



National Council for Construction



ANNUAL REPORT 2023





NATIONAL COUNCIL FOR CONSTRUCTION

HEAD OFFICE

Plot 1612/1623 Luchengo Road,
Off Sheki Sheki Road,
Light Industrial Area
P.O. Box 39548
Lusaka, Zambia
Tel: +260-211-247185 / +260- 1-240386
Fax: +260-211-243115 / +260-1-247264

NORTHERN REGION

Room 213 Mukuba Pension House,
P.O Box 23163,
Kitwe
Zambia
Tel: +260-212-220590
Fax: +260-212-228121
Email: northernregion@ncc.org.zm

SOUTHERN REGION

Stand No. 252
Malima Street,
Mochipapa, Choma
Tel: +260-213-221162
Fax: +260-213-221167
Email: southernregion@ncc.org.zm

CENTRAL REGION

Plot 30741
Off Lubansenshi Road
Olympia
Lusaka, Zambia
Phone: +260 211 293906 or +260 211 293908
Email: centralregion@ncc.org.zm
Email: ncc@ncc.org.zm
Website: www.ncc.org.zm





Vision Statement

A Robust and Competitive Zambian Construction Industry.



Mission Statement

To regulate, promote and build the construction industry's capacity for sustainable infrastructure development



Core Values

- Efficiency
 - Environmentalism
 - Fairness
 - Inclusiveness
 - Integrity
 - Professionalism
-



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Board Chairpersons Remarks



As we reflect on 2023, I am proud to share the accomplishments and milestones achieved by the National Council for Construction (NCC). This year has been marked by significant progress and unwavering commitment within the construction sector. Our collective efforts have strengthened the foundation upon which we continue to build a resilient and innovative industry.

Achievements and Highlights

This year, NCC has made remarkable strides in various areas:

- 1. Enhancing Compliance:** We have worked diligently to uphold the highest standards of construction practices and compliance. We are diligently working to ensure that the regulatory framework is reinforced to ensure safety, quality, and sustainability in all construction activities.
- 2. Promoting Gender Diversity:** Through initiatives like our construction career talks for girls, we have taken significant steps towards promoting gender diversity and inclusivity in the industry. These efforts are crucial for fostering a balanced and dynamic workforce.
- 3. Capacity Building:** Our continuous professional development programs have empowered numerous professionals, equipping them with the skills and knowledge needed to thrive in a rapidly evolving industry. We remain dedicated to fostering a culture of learning and growth.
- 4. Technological Advancements:** Embracing technology has been a key focus this year. We have invested in modernizing our ICT infrastructure, enhancing operational efficiency, and ensuring business continuity through robust digital solutions.
- 5. Stakeholder Engagement:** We have maintained active engagement with our stakeholders through various channels, ensuring transparency, collaboration, and mutual understanding. This has been instrumental in aligning our goals and addressing industry challenges collectively.

As we move forward, our vision for NCC is one of continued growth, innovation, and sustainability. Key priorities for 2024 include:

- **Digital Transformation:** Advancing our digital initiatives to streamline processes, improve service delivery, and enhance stakeholder engagement.
- **Sustainable Practices:** Promoting environmentally sustainable construction practices and encouraging green building technologies.
- **Workforce Development:** Expanding our training and mentorship programs to nurture the next generation of construction professionals.
- **Regulatory Excellence:** Strengthening our regulatory framework to adapt to emerging trends and ensure the highest standards of practice.

I extend my heartfelt gratitude to our dedicated staff, partners, and stakeholders for their unwavering support and collaboration. Your contributions have been invaluable in driving our success and achieving our mission. I also commend the Board of Directors for their strategic guidance and commitment to excellence.

In closing, I am confident that with our collective efforts, NCC will continue to be a catalyst for positive change and innovation in the construction sector. Together, we will build a future that is not only prosperous but also sustainable and inclusive.



Hon. Eng. Vitalis M. Mooya

Board Chairperson

BOARD OF DIRECTORS



Hon. Eng. Vitalis M. Mooya
CHAIRPERSON



Eng. Ngenda Situmbeko
Engineering Institution of Zambia
VICE-CHAIRPERSON



Ms. Pule Kumalinga
Technical Educational Vocational and
Entrepreneurship Training Authority
BOARD MEMBER



Mr. Edgar Siakacoma
National Association of Medium and Small
Scale Contractors
BOARD MEMBER



Mr. Keith Kasongo Mateyo
Quantity Surveyors Registration Board
BOARD MEMBER



Ms. Mutinta Mushabati Pensulo
Ministry of Justice
BOARD MEMBER



Dr. Richard Banda
Ministry of Infrastructure, Housing and Urban Development
BOARD MEMBER



Eng. Stephen Malubila
Ministry of Local Government & Rural Development
BOARD MEMBER



Mr. Owen Mathotho
Zambia Institute of Architects
BOARD MEMBER



Prof. Paul L. K. Makasa
Executive Director - NCC
NCC EXECUTIVE DIRECTOR

EXECUTIVE DIRECTORS OVERVIEW



2023 was a transformative year for the NCC. Our commitment to fostering a robust and competitive construction industry in Zambia was demonstrated through various initiatives, strategic partnerships, and enhanced operational efficiencies. This overview highlights our key achievements, challenges, and future directions.

Registration and Regulation

The Registration and Regulation Department achieved significant milestones in streamlining processes and enhancing compliance:

- **Efficiency Improvements:** We reduced the average processing time for contractor registration to 10 working days, ensuring a more efficient and responsive service.
- **Contractor Registrations:** Despite a 5.8% decrease in total registrations, with 14,096 certificates issued, we saw a substantial influx of new contractors, indicating continued growth and interest in the sector.
- **Project Registration:** We registered 188 projects, underscoring the industry's active participation in large-scale infrastructure development.
- **Compliance Inspections:** Our team conducted 1,817 inspections, resulting in improved adherence to safety and regulatory standards.

National Construction School (NCS)

The National Construction School (NCS) continued to be a cornerstone in developing skilled professionals:

- **Enrollment Trends:** While TEVET program enrollments decreased by 41%, short course enrollments surged by 143%, reflecting the industry's demand for specialized, practical training.
- **Curriculum Modernization:** We updated our curriculum to align with industry standards and introduced new diploma courses in Highway Engineering and Building Construction Works Monitoring and Management.
- **Strategic Partnerships:** Collaborations with local and international firms provided valuable internships and enhanced our training programs.

Finance and Administration

Our Finance and Administration Department made strides in financial management and staff development:

- **Financial Management:** The implementation of a new financial management system improved accuracy and timeliness in reporting, with total income increasing to K31,510,590.24.
- **Human Resources:** Despite a slight decrease in staff numbers, we continued to invest in continuous professional development and created a supportive environment for further education.
- **ICT Enhancements:** Upgrades to our ICT infrastructure and policy revisions ensured we remained at the forefront of technological advancements.

Challenges and Future Directions

Despite our successes, we faced challenges such as limited financial resources and technological integration. Moving forward, our aim for 2024 is to:

- Focus on supporting small and medium contractors.
- Secure additional resources and invest in technology for enhanced monitoring and registration processes.
- Continue modernizing our curriculum and expanding strategic partnerships.
- Enhance financial planning, compliance mechanisms, and interdepartmental coordination.

In conclusion, 2023 was a year of progress and resilience for the National Council for Construction. Our achievements are a testament to the dedication and hard work of our staff, stakeholders, and partners. As we look ahead to 2024, we remain committed to advancing Zambia's construction industry, fostering sustainable growth, and upholding the highest standards of excellence.



Prof. Paul L. K. Makasa

Executive Director

SENIOR MANAGEMENT



Prof. Paul L. K. Makasa

EXECUTIVE DIRECTOR



Arch. Chance Kaonga

DIRECTOR – REGISTRATION AND REGULATION



Q.S. Wendy Nambule Mukape

PRINCIPAL – NATIONAL CONSTRUCTION SCHOOL



Mr. Kabondo Muntanga

DIRECTOR – FINANCE AND ADMINISTRATION



Mr. Mfanyana Madima

MANAGER – LEGAL SERVICES



Ms. Tumba Makayi

MANAGER – INTERNAL AUDIT



Introduction

National Council for Construction (NCC) draws its mandate from the NCC Act No.10 of 2020. The mandate of NCC is to monitor and regulate all construction activities in the country. This is done through, registration of contractors, infrastructure development projects and capacity building of the construction industry.

Our Functions

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

- a) regulate and promote the construction industry in the Republic;
- b) advise and make recommendations to the Government on matters affecting or connected with the construction industry, and on the control of construction works and safety in construction;
- c) promote the prioritisation of a Zambian contractor in the procurement of construction works and accessing opportunities in the construction industry in accordance with this Act and any other written law;
- d) assess the performance of registered contractors in the execution of construction works and establish a performance record for registered contractors;
- e) establish minimum standards and best practice assessment schemes for the construction industry;
- f) promote the adoption of internationally recognised environmental management, health and safety standards for the construction industry, approved by an appropriate authority;
- g) promote the development of local contractors, in consultation and collaboration with an appropriate authority;
- h) promote research, development and innovation in the construction industry;
- i) promote the efficient use of resources for infrastructure development and advise the Government on the measures and interventions that need to be put in place and implemented for infrastructure development;
- j) set and implement, safety standards for the construction industry, in collaboration with an appropriate authority;
- k) make available to the public published information relating to the construction industry;
- l) advise and assist the public on matters relating to the construction industry;
- m) promote and maintain competition among contractors, professionals or other persons engaged in the construction industry;
- n) promote quality control of construction works, processes and construction materials;
- o) collaborate with the professional bodies and other relevant bodies on matters concerning the development of the construction industry in the Republic;
- p) promote the use of alternative dispute resolution mechanisms for the construction industry; and
- q) provide guidance and advice on construction related matters.

