3,395,911	4,559,281
Audit fees	203,000	174,000
5 Inventory		
Inventory as at 31 December 2019	453,625	663,590
6 Receivables		
Debtors	744,498	744,148
Less provision for doubtful debts	(744,498)	
	-	744,148
Prepayments and deposits	70,131	319,017
ZSIC Life (Gratuity)	3,665,898	4,551,439
Staff Loans and Advances	1,210,050	897,371
	4,946,079	6,511,975
7 Cash and Cash Equivalents		
Barclays Bank Kwacha	4,248,608	4,874,857
Atlas Mara Zambia Bank Kwacha	1,060,481	2,741,339
Barclays US Dollar	-	4,154
ZICB Fixed Deposit	1,069,450	1,069,450
ZICB curret Account	51,125	-
First National Bank	274,599	3,436,003
Barclays Kwacha - NFRA RSCB	1,119,495	13,926
Barclays Staff Loans	83,876	-
	7,907,634	12,139,729
8 Payables	7 000 200	
ZSIC Ltd (Fund Manager)	7,896,200	-
Others	1,950,762	279,937
	9,846,962	279,937
9 Intangible asset	1 070 710	
Prior year adjustment	1,070,716	-
Additions	299,018	
Amortication	1,369,734	
Amortisation	(427,344)	
	942,390	

The intangible asset represents the cost of software that is amortised over the useful life of the asset.

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National Council for Construction Financial Statements for the year ended 31 December 2019 (All amounts are in thousands of Kwacha unless otherwise stated)

Notes to the financial statements (continued)

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Property Plant and Equipment				C L		
	Leasenoid Property	lvehicles	Отсе Equipment	Furniture & Fittings	Equipment	lotal
Cost/Valuation				700		
At 1 January 2018	31,5U4,352	cU4,c8c,c1	4,U/1,b/3	1,931,793	2,829,904	181,828,CC
Additions	ı	ı	336, /68	149,328	ı	486,096
Disposals/ Adjustments	·	(1,232,759)	(270,895)	(100,761)	(38,426)	(1,642,841)
At 31 December 2018	31,504,352	14,352,646	4,137,546	1,980,360	2,791,538	54,766,442
Additions	ı	ı	131,222	362,995	ı	494,217
Disposals/ Adjustments	ı			ı	ı	
At 31 December 2019	31,504,352	14,352,646	4,268,768	2,343,355	2,791,538	55,260,659
Depreciation				I		
At 1 January 2018	843,892	10,307,662	3,118,313	1,519,864	1,876,603	17,666,334
Charge for the year	787,609	2,356,626	782,496	280,329	352,221	4,559,281
Disposals/ Adjustments	I	(783,534)	(268,917)	(100,753)	(38,426)	(1,191,630)
At 31 December 2018	1,631,501	11,880,754	3,631,892	1,699,440	2,190,398	21,033,985
Charge for the year	787,609	1,723,737	382,510	198,026	304,030	3,395,911
Disposals/ Adjustments	I			I		ı
At 31 December 2019 =	2,419,110	13,604,491	4,014,402	1,897,466	2,494,428	24,429,896
Carrying Amounts						
At 31 December 2019 ==	29,085,242	748,155	254,366	445,889	297,110	30,830,762
At 31 December 2018 =	29,872,851	2,471,892	505,654	280,920	601,140	33,732,456

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2019 ANNUAL REPORT

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

Notes to the financial statements (continued)	2019	2018
10 Finance Lease Obligations		
Motor Vehicle Finance Lease	800,830	1,007,475
Due within 12 months Due after 12 Months	274,227 526,603 800,830	207,773 799,702 1,007,475
 11 Deferred Income Registration fees Car purchase deductions Deferred income relates mainly to registration fee following Year. 	17,617,689 202,370 17,820,059 Is paid in advance fo	18,737,906
12 Grants Road Sector Capacity building - NRFA Grant Government Grant Transfer from Capital Grant	2,282,945 2,200,000 1,265,055 5,747,999	1,000,000 2,475,000 <u>1,229,036</u> 4,704,036
13 Fees Registration, Scrutiny and Annual Fees Tuition Fees	51,775,630 831,619 52,607,249	58,697,725 827,066 59,524,791
 14 Other operating Income Hire of Facilities African Development Bank Cobblestone Technology Profit from disposal of assets Other Income Rental Income Amortisation 	1,776,535 771,555 - - 49,878 21,000 1,364,603 3,983,571	1,896,161 771,555 502,667 (6,796) 158,548 34,200 - 3,356,335
15 Interest Income Bank interest Interest on Staff Loans	114,704 92,828 207,532	231,853

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NAME OF TAXABLE PARTY OF TAXABLE PARTY.