GOVERNANCE STRUCTURE

Section 7 of NCC Act No. 10 of 2020 provides for the constitution of the following part-time members appointed by the Minister in charge of infrastructure development:

- a) a representative of the ministry responsible for housing and infrastructure development
- b) a representative of the ministry responsible for local government;
- c) a representative of the Attorney-General;
- d) a representative of the Quantity Surveyors Registration Board, who is a registered quantity surveyor;
- e) a representative of the Engineering Institution of Zambia, who is a member of the Association of Consulting Engineers of Zambia;
- f) a representative of the Zambia Institute of Architects, who is an architect;
- g) a representative of the Technical Educational Vocational and Entrepreneurship Training Authority;
- h) one representative from an association of contractors; and
- i) one other person with relevant knowledge and expertise in construction.



REGISTRATION AND REGULATION

The Registration and Regulation Department plays a crucial role in overseeing the construction industry. This report provides a review of the department’s performance in 2023, highlighting key achievements and areas for improvement in 2024.

The Registration Process

In 2023, NCC successfully streamlined its registration process, reducing the average processing time for applications to 10 working days. Despite this, NCC recorded a slight decrease of 5.8% in the number of certificates of registration issued by 31st December, 2023. In 2023, NCC issued a total of 14,096 certificates of registration, representing compared to 2022, when NCC issued 14,959 certificates of registration. This is as shown in Figure 1.

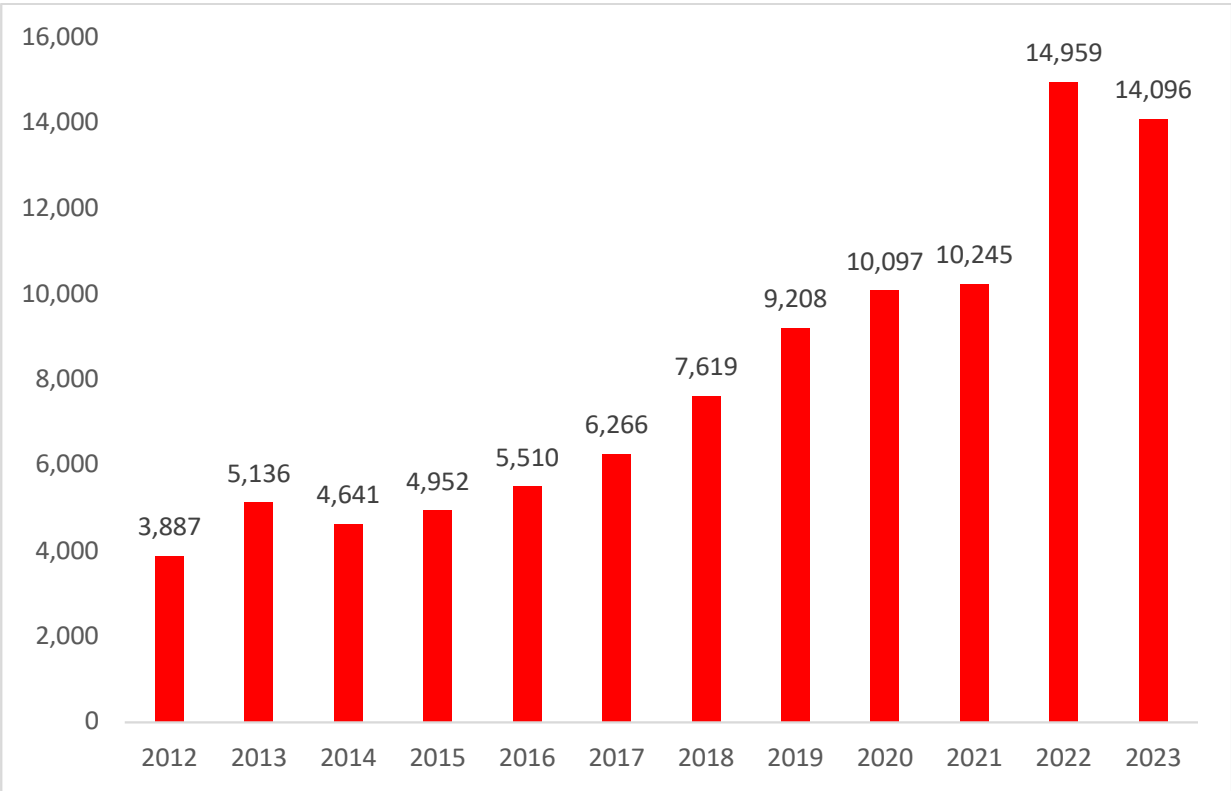


Figure 1: Contractor Registration Trend Analysis

Contractor Registration

In 2023, contractor registration was recorded by grade and category using a self-assessment criterion which was subjected to due diligence by the Monitoring and Compliance Specialists to ensure a streamlined and transparent process.

The grading system ranged from entry-level contractors (Grade Six) to highly experienced professionals (Grade One), allowing for an organized classification based on capability and experience. Each grade encompassed various categories, providing a detailed overview of the specific services offered by each contractor. This structured approach not only facilitated regulatory compliance but also aided clients in selecting appropriately skilled contractors for their projects, enhancing overall project efficiency and quality.

Table 1: Contractor Registration by Grade and Category

| GRADE | OWNERSHIP | B | C | E | M | ME | R | S-A | S-B | TOTALS |
|---------|-----------|-------|-------|-------|-----|-----|-------|-----|-----|--------|
| 1 | Zambian | 31 | 21 | 7 | 9 | 2 | 33 | | | 103 |
| | Foreign | 59 | 41 | 24 | 25 | 4 | 35 | | | 188 |
| 2 | Zambian | 61 | 24 | 22 | 10 | 5 | 41 | | | 163 |
| | Foreign | 34 | 13 | 17 | 13 | 3 | 9 | | | 89 |
| 3 | Zambian | 89 | 63 | 88 | 6 | 8 | 90 | | | 344 |
| 4 | Zambian | 432 | 215 | 193 | 47 | 17 | 231 | | | 1,135 |
| 5 | Zambian | 1,355 | 491 | 383 | 131 | 63 | 978 | | | 3,401 |
| 6 | Zambian | 4,256 | 1,308 | 810 | 614 | 226 | 1,431 | | | 8,645 |
| S-CLASS | Zambian | | | | | | | 3 | 19 | 22 |
| | Foreign | | | | | | | 6 | 0 | 6 |
| TOTALS | | 6,317 | 2,176 | 1,544 | 855 | 328 | 2,848 | 9 | 19 | 14,096 |

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 indicates that Grade Six had the highest number of registrations, totaling 8,645. Additionally, the General Building and Housing (B) category recorded the most registrations among all categories, with 6,317. This trend aligns with statistics from previous years.

Types of Registrations

In total, there were 14,096 registrations across all categories, with the majority being renewals. NCC recorded 7,950 renewal registrations suggesting a level of ongoing commitment and satisfaction among existing contractors, indicating stability and a sustained contractor presence in the market.

Table 2: Contractor Registration Statistics by Type

| Types of Registration | Total |
|-----------------------|---------------|
| First | 5,558 |
| Renewal | 7,950 |
| Upgrade | 542 |
| Joint Venture | 8 |
| Downgrade | 31 |
| Temporal | 7 |
| Total | 14,096 |

Table 2 also shows that there were 5,558 First Registrations. This indicates a substantial influx of new contractors entering the market, showcasing significant growth and potential opportunities within the sector.

This data suggests an industry with a balance of new entrants and experienced contractors seeking to maintain or improve their registration status. Upgrades accounted for 542 registrations.

The low numbers in joint ventures (8), downgrades (31), and temporal registrations (7) highlights specific trends and potential areas for further investigation.

Registration of Projects

Enacted in 2015, Statutory Instrument Number 39 on the Registration of Projects, mandates the registration of public and private projects with a contract value of K500,000 or more. During the period under review, NCC registered a total of 188 projects under the scheme as shown in Table 3.

Table 3: Registered Projects by Category for 2023

| No | Category | Total |
|-------|-----------------------------------|-------|
| 1 | Building and Housing | 96 |
| 2 | Roads and Earthworks | 45 |
| 3 | Civil Engineering Works | 36 |
| 4 | Mechanical | 4 |
| 5 | Electrical and Telecommunications | 3 |
| 6 | Mining | 2 |
| 7 | Specialist | 2 |
| Total | | 188 |

The majority of registered projects were in the Building and Housing Category accounting for 96, This was followed by Roads and Earthworks accounting for 45 and Civil Engineering works accounting for 36. Mechanical, electrical and telecommunications, mining, and specialist categories recorded 4, 3, 2 and 2 registrations respectively suggesting more specific or less frequent project types within these sectors.

This distribution provides insight into the priorities and trends in large-scale project investments, driven by requirements for socio-economic infrastructure.

Improved Regulatory Compliance

In 2023, NCC conducted 1,817 scheduled monitoring and compliance inspections across various construction sites in the country. Figure 3 illustrates inspections conducted by province.