National Council for Construction Financial Statements for the year ended 31 December 2019

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

Notes to the financial statements (continued)	_	_
	2019	2018
16 Administrative Expenses		
Accounting (Audit Face	202.000	174.000
Accounting / Audit Fees	203,000	174,000
Bank Charges	73,835	136,744
Finance Lease charges	309,474	316,905
Depreciation Computer Hardware	238,331	472,018
Depreciation Office Equipment	144,178	310,478
Depreciation Equipment	304,030	352,221
Depreciation Office Furniture & Fitting	198,026	280,329
Depreciation Land & Building	787,609	787,609
Depreciation Motor Vehicle	1,723,737	2,356,626
Depreciation intangible Assets	427,344	-
Consumables & Cleaning Materials	305,956	265,011
Industrial Assesment	-	6,000
Canteen Expenses	1,118,310	753,310
Hire Facilities Expenses	-	40,590
Expenses on Hire of equipment	3,000	93,926
Staff Professional Membership	102,610	99,241
In-House Motor Vehicle Repairs & Maintenance	79,518	-
Introduction of Kaizen	-	67,070
Motor Vehicle Road Taxes	31,280	30,010
Freight & Courier Charges	73,665	79,636
Insurance Premiums for NCC Assets	577,528	527,084
Fuel and Lubricants	1,685,895	1,153,934
Communication Expenses	413,462	408,091
Stationery	599,267	1,102,849
Sundry Accounting Expenses	11,479	-
Training in Sage 300	327,439	-
Accounting Software Renewal	-	38,389
E - Procurement Software	-	1,041,748
Procurement Committee Expenses	37,832	91,804
Water & Electricity	155,782	165,888
General Maintenance	154,777	354,972
Staff Workshops & Seminars	433,339	258,418
Sanitary Collection	33,071	33,062
Youth Day Celebrations	39,980	34,600
Computer Acccessories	-	49,856
Motor Vehicle Repairs & Maintenance	422,564	589,681
Maintenance of Buildings	82,668	495,618
Mantenance of Banangs	11,098,987	12,967,718
	11,030,307	12,307,710

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

Notes to the financial statements (continued)

Notes to the mandal statements (continued)	2019	2018
16 Administrative Expenses - Continued		
Balance B/fwd	11,098,987	12,967,718
Maintenance of Training Equipment	32,327	33,461
Protective Clothing and Uniforms	4,836	-
Travel Local & International Excutive Director	225,221	333,041
Security Services	317,314	307,999
Womens day celebrations	94,900	93,390
Labour Day Celebrations	80,260	82,900
Gender Commemoration	51,800	-
Newspapers	45,200	52,104
Refuse Collection	32,158	25,411
African Development Bank-Capacity Building	2,396,485	638,953
Road Construction & Maintenance. Course	665,270	2,061,514
Office Rentals	200,523	202,446
Kitwe Office Designs Consultancy	180,097	126,400
Membership to Professional Bodies	6,050	51,963
Provision for Bad Debts	744,498	
_	16,175,926	16,977,299
17 Strategic Plan Output Driven Costs	170.004	007 5 40
Improved Competence Levels	176,084	297,540
Attitude Change to Work	7,500	-
Contractor Development Program	1,200	-
Increased Information needs to the Industry	29,515	-
Coordinated Organisatinal Performance	16,418	151,879
Enterprise Risk Management in Place	182,326	-
Centralised Management Infromation Systems	182,536	-
Reliable ICT Infrastructure	754,132	915,554
Assured Internal Controls	131,553	135,298
Harmonised Construction Registration	17,528	-
Effectiveness in Disposal of Cases	2,900	9,300
Effective Corporate Governance	1,998,560	1,689,992
Increased Student Enrollments	221,464	1,053,321
Increased women enrollments	49,030	-
Enhanced employment opportunities in Labour Bas		-
Enhanced Partnerships	96,888	99,780
_	4,273,813	4,352,663

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

Notes to the financial statements (continued)		
	2019	2018
17 Strategic Plan Output Driven Costs Cont'd		
Balance B/fwd	4,273,813	4,352,663
Coordinated Trade in Services	444,165	172,917
Enhanced Contractor Registration	666,086	652,733
Registered Individual/Micro Homebuilders	19,350	-
Enhanced Compliance	1,374,028	2,167,999
Construction Standards Developed	142,124	126,759
Enhanced Corporate Communication	195,405	-
Reduced Corruption Incidences	51,691	90,700
Sustainable Construction Adopted	15,200	-
Quality Construction Works	93,843	-
Enhanced NCC Visibilty	48,985	759,903
	7,324,690	8,323,674
18 Staff Costs		
Salaries and Wages	17,858,537	18,232,538
NAPSA	982,437	782,260
PAYE	10,195,275	9,842,348
Pension Contribution	2,051,144	1,567,053
Group Life assurance	310,479	629,119
Group personal accidents	-	14,043
Medical Expenses	1,579,764	834,288
Leave Benefits	3,159,151	1,959,629
Staff welfare	208,267	370,268
Workers compensation	42,841	49,568
Gratuity Contributions	10,836,135	5,100,000
Recruitment cost	-	5,250
Internship costs	45,530	19,800
	47,269,560	39,406,164

19 Contingent Liabilities

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

20 Events after reporting date

The Council's main source of income are annual fees mostly from foreign contractors. After 31st December 2019 there has been a resurgence of the COVID-19 virus resulting in reduction of economic activities the world over. This will result in loss of income for the council which would substantially affect the council's operations.

21 Capital Commitments

The were no capital commitments in place as at 31 December 2019 (2018: none)

22 Comparative Figures

A REAL PROPERTY AND ADDRESS OF THE OWNER WATCHING.

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

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