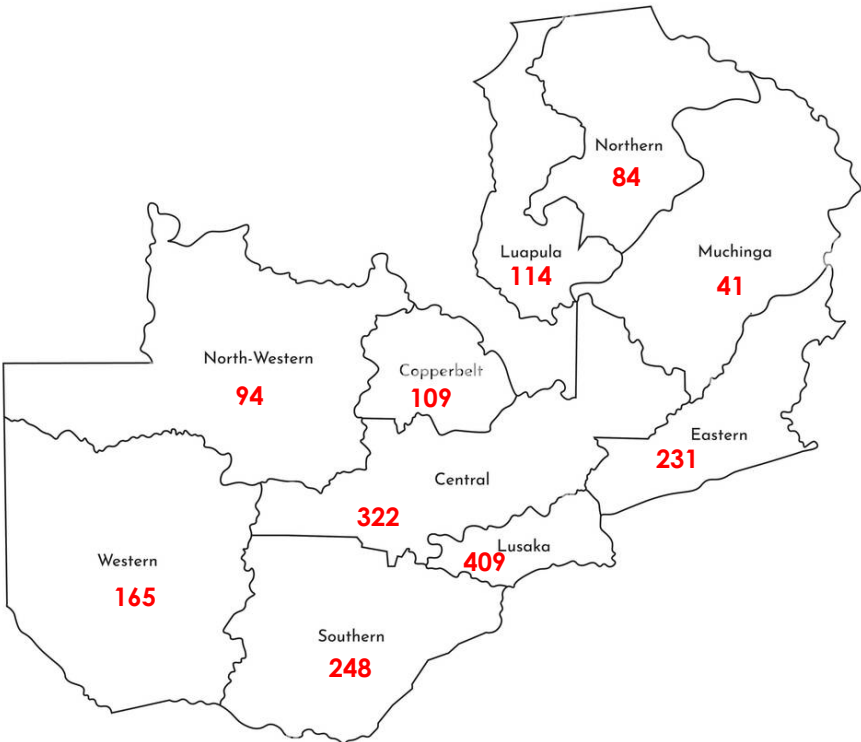


Figure 2: Distribution of Projects Monitored in 2023 by Province

It can be noted that the inspections focused on compliance to regulations, standards and industry best practice. In addition, the teams provided information to site and project managers to help improve efficiency and performance of sites. As a result, there was a notable decline in the number of safety violations and construction-related accidents, enhancing overall industry safety.

The Registration and Regulation Department made significant strides in 2023, particularly in enhancing the registration process, and improving regulatory compliance. While challenges remain, particularly in terms of resource constraints and compliance issues in certain regions, the department is well-positioned to continue its progress in 2024.

Registration and Regulation intends to focus on enhanced support to small and medium scale contractors, securing additional resources, and investing in technology for enhanced monitoring, compliance and registration processes.



NATIONAL CONSTRUCTION SCHOOL

The National Construction School (NCS), operating under the National Council for Construction (NCC) is a Grade One TEVETA accredited institution. The NCS is dedicated to training and developing skilled professionals in the construction industry. This section provides an overview of the performance of the NCS in 2023, detailing achievements, challenges, and future directions.

Student Enrollment

The NCS conducted programs categorized into short courses, primarily in-house, and TEVET courses. The short courses are specifically designed for contractors to enhance their capacity in certain key area to enhance implementation of projects, while the TEVET courses focus on providing technical training to improve the technical skills and competencies of contractors in various trades and professions.

TEVET Course Enrollment

In 2023, the NCS enrolled a total of 202 students in its TEVET program, marking a 33% decrease from the 301 students enrolled in 2022. Refer to Table 4 for enrollment figures for 2023 and 2022 by course.

Table 4: List of TEVET Course Enrollments for 2023 and 2022

| No. | Course | Male | Female | Total 2023 | Total 2022 |
|-----|--|------|--------|---------------|---------------|
| 1 | Basic Land Surveying | 17 | 1 | 18 | 39 |
| 2 | Computer Aided Design (AutoCAD) | 4 | 0 | 4 | 0 |
| 3 | Construction Materials Testing | 12 | 1 | 13 | 0 |
| 4 | Earth Moving Plant Operation | 89 | 16 | 105 | 169 |
| 5 | Management of Civil Engineering Construction Processes | 12 | 2 | 14 | 15 |
| 6 | Occupational Safety, Health and Environment | 12 | 4 | 16 | 4 |
| 7 | Road Construction and Maintenance Supervision | 20 | 4 | 24 | 49 |
| 8 | Sustainable Building Works Supervision | 7 | 1 | 8 | 15 |
| 9 | Plumbing | 0 | 0 | 0 | 11 |
| 10 | Floor and Wall tiling | 0 | 0 | 0 | 8 |
| | Total | 173 | 29 | 202 | 301 |

The drop in enrollment may be attributed to demographic changes, the location of the NCS which is mainly in Lusaka, economic factors and increased competition from other learning institutions offering construction related courses.

Short Course Enrollment

In 2023, the NCS enrolled a total of 936 students in various short in-house programs offered. This marked a 143% increase from 2022, when 385 enrollments were recorded under the short in-house programs. Table 5 provides enrollment figures for 2022 and 2023.

Table 5: Short In-House Course Enrollment for 2023 and 2022

| S/n | Course Name | Male | Female | Total 2023 | Total 2022 |
|-------|---------------------------------|------|--------|------------|------------|
| 1 | Contract Management | 226 | 28 | 254 | 79 |
| 3 | Financial Management | 18 | 3 | 21 | 56 |
| 5 | Occupational Safety and Health | 100 | 15 | 115 | 38 |
| 2 | Preparation of a Responsive Bid | 126 | 24 | 150 | 85 |
| 4 | Pricing of Construction works | 101 | 6 | 107 | 54 |
| 6 | Site Supervision | 250 | 39 | 289 | 73 |
| Total | | 821 | 115 | 936 | 385 |

Curriculum Development

The NCS undertook a comprehensive review and update of its curriculum to align with current industry standards and technological advancements. New courses were developed and proposed for inclusion in the 2024 course calendar. Of particular note, the NCS will introduce two diploma courses:

- Highway Engineering
- Building Construction Works Monitoring and Management

In addition, the NCS intends to engage with various partners for the introduction of short ICT courses to improve the management of construction processes. It is hoped that the introduction of these programs will help contractors meet the challenges of the evolving sector.

Partnerships and Collaborations

The NCS established strategic partnerships with several local and international construction firms, as well as academic institutions. These collaborations facilitated student internships and joint research projects, enhancing the practical and academic experience of the students. During the year, the NCS collaborated with African Development Bank, World Bank, International Labour Organisation, Zambia Sugar, University of Zambia, Coppebelt University, Nortech, Solwezi Trades Technical Institute, Lukashya Trades and Chipata Trades to mention a few.

Despite the progress made, the NCS faced a number of challenges related to financial and human resources that impacted the expansion of certain programs and facilities. While significant strides were made in modernizing the curriculum and facilities, integrating technology into all aspects of the training programs proved challenging. Ensuring that all students and staff are proficient in using new technologies requires ongoing effort and resources.

In 2024, the NCS intends to continue investment in training for both students and staff to enable them fully integrate new technologies into the curriculum. Regular workshops, certification programs, and partnerships with tech companies will help facilitate attainment of this.

The NCS will continue to further its mission to develop skilled professionals who are equipped to drive the construction industry forward in Zambia.





FINANCE AND ADMINISTRATION

In 2023, Finance and Admin successfully implemented a new financial management system that improved the accuracy and timeliness of financial reporting. This department undertakes the role of ensuring internal financial controls and meeting NCC's financial obligation to pay service providers and staff in order to enhance efficient operations. It further ensures completion of financial reports on revenue management, expenditure control, fixed assets, debtors' management and the submission of all financial statutory reports and returns.

The department is administratively divided into 4 sections namely Finance and Accounts, Human Resource and Administration, Information Communication Technology and Procurement and Supplies.

Accounts

During the period under review, the unit recorded a total income of K67,050,922 representing a percentage increase of 6.43% when compared to total revenue of K63,001,893 in 2022. The sources of income were through Contractor registration and penalty fees, Government grant, student fees collected through the National Construction School, Construction Materials Testing fees and bank earned interest.

Human Resource and Administration

This unit continued to foster an efficient and effective workforce by facilitating NCC staff participation in Continuous Professional Development (CPD) activities. This initiative aimed to enhance service delivery amidst the evolving business landscape. Additionally, NCC created a supportive environment for staff interested in pursuing further education.

Staff Complement

As of December 31, 2023, the total number of staff was eighty-three (83), compared to the approved staff establishment of one hundred and twenty (120). There was a decrease in the number of staff from the eighty-seven (87) in 2022. This decrease was attributed to separations due to death, resignation and dismissals. Table 6 provides the current breakdown of staff as of December 31, 2023 by Office.

Table 6: Staff Complement by Region and Gender

| Region | Male | Female | Grand Total |
|-------------|------|--------|-------------|
| Head Office | 34 | 23 | 57 |
| Central | 7 | 4 | 11 |
| Northern | 5 | 4 | 9 |
| Southern | 5 | 1 | 6 |
| Totals | 51 | 32 | 83 |

Staff Wellness Activities

NCC continued to exploit the established Wellness Scheme to promote a healthy workforce through fitness programs and encouragement of healthy lifestyle. Under the scheme, employees are encouraged to participate in structured physical activities and health talks as organized by the institution. During the year under review, employee relations remained cordial between management and employees.

Staff Recognition Activities

The national Labour Day commemoration was marked by honoring several staff members for their exceptional performance and significant contributions towards NCC's institutional objectives. The theme for the 2023 day was "Accelerating Job Creation for Economic Growth."

Internships

Throughout the year, NCC maintained its commitment to community mentorship by offering fifteen (15) internship opportunities. Interns were involved across various departments including Human Resources, Workshop, Accounts, Audit, Construction School, Registration and Regulation at NCC.

Information Communications Technology (ICT)

The ICT unit continued to play a strategic role in enhancing operational and service excellence. Through proactive support and maintenance, the unit ensured the continuous availability of computing and communication systems vital to supporting business processes. This encompassed upgrades to server infrastructure and user PCs, network stabilization efforts, and reconfiguration of the Wide-Area-Network (WAN) to directly link regional offices with the head office.

Moreover, the ICT unit undertook a comprehensive review and revision of the general ICT policy, addressing key aspects of ICT administration systematically. Additionally, the unit progressed with the review of the ICT strategy, aligning with the objectives outlined in the NCC 2022–2026 Strategic Plan. Key priorities moving forward include digitalizing and automating core business processes, ensuring business continuity through robust IT infrastructure, and implementing a rigorous information security program to safeguard ICT assets.

The Finance and Administration Department of NCC made significant strides in 2023, particularly in financial management, budgeting, maintaining a motivated staff and administrative efficiency. However, challenges such as limited financial resources and technological integration remain. By focusing on enhanced financial planning, continuous training, strengthened compliance mechanisms, and improved interdepartmental coordination, the department can build on its successes and further contribute to the effective functioning of the NCC.



LEGAL SERVICES

In 2023, the Legal Services department played a pivotal role in ensuring compliance, providing legal counsel, and facilitating the council's operations. Here are the key highlights from legal activities:

Legal Support

Legal Services provided adhoc and planned legal advice to the Board, Management and staff at NCC

Compliance and Regulatory Guidance

The Legal Services department continued to monitor and ensure compliance with relevant laws, regulations, and policies governing the construction sector. This included regular updates and advisories to stakeholders on legal developments impacting NCC operations.

Contractual Support

Legal Services provided comprehensive support in drafting, reviewing, and negotiating contracts crucial to NCC's projects and operations. This involved ensuring contractual clarity, protecting NCC's interests, and fostering fair and transparent business practices.

Litigation Management

Facilitated management of legal disputes effectively remained a priority. The section undertook litigation matters, including claims and disputes resolution, aiming for equitable outcomes while safeguarding NCC's legal standing.

Looking ahead, the Legal Services department is committed to supporting NCC's strategic goals through proactive legal counsel, robust compliance initiatives, and fostering a legal environment conducive to sustainable growth and development in the construction sector.



INTERNAL AUDIT

Internal Audit plays a critical role in providing independent and objective assurance to the management and the NCCs Board of Directors. In 2023, the focus was on evaluating and enhancing the effectiveness of governance, risk management, and internal control processes across NCC's operations. The following were activities undertaken:

Risk-Based Audits

Risk-based audits were conducted across various departments and functions within NCC. These audits focused on identifying areas of risk exposure, evaluating controls, and recommending improvements to mitigate risks effectively.

Compliance Audits

Audits were conducted to ensure adherence to regulatory requirements, policies, and procedures governing NCC's operations and activities. This included assessing compliance with legal standards, financial regulations, and internal policies.

The audits contributed to strengthening governance frameworks and internal controls, thereby enhancing accountability and transparency in NCC's operations. By identifying and addressing potential risks proactively, Internal Audit facilitated safeguarding of NCC's assets.

Looking ahead, Internal Audit intends to facilitate awareness sessions of internal controls and compliance requirements among NCC staff, fostering a culture of accountability and integrity.

The Internal Audit section is committed to upholding the highest standards of professional integrity and providing value-added insights to support strategic decision-making. The section will continue to adapt to emerging risks and challenges, ensuring that audits contribute to NCC's mission of a robust and competitive Zambian construction industry.



PUBLIC RELATIONS

The Public Relations (PR) Section of the National Council for Construction (NCC) plays a vital role in managing the council’s image, communicating with stakeholders, and promoting its activities. This report reviews the performance of the PR Section in 2023:

Media Presence

In 2023, the PR Section facilitated NCC’s media presence through a strategic mix of press releases, media briefings, and interviews. NCC featured in over 30 media outlets, including national newspapers, television, online TV and regular radio stations. These engagements were meant to help in raising public awareness about NCC’s initiatives and regulatory activities.

In addition, NCC monitored the Times of Zambia and Zambia Daily Mail for construction related news. A total of 549 press clippings were captured in 2023 from the two media houses as shown in Figure 3.

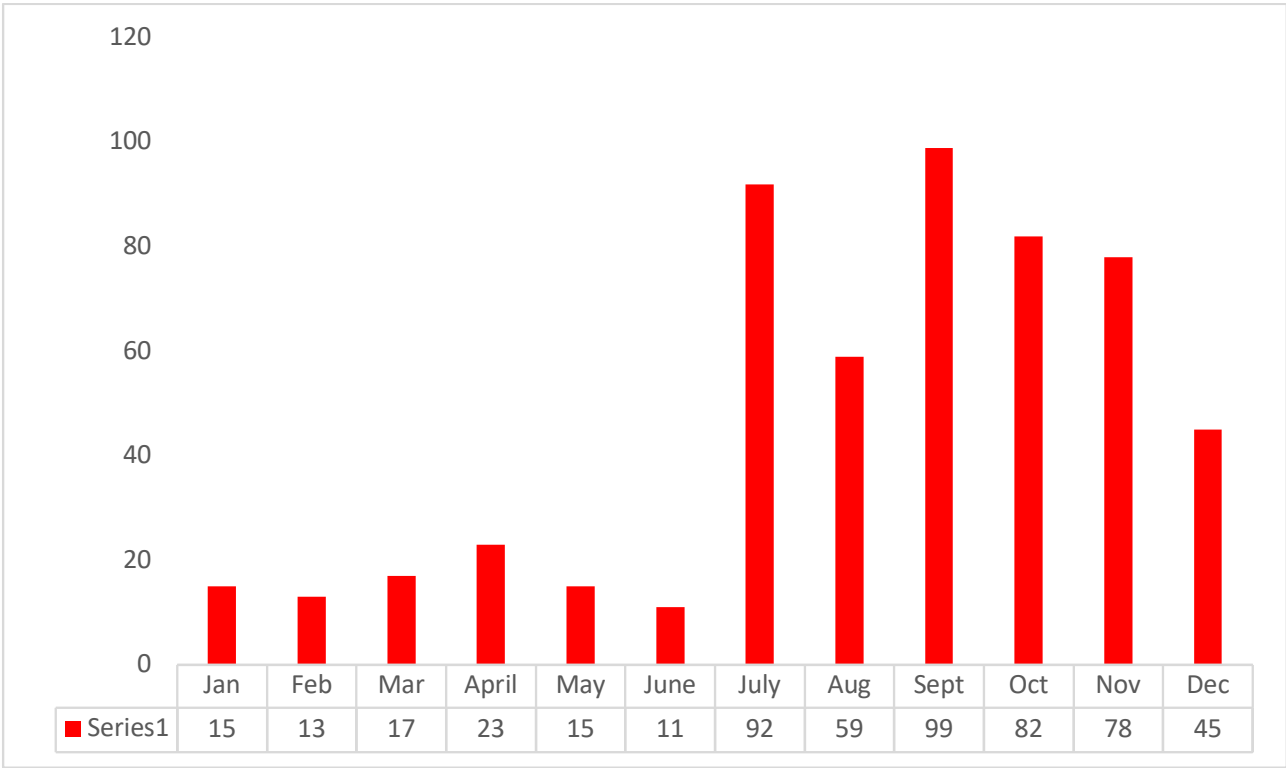


Figure 3: Press Clippings Captured by Month in 2023

Main areas of discussion related to the integrity of structures, commissioning of new projects, constructions being undertaken under the constituency Development Fund, rehabilitation works as well as contractor performance related issues.

Stakeholder Engagement

A number of fora were used to facilitate stakeholder engagement. These included:

- i. industry conferences where NCC participated and made presentations on the state of the sector;
- ii. Direct contact with contractors via email, SMS and WhatsApp;

- iii. Engagement with stakeholders through Facebook and the NCC website. The Facebook page had 14,897 followers as at 31st December 2023. The demographics were such that 17.6% were female while the rest were male followers with the largest number being between the ages of 20 to 35. Over 50% of the NCC page followers are based in Lusaka;
- iv. Expos such as the Zambia Agricultural and Commercial Show and the ConExpo 2023; and
- v. Girls Mentorship program: NCC continued to facilitate construction career talks, primarily targeting girls, with the purpose of encouraging more girls to consider careers in construction to foster a more diverse and inclusive workforce. This was done by enhancing awareness about the various career opportunities available within the construction industry. The mentorship programme also motivates girls to pursue leadership roles in construction by showcasing successful female professionals in the field.

Table 7 lists the schools visited by NCC in Luapula province.

Table 7: List of Schools Visited by NCC in 2023 for Construction Career Talks

| District | School | Number |
|--------------|------------------------------------|------------|
| Kawambwa | St. Mary's Girl's Secondary School | 120 |
| Mwansabombwe | Mable Shaw Girl's Secondary School | 135 |
| Mwense | Musonda Technical Girl's School | 81 |
| Mansa | Holy Trinity | 71 |
| Total | | 407 |

- vi. NCC also participated in the Schools Careers Fair which was held in Lusaka at New Government Complex.
- vii. Commemoration Days: NCC also engaged with stakeholders during commemoration days such as International Women's Day, Youth Day, Labour Day, Public Service week and International Anti-Corruption Day.
- viii. The PR Section faced resource constraints, particularly in terms of budget and staffing. Limited resources impacted the ability to run extensive campaigns and conduct widespread outreach activities, necessitating prioritization of key initiatives.
- ix. YASA Girls: NCC facilitated a soccer kit, balls as well as various sanitation and cleaning items to YASA Girls as part of NCC sponsorship activities for the team.
- x. Printing: The section facilitated printing of various items such as, Careers Booklet, the 2023 Prospectus and various brochures for distribution to members of the public.

Areas for improvement remain quantifying the impact of PR activities. While increases in media presence and social media engagement were noted, measuring the direct impact on public perception and stakeholder behavior required more sophisticated analytics tools and methodologies.

NATIONAL COUNCIL FOR CONSTRUCTION

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2023



CORPORATE INFORMATION

Nature of business and principal activities

The principal activity of the Council is to promote the development of construction industry by regulating and assessing the performance of contractors and conducting training of persons in the Construction Industry in Zambia.

Directors who held office

Hon. Eng. Vitalis M. Mooya
Eng. Ngenda Situmbeko
Mrs. Mutinta Mushabati Pensulo
Mr. Edgar Siakacoma
Eng. Stephen Malubila
Arch. Owen Mathotho
Ms. Pule Kumalinga
Qs. Keith K Mateyo
Dr. Richard Banda

Chairperson
Vice Chairperson
Member
Member
Member
Member
Member
Member
Member

Senior Management

Prof. Paul.L.K.Makasa
Arch. Chance Kaonga
Mr.Kabondo L.Muntanga
Eng. Wendy.N.Mukape
Ms.Tumba Makayi
Mr.Mfanyana Madima

- Executive Director
- Director Registration and Regulation
- Director Finance and Administration
- Principal Construction School
- Manager Internal Audit
- Legal counsel

Registered Office and Principal Place of Business

Plot 1612/1623, Luchengo Road
Off Sheki Sheki Road, Light Industrial Area
P.O. Box 39548
Lusaka

Bankers

Zambia National Commercial bank
Acacia Park Branch
Thabo Mbeki Road, **Lusaka**
Absa Bank Zambia Plc, Elunda office, **Lusaka**
Atlas Mara Bank Zambia Limited, **Lusaka** Branch
Zambia Industrial Commercial Bank, Head office **Lusaka**
First National Bank, Thabo Mbeki, **Lusaka**

Auditors

Mark Daniels Chartered Accountants
CHAZ Complex
Plot No.2882/B/5/10
Third Floor, Suite F3-10/F3-11
Off Great East Road
Mission Drive, Waters
Lusaka

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| Financial statements: | |
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| Statement of financial position | 8 |
| Statement of changes in funds | 9 |
| Statement of cash flows | 10 |
| Notes | 11 – 33 |
| Detailed operating statement | 34 – 35 |

The Directors submit their report together with the audited financial statements for the year ended 31 December 2023, which disclose the state of affairs of the Council.

PRINCIPAL ACTIVITIES

The principal activity of the Council is to promote the development of construction industry by regulating and assessing the performance of contractors and conducting training of persons in the Construction Industry in Zambia.

RESULTS AND DIVIDENDS

| | 2023 ZMW | 2022 ZMW |
|--------------------------------|--------------|--------------|
| Income | 67,050,922 | 63,001,897 |
| Expenditure | (70,798,310) | (69,703,027) |
| (Deficit)/Surplus for the year | (3,747,388) | (6,701,130) |

The deficit of ZMW 3.7 million for the year has been deducted from Accumulated Funds compared to a deficit of (2022: ZMW 6.7 million).

NUMBER OF EMPLOYEES AND REMUNERATION

The total remuneration of employees during the period amounted to ZMW 43.8 Million (2022: ZMW 40.7 Million). The numbers of employees in 2023 were 83 (2022:82).

The Council recognises its responsibility regarding the occupational health, safety and welfare of its employees and has put in place measures to safeguard them.

GIFTS AND DONATIONS

During the period, the council did not make any donations.

PROPERTY AND EQUIPMENT

The Council purchased property and equipment amounting to ZMW 4.1 million (2022: ZMW 0.798 million) during the period. In the opinion of the directors, the carrying value of property and equipment is not less than its recoverable amount.

RESEARCH AND DEVELOPMENT

During the period, the Council did not incur any costs on research and development (2022: ZMW Nil).

EVENTS AFTER THE REPORTING DATE

There were no significant events after the reporting date

DIRECTORS

The Members of the Board, who held office during the year under review:

| | |
|--------------------------------|--------------------|
| Hon. Eng. Vitalis M. Mooya | - Chairperson |
| Eng. Ngenda Situmbeko | - Vice Chairperson |
| Mrs. Mutinta Mushabati Pensulo | - Member |
| Mr. Edgar Siakacoma | - Member |
| Eng. Stephen Malubila | - Member |
| Arch. Owen Mathotho | - Member |
| Ms. Pule Kumalinga | - Member |
| Qs. Keith K Mateyo | - Member |
| Dr. Richard Banda | - Member |

Members of the management of the council during the year were as follows:

Senior Management

| | |
|-------------------------|--|
| Prof. Paul.L.K.Makasa | - Executive Director |
| Arch. Chance Kaonga | - Director Registration and Regulation |
| Mr. Kabondo L..Muntanga | - Director Finance and Administration |
| Eng. Wendy.N.Mukape | - Principal Construction School |
| Ms. Tumba Makayi | - Manager Internal Audit |
| Mr. Mfanyana Madima | - Legal Counsel |

AUDITORS

The auditors, Mark Daniels, have indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the next ordinary Meeting.

By order of the Board



Council Secretary
Lusaka

03/06/2024

Part II Sections 11 and 12 of the National Council for Construction Act No. 10 of 2020 require the Council to maintain proper books of accounts and to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Council and of the surplus or deficit for that period. In preparing these financial statements, the Directors have selected suitable accounting policies and then applied them consistently, made judgements and estimates that are reasonable and prudent and followed the applicable accounting standards. The Directors are responsible for ensuring that the Council keeps proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Council. The Directors are also responsible for safeguarding the assets of the Council and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

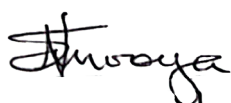
In accordance with Part II Sections 11 and 12 of the National Council for Construction Act No. 10 of 2020, we the Directors of the Council are of the opinion that:

- a) The statement of financial position is drawn up so as to give a true and fair view of the state of the affairs of the Council as at 31 December 2023; and
- b) The statement of comprehensive income is drawn up so as to give a true and fair view of the performance of the Council for the year ended 31 December 2023;
- c) There are reasonable grounds to believe that the Council will be able to meet all its financial obligations and pay its debts as and when they fall due.

The Directors are also responsible for the Council's system of internal controls. These controls are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss.

Nothing has come to the attention of the Directors to indicate that the Council will not remain a going concern for at least twelve months from the date of the statement of financial position.

The financial statements which appear on pages 7 to 10 were approved by the Directors.



Hon. Eng. Vitalis Moonga Mooya
Board Chairperson



Prof. Paul L K Makasa
Executive Director

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF NATIONAL COUNCIL FOR CONSTRUCTION

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of National Council for Construction, which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion the financial statements give a true and fair view of the financial position of National Council for Construction as at 31 December 2023 and of its financial performance and cash flows for the year ended and have been properly prepared in accordance with the International Financial Reporting Standards.

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 Corporation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 4(a) in the financial statements, which indicated that the company's current liabilities exceeded its current assets by ZMW 20,365,721. As stated in the note, these events or conditions along with other matters, indicated that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. However, our opinion on the financial statements has not been qualified in this respect.

Other information

Management is responsible for the other information. Our opinion on the financial statements does not cover the 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 the 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.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF NATIONAL COUNCIL FOR CONSTRUCTION (CONTINUED)

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

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

Auditor's Responsibility 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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.
- 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 to cease to continue as a going concern
- 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Council to express an opinion on the financial statements.

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NATIONAL COUNCIL FOR CONSTRUCTION (CONTINUED)**

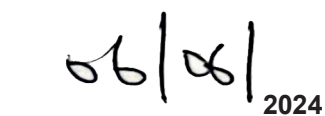
- We are responsible for the direction, supervision and performance of the Council audit. We remain solely responsible for our audit opinion.

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.

Report on other Legal and Regulatory Requirements

In accordance with National Council for Construction Act No.10 of 2020, 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.


Chartered Accountants
Lusaka


2024


Winston Kasongo AUD/F003127
Partner signing on behalf of the firm

Statement of Income and Expenditure and Other comprehensive income

| | Notes | 2023 ZMW | 2022 ZMW |
|---------------------------------------|-------|--------------------|--------------------|
| Income | | | |
| Grants | 9(a) | 2,317,131 | 4,276,041 |
| Fees | 9(a) | 54,390,706 | 54,359,069 |
| Other Income | 9(b) | 9,499,197 | 3,906,310 |
| Interest Income | 9(c) | 843,888 | 460,477 |
| Total income | | 67,050,922 | 63,001,897 |
| Operating Expenditure | | | |
| Strategic plan output driven costs | 10 | (5,060,266) | (13,010,653) |
| Administrative expenses | 10 | (21,870,018) | (15,953,316) |
| Staff costs | 10 | (43,868,026) | (40,739,058) |
| (Deficit)/Surplus for the year | | <u>(3,747,388)</u> | <u>(6,701,130)</u> |

There were no items of other comprehensive income during the period.

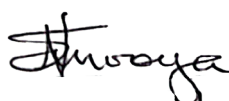
The notes on pages 11 to 33 form an integral part of these financial statements.

Statement of financial position

| | Notes | 2023 ZMW | 2022 ZMW |
|-------------------------------------|-------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property and equipment | 15(a) | 33,511,728 | 31,764,597 |
| | | <u>-</u> | <u>-</u> |
| | | 33,511,728 | 31,764,597 |
| Current assets | | | |
| Inventories | 16 | 1,011,857 | 1,229,175 |
| Other receivables | 12(a) | 4,092,604 | 3,464,162 |
| Cash and cash equivalents | 12(b) | 5,674,198 | 14,474,987 |
| | | <u>10,778,659</u> | <u>19,168,324</u> |
| TOTAL ASSETS | | 44,290,387 | 50,932,921 |
| | | <u></u> | <u></u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 13(a) | 18,123,731 | 15,017,520 |
| Deferred Income | 13(b) | 13,020,650 | 18,628,932 |
| | | <u>-</u> | <u>-</u> |
| | | 31,144,381 | 33,646,452 |
| FUNDS | | | |
| Capital and reserves | | | |
| Capital grant | 17(a) | 7,123,739 | 7,516,815 |
| Revaluation reserves | 17(b) | 15,010,629 | 15,465,496 |
| Accumulated Fund | 17(c) | (8,988,362) | (5,695,842) |
| | | <u>13,146,006</u> | <u>17,286,469</u> |
| TOTAL LIABILITIES AND EQUITY | | 44,290,387 | 50,932,921 |
| | | <u></u> | <u></u> |

The notes on pages 11 to 33 form an integral part of these financial statements.

The financial statements on pages 7 to 33 were approved for issue by the board of directors on _____ 2024 and signed on its behalf by:



Hon. Eng. Vitalis Moonga Mooya
Board Chairperson



Prof. Paul L K Makasa
Executive Director

Statement of changes in capital and reserves

| | Capital Grants ZMW | Revaluation reserves ZMW | Accumulated funds ZMW | Total ZMW |
|-------------------------------------|-----------------------------------|---|--------------------------------------|----------------------|
| Year ended 31 December 2022 | | | | |
| At start of year | 7,976,947 | 15,920,365 | 596,818 | 24,494,130 |
| Prior year adjustment | - | - | (46,398) | (46,398) |
| Restated balance | 7,976,947 | 15,920,365 | 550,420 | 24,447,732 |
| Amortisation of revaluation reserve | - | (454,868) | 454,868 | - |
| Amortisation of capital grants | (460,132) | - | - | (460,132) |
| Comprehensive income | | | | |
| Deficit for the year | - | - | (6,701,130) | (6,701,130) |
| At end of year | 7,516,815 | 15,465,497 | (5,695,842) | 17,286,470 |
| Year ended 31 December 2023 | | | | |
| At start of year | 7,516,815 | 15,465,497 | (5,695,842) | 17,286,470 |
| Amortisation revaluation reserve | - | (454,868) | 454,868 | - |
| Amortisation of capital grants | (393,076) | | | (393,076) |
| Comprehensive income | | | | |
| Deficit for the year | - | - | (3,747,388) | (3,747,388) |
| At end of year | 7,123,739 | 15,010,629 | (8,988,362) | 13,146,006 |

The notes on pages 11 to 33 form an integral part of these financial statements.

Statement of cash flows

| | | 2023 ZMW | 2022 ZMW |
|---|-------|-------------|-------------|
| | Notes | | |
| (Deficit)/Surplus for the year | | (3,747,388) | (6,701,130) |
| Adjustments for: | | | |
| Profit on disposal of assets | | (1,407,960) | - |
| Depreciation (Note 15 (a)) | | 2,330,696 | 2,010,377 |
| Prior year adjustment | | | (46,398) |
| Amortisation of software | | - | 38,366 |
| Amortisation of capital grants | | (393,076) | (460,132) |
| Amortisation of revaluation Reserve | | - | - |
| Interest received | | (843,888) | (460,477) |
| Changes in working capital: | | | |
| – inventory | | 217,318 | (444,226) |
| – trade receivables | | (628,442) | (128,553) |
| – Deferred income | | (5,608,283) | 3,913,044 |
| – trade and other payables | | 3,106,211 | 5,188,791 |
| Cash generated from operations | | (6,974,812) | 2,909,662 |
| Interest received | | 843,888 | 460,477 |
| Net cash generated from operating activities | | (6,130,924) | 3,370,139 |
| Cash flows from investing activities | | | |
| Purchase of property, plant & equipment | 15(a) | (4,112,763) | (797,835) |
| Proceeds sale of assets | | 1,442,897 | - |
| Finance Lease | | - | (157,743) |
| Net cash used on investing activities | | (2,669,866) | (955,578) |
| Increase/(decrease) in cash and cash equivalents | | (8,800,790) | 2,414,561 |
| Movement in cash and cash equivalents | | | |
| At start of year | | 14,474,988 | 12,060,427 |
| Increase/(decrease) | | (8,800,790) | 2,414,561 |
| At end of year | 12(b) | 5,674,198 | 14,474,988 |

The notes on pages 11 to 33 form an integral part of these financial statements.

Notes

1 General information

The National Council for Construction is a body corporate established under the National Council for Construction Act No. 10 of 2020. The principal activities of the Council are to promote the development of the construction industry by regulating and assessing the performance of Contractors and conducting training of persons in the Construction Industry in Zambia.

2. Ownership

The Council is wholly owned by Government of the Republic of Zambia.

3. Application of new and revised International Financial Reporting Standards (IFRSs)

(a) New standards and amendments-applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023.

| Title | Key requirements | Effective date* |
|---------------------------------------|---|-----------------|
| IFRS 17 <i>Insurance Contracts</i> | <p>The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers.</p> <p>In contrast to the requirements in IFRS 4, which were largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:</p> <ul style="list-style-type: none"> • A specific adaptation for contracts with direct participation features (the variable fee approach) • A simplified approach (the premium allocation approach) mainly for short-duration contracts <p>The main features of the new accounting model for insurance contracts are as follows:</p> <ul style="list-style-type: none"> • The measurement of the present value of future cash flows, incorporating an explicit risk adjustment, remeasured every reporting period (the fulfilment cashflows) • A Contractual Service Margin (CSM) that is equal and opposite to any day one gain in the fulfilment cash flows of a group of contracts, representing the unearned profit of the insurance contracts to be recognised in profit or loss based on insurance contract services provided over the coverage period | 1 January 2023 |

Notes (continued)

3. Application of new and revised International Financial Reporting Standards (IFRSs)

(a) New standards and amendments-applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023.

| Title | Key requirements | Effective date* |
|---|--|-----------------|
| IFRS 17 Insurance Contracts (continued) | <ul style="list-style-type: none"> • Certain changes in the expected present value of future cash flows are adjusted against the CSM and thereby recognised in profit or loss over the remaining coverage period • The effect of changes in discount rates will be reported in either profit or loss or other comprehensive income, determined by an accounting policy choice • The presentation of insurance revenue and insurance service expenses in the statement of comprehensive income based on the concept of services provided during the period. • Amounts that are paid to a policyholder in all circumstances, regardless of whether an insured event occurs (non-distinct investment components) are not presented in the income statement, but are recognised directly on the balance sheet • Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income or expense • A loss-recovery component of the asset for the remaining coverage of a group of reinsurance contracts held is determined and recorded in profit or loss when an entity recognises a recovery of a loss on initial recognition of an onerous group of underlying issued contracts as well as for subsequent measurement of the recovery of those losses • Entities should present separately in the statement of financial position, the carrying amounts of portfolios of insurance contracts issued that are assets and those that are liabilities, with the same requirement applying to portfolios of reinsurance contracts held • Extensive disclosures to provide information on the recognised amounts from insurance contracts and the nature and extent of risks arising from these contracts | 1 January 2023 |

Notes (continued)

3. Application of new and revised International Financial Reporting Standards (IFRSs)

(a) New standards and amendments-applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023.

| Title | Key requirements | Effective date* |
|--|--|-----------------|
| Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statements 2 | <p>In February 2021, the Board issued amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (the PS), in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.</p> <p>The amendments aim to help entities provide accounting policy disclosures that are more useful by:</p> <ul style="list-style-type: none"> Replacing the requirement for entities to disclose their 'significant accounting policies' with a requirement to disclose 'material accounting policy information' and Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures <p>Replacement of the term 'significant' with 'material'</p> <p>In the absence of a definition of the term 'significant' in IFRS, the Board decided to replace it with 'material' in the context of disclosing accounting policy information. 'Material' is a defined term in IFRS and is widely understood by the users of financial statements, according to the Board.</p> <p>In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and their nature.</p> <p>Disclosure of standardised information</p> <p>Although standardised information is less useful to users than entity-specific accounting policy information, the Board agreed that, in some circumstances, standardised accounting policy information may be needed for users to understand other material information in the financial statements. In those situations, standardised accounting policy information is material, and should be disclosed.</p> | 1 January 2023 |

Notes (continued)

3. Application of new and revised International Financial Reporting Standards (IFRSs)

(a) New standards and amendments-applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023.

| Title | Key requirements | Effective date* |
|---|---|-----------------|
| <i>Definition of Accounting Estimates - Amendments to IAS 8</i> | <p>In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'.</p> <p>The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.</p> <p>Changes in accounting estimates</p> <p>The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.</p> <p>The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.</p> | 1 January 2023 |
| <i>Deferred Tax related to Assets and Liabilities arising from Single Transaction- Amendments to IAS 12</i> | <p>In May 2021, the Board issued amendments to IAS 12 Income Taxes, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.</p> <p>Determining the tax base of assets and liabilities</p> <p>The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.</p> | |

Notes (continued)

3. Application of new and revised International Financial Reporting Standards (IFRSs)

(a) New standards and amendments-applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023.

| Title | Key requirements | Effective date* |
|---|---|-----------------|
| <i>Definition of Accounting Estimates - Amendments to IAS 8</i> | <p>In February 2021, the Board issued amendments to IAS 8, in which it introduces a new definition of 'accounting estimates'.</p> <p>The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.</p> <p>Changes in accounting estimates</p> <p>The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.</p> <p>The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors.</p> | 31 January 2023 |
| <i>Deferred Tax related to Assets and Liabilities arising from Single Transaction- Amendments to IAS 12</i> | <p>In May 2021, the Board issued amendments to IAS 12 <i>Income Taxes</i>, which narrow the scope of the initial recognition exception under IAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.</p> <p>Determining the tax base of assets and liabilities</p> <p>The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) on to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability.</p> | |

Notes (continued)

3. Application of new and revised International Financial Reporting Standards (IFRSs)

(a) New standards and amendments-applicable 1 January 2023

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023.

| Title | Key requirements | Effective date* |
|--|--|-----------------|
| <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12 (continued)</i> | <p>Changes to the initial recognition exception</p> <p>Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal.</p> <p>Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.</p> <p>Transition</p> <p>An entity should apply the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period presented, it should also recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations.</p> | 1 January 2023 |
| <i>International Tax Reform- Pillar two Model Rules – Amendments to IAS 12</i> | The amendments clarify that IAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the organisation for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes; respectively. | |

Notes (continued)

3. Application of new and revised International Financial Reporting Standards (IFRSs)

(a) New standards and amendments-applicable 1 January 2023 (continued)

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2023

| Title | Key requirements | Effective date* |
|--|---|-----------------|
| Classification of liabilities as Current or Non-Current Liabilities with Covenants – Amendments to IAS 1 | <p>In January 2020 and October 2022, the Board issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:</p> <ul style="list-style-type: none"> • What is meant by a right to defer settlement • That a right to defer settlement must exist at the end of the reporting period. • That classification is unaffected by the likelihood that an entity will exercise its deferral right. • That only if an embedded derivative in a convertible liability is itself an equity instrument would the term of a liability not impact its classification. • Disclosures | 1 January 2023 |

Notes (Continued)

3. Application of new and revised International Financial Reporting Standards (IFRSs) (continued)

(b) Forthcoming requirements

There are a number of standards, amendments to standards, interpretations which have been issued by the IASB that are effective in future periods and the company has decided not to adopt early.

| Title | Key requirements | Effective date* |
|--|--|-----------------|
| <i>Lease Liability in a Sale and Leaseback – Amendments to IFRS 16</i> | The amendment to IFRS 16 <i>Leases</i> specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. | 1 January 2024 |
| <i>Disclosures: Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7</i> | <p>In May 2023, the Board issued amendments to IAS 7 <i>Statement of Cash Flows</i> and IFRS 7 <i>Financial Instruments: Disclosures</i>.</p> <p>The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.</p> <p>Characteristics</p> <p>The amendments clarify the characteristics of supplier finance arrangements. In these arrangements, one or more finance providers pay amounts an entity owes to its suppliers. The entity agrees to settle those amounts with the finance providers according to the terms and conditions of the arrangements, either at the same date or at a later date than that on which the finance providers pay the entity's suppliers.</p> <p>Disclosure requirements</p> <p>The amendments require an entity to provide information about the impact of supplier finance arrangements on liabilities and cash flows including terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those arrangements. The information on those arrangements is required to be aggregated unless the individual arrangements have dissimilar or unique terms and conditions. In the context of quantitative liquidity risk disclosures required by IFRS 7, supplier finance arrangements are included as an example of other factors that might be relevant to disclose.</p> | |

Notes (continued)

4. Summary of 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 preparing financial statements-going concern basis

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 (NRFA)

At the statement of financial position date, the council's current liabilities exceeded its current assets by ZMW 20,365,721 (Refer note 23)

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) Functional currency and translation of foreign currencies

i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Zambian Kwacha ("ZMW") which is the Council's functional currency.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entity 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 and from the translation at year-end exchange rates of monetary assets and liabilities

Notes (continued)

(c) Functional currency and translation of foreign currencies (continued)

ii) Transactions and balances (continued)

denominated in foreign currencies are recognised in the statement of comprehensive income. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other income' or 'other expenses'.

(d) Property and equipment

All property and equipment are initially stated at historical cost and subsequently measured at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets. 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 corporation and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred.

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

| | |
|----------------------|----------------|
| Buildings | 40 years- 2.5% |
| Laboratory equipment | 4 years- 25% |
| Furniture, fittings | 4 years- 25% |
| Workshop equipment | 4 years- 25% |
| Office equipment | 3 years- 33% |
| Intangibles | 3 years- 33% |
| Motor vehicles | 4 years- 25% |

The residual values of assets and their useful lives are reviewed and adjusted if appropriate, at each statement of financial position date.

Property 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).

Gains and losses on disposal of property and equipment are determined by comparing proceeds with their carrying amounts and are taken into account in determining profit.

(e) Employee benefits

Retirement benefit obligations

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

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

Notes (continued)

4. Summary of significant accounting policies (continued)

(f) Financial assets

Classification

The council classifies its financial assets in the following measurement categories:

those to be measured subsequently at fair value (either through OCI or through profit or loss), and those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the council has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The council reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the corporation commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the council has transferred substantially all the risks and rewards of ownership.

Measurements

At initial recognition, the council measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Equity instruments

The council subsequently measures all equity investments at fair value. Where the council's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Notes (continued)

4. Summary of significant accounting policies (continued)

Impairment

The council assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the council applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 7(b) for further details.

(g) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet

(i) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option.

Notes (continued)

4. Summary of significant accounting policies (continued)

(i) Borrowings (continued)

This is recognised and included in shareholders' equity, net of income tax effects. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the council has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(j) Trade and other receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowance.

(k) Trade and other payables

These amounts represent liabilities for goods and services provided to the council prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(l) Provisions

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.

(m) Inventories

Inventory is stated at the lower of cost or net realisable value. Cost is determined on a first in first out basis and includes all expenditure incurred in the normal course of business in bringing the goods to their present location and condition, including production overheads based on normal level of activity. Net realisable value takes into account all further costs directly related to marketing, selling and distribution. Provision is made for obsolete and slow moving inventories.

Notes (continued)

5. Critical accounting estimates and judgments

The corporation makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

6. Financial Risk management

Exposure to currency, interest rate and credit risk, arises in the normal course of the corporation's business.

Currency risk

The corporation incurs currency risk as a result of bank balances denominated in foreign currencies. The Corporation has operational bank accounts in US Dollars. No hedge is taken out for this risk.

Interest rate risk

The Corporation is exposed to interest rate risk to the extent of the balance of the bank accounts.

Credit risk

No collateral is required in respect of financial assets. The corporation has a credit policy in place and the exposure to credit risk is monitored on an on-going basis.

Credit evaluations are performed on all customers requiring credit over a certain amount.

At the statement of financial position date, there were no significant concentrations of credit risks (2022: ZMW Nil).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity risk

Liquidity risk arises in the general funding of the corporation's activities.

Liquidity management is directed towards ensuring that all the corporation's operations can meet their funding needs, whether this is to replace existing funding as it matures, or is withdrawn.

Notes (continued)

7. Financial instruments

Exposure to currency, interest rate, credit and liquidity risk arises in the normal course of the corporation business.

(a) Credit risk

Credit risk is the risk of financial loss to the corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the corporation's receivables and cash balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

| | 2023 ZMW | 2022 ZMW |
|---------------------------|------------------|-------------------|
| Cash and cash equivalents | 5,674,198 | 14,474,988 |
| Other receivables | 4,092,604 | 3,464,162 |
| | <u>9,766,802</u> | <u>17,939,150</u> |

The bank accounts are held with reputable banks.

(b) Impairment losses

The aging of trade and other receivables at the reporting date was:

| 31 December 2023 | Current | 1-30 days past due | 31- 60 days past due | 61-90 days past due | Over 90 days | Total |
|---|---------|-----------------------|-------------------------|------------------------|--------------|-------|
| Expected loss rate | - | - | - | - | - | - |
| Gross carrying amount – trade receivables | - | - | - | - | - | - |
| Loss allowance | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| 31 December 2022 | Current | 1-30 days past due | 31- 60 days past due | 61-90 days past due | Over 90 days | Total |
| Expected loss rate | - | - | - | - | - | - |
| Gross carrying amount – trade receivables | - | - | - | - | - | - |
| Loss allowance | - | - | - | - | - | - |
| | - | - | - | - | - | - |

The loss allowances for trade receivables and other debtors as at 31 December reconcile to the opening loss allowances as follows.

| Trade receivables | 2023 ZMW | 2022 ZMW |
|--|-------------|-------------|
| Opening loss allowance at 1 January | - | 1,444,301 |
| Reduction in loss allowance recognised in profit or loss during the period | - | (1,444,301) |
| Closing loss allowance at 31 December | <u>-</u> | <u>-</u> |

Notes (continued)

7. Financial instruments (continued)

Trade receivables and other debtors are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the corporation, and a failure to make contractual payments for a period of greater than 90 days past due.

Impairment losses on trade receivables and other debtors are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(c) Liquidity risk

The following are the contractual maturities of financial liabilities.

31st December 2023

| | Carrying amount | Contractual cash flows | Within 1 year | 1-2 years | 2-5 years |
|------------------------------|--------------------|---------------------------|-------------------|--------------|-----------|
| | ZMW | ZMW | ZMW | ZMW | ZMW |
| Financial liabilities | | | | | |
| Trade and other payables | 18,123,731 | 18,123,731 | 18,123,731 | | |
| Finance Lease | - | - | - | | |
| Total | 18,123,731 | 18,123,731 | 18,123,731 | | |

31th December 2022

| | Carrying amount | Contractual cash flows | Within 1 year | 1-2 years | 2-5 years |
|------------------------------|--------------------|---------------------------|-------------------|-----------|-----------|
| | ZMW | ZMW | ZMW | ZMW | ZMW |
| Financial liabilities | | | | | |
| Trade and other payables | 15,017,520 | 15,017,520 | 15,017,520 | - | - |
| Finance Lease | - | - | - | - | - |
| Total | 15,017,520 | 15,017,520 | 15,017,520 | - | - |

8. Revenue from contracts with customers

Revenue represents receipts from tuition fees, registration fees, annual fees, Government grants, interest earnings and miscellaneous income.

9. (a) Disaggregation of revenue from Grants and fees

| | 2023 ZMW | 2022 ZMW |
|--|-------------------|-------------------|
| Government Grant | 1,924,055 | 3,815,909 |
| Transfer from capital Grant | 393,076 | 460,132 |
| | <u>2,317,131</u> | <u>4,276,041</u> |
| Registration, scrutiny and Annual fees | 51,886,959 | 52,497,835 |
| Tuition fees | 2,503,747 | 1,861,234 |
| | <u>54,390,706</u> | <u>54,359,069</u> |

9. (b) Other income

| | | |
|--|------------------|------------------|
| Hire of Facilities | 10,620 | 604,838 |
| Lobito Corridor Trade Facilitation Project | - | 513,632 |
| Other Income | 9,468,027 | 408,220 |
| Rental Income | 8,750 | 17,500 |
| Bad debt recovered | - | 1,444,301 |
| Material Testing Laboratory | 11,800 | 917,819 |
| | <u>9,499,197</u> | <u>3,906,310</u> |

9. (c) Interest Income

| | | |
|-------------------------|----------------|----------------|
| Interest on staff loans | 89,727 | - |
| Bank Interest | 754,161 | 460,477 |
| | <u>843,888</u> | <u>460,477</u> |

10 Expenses by nature

| | | |
|------------------------------------|------------|------------|
| Strategic plan output driven costs | 5,060,266 | 13,010,653 |
| Administrative expenses | 21,870,018 | 15,953,316 |
| Staff costs | 43,868,026 | 40,739,058 |

Notes (continued)

11 Employee benefits expense

The following items are included within employee benefits expense

| | | |
|-------------------------------------|-------------------|-------------------|
| Salaries and wages | 17,918,966 | 17,378,044 |
| Retirement benefits costs: | | |
| - National Pension Scheme Authority | 1,368,340 | 1,270,955 |
| | <u>19,287,306</u> | <u>18,648,999</u> |
| | 2023 | 2022 |
| | ZMW | ZMW |

12. (a) Other financial assets at amortised cost

| | | |
|---------------------------------|------------------|------------------|
| Other receivables | 4,092,604 | 3,464,162 |
| Less: | | |
| Provision for impairment losses | | - |
| | <u>4,092,604</u> | <u>3,464,162</u> |

Classification of financial assets at amortised cost

The council classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the council.

12. (b) Cash and cash equivalents

| | | |
|--------------------------|------------------|-------------------|
| | <u>2023</u> | <u>2022</u> |
| | ZMW | ZMW |
| Cash in hand and at bank | 5,674,198 | 14,474,988 |
| | <u>5,674,198</u> | <u>14,474,988</u> |

Notes (continued)

Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

| | | |
|--------------------------------------|------------------|-------------------|
| Balances as above | <u>5,674,198</u> | <u>14,474,988</u> |
| Balances per statement of cash flows | <u>5,674,198</u> | <u>14,474,988</u> |

| | |
|-------------|-------------|
| 2023 | 2022 |
| ZMW | ZMW |

13. (a) Trade and other payables

| | | |
|---------------------|-------------------|-------------------|
| Current liabilities | | |
| Other Payables | - | 295,375 |
| Statutory Payables | 11,072,391 | 10,565,028 |
| Gratuity | <u>7,051,339</u> | <u>4,157,117</u> |
| | <u>18,123,731</u> | <u>15,017,520</u> |

13. (b) Deferred Income

| | | |
|-------------------|-------------------|-------------------|
| Registration Fees | <u>13,020,650</u> | <u>18,628,932</u> |
| | <u>13,020,650</u> | <u>18,628,932</u> |

Deferred income relates mainly to registration fees paid in advance for the following years services.

Notes (continued)

15 (a) Property and equipment

| | Land and buildings ZMW | Office equipment ZMW | Equipment ZMW | Motor vehicles ZMW | Furniture & fittings ZMW | Total ZMW |
|--------------------------------|------------------------------|----------------------------|--------------------|--------------------------|--------------------------------|---------------------|
| As at 31 December 2022 | | | | | | |
| Cost | 33,870,034 | 5,706,302 | 2,840,139 | 15,019,556 | 2,521,227 | 59,957,258 |
| Accumulated depreciation | (4,959,363) | (4,825,542) | (2,824,950) | (13,238,545) | (2,344,261) | (28,192,661) |
| Net book amount | 28,910,671 | 880,760 | 15,189 | 1,781,011 | 176,966 | 31,764,597 |
| As at 31 December 2023 | | | | | | |
| Opening net book amount | 28,910,671 | 880,760 | 15,189 | 1,781,011 | 176,966 | 31,764,597 |
| Additions | - | 551,740 | 194,184 | 3,075,176 | 291,664 | 4,112,764 |
| Disposals | - | (33,817) | - | - | (1,120) | (34,937) |
| Depreciation charge | (846,751) | (542,062) | (65,551) | (738,765) | (137,567) | (2,330,696) |
| Closing net book amount | 28,063,920 | 856,621 | 143,822 | 4,117,422 | 329,942 | 33,511,728 |
| As at 31 December 2023 | | | | | | |
| Opening cost | 33,870,034 | 5,706,302 | 2,840,139 | 15,019,556 | 2,521,227 | 59,957,258 |
| Additions | - | 551,740 | 194,184 | 3,075,176 | 291,664 | 4,112,764 |
| Disposals | - | (616,644) | (528,557) | (1,696,978) | (142,771) | (2,984,950) |
| Closing cost | 33,870,034 | 5,641,398 | 2,505,766 | 16,397,754 | 2,670,120 | 61,085,072 |
| As at 31 December 2023 | | | | | | |
| Opening accumulated dep | (4,959,362) | (4,825,544) | (2,824,951) | (13,238,543) | (2,344,261) | (28,192,661) |
| Additions | (846,751) | (542,062) | (65,551) | (738,765) | (137,567) | (2,330,696) |
| Disposals | - | 582,827 | 528,557 | 1,696,978 | 141,651 | 2,950,013 |
| Closing accumulated dep | (5,806,113) | (4,784,779) | (2,361,945) | (12,280,330) | (2,340,177) | (27,573,344) |
| As at 31 December 2023 | | | | | | |
| Cost | 33,870,034 | 5,641,398 | 2,505,766 | 16,397,754 | 2,670,120 | 61,085,072 |
| Accumulated depreciation | (5,806,113) | (4,784,779) | (2,361,945) | (12,280,330) | (2,340,177) | (27,573,344) |
| Net book amount | 28,063,921 | 856,619 | 143,821 | 4,117,424 | 329,943 | 33,511,728 |

Notes (continued)

15. (b) Intangible asset

| | 2023 ZMW | 2022 ZMW |
|------------------|---------------------|---------------------|
| At start of year | - | 38,366 |
| Amortisation | - | (38,366) |
| At end of year | - | - |

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

16. Inventories

| | | |
|----------------------------|-----------|-----------|
| Stationary and consumables | 1,011,857 | 1,229,175 |
| | 1,011,857 | 1,229,175 |

17. (a) Capital grants

| | | |
|---------------------------|------------------|------------------|
| At beginning of the year | 7,516,815 | 7,976,947 |
| Capital grants amortised | (393,076) | (460,132) |
| At end of the year | 7,123,739 | 7,516,815 |

The capital grant represents funding from African Development bank.

17. (b) Revaluation reserves

| | | |
|-------------------------------------|-------------------|-------------------|
| At beginning of the year | 15,465,497 | 15,920,365 |
| Realisation of revaluation reserves | (454,868) | (454,868) |
| At end of the year | 15,010,629 | 15,465,497 |

The revaluation reserve account records the difference between the new value of the revalued assets and their net book values, which is represented by cost less accumulated depreciation.

Notes (continued)

| | 2023 ZMW | 2022 ZMW |
|--------------------------------------|---------------------------|---------------------------|
| 17 (c) Accumulated Fund | | |
| At beginning of the year | (5,695,842) | 596,818 |
| Prior year adjustment | - | (46,398) |
| Amortisation of revaluation reserves | 454,868 | 454,868 |
| (Deficit)/Surplus for the year | <u>(3,747,388)</u> | <u>(6,701,130)</u> |
| At end of the year | <u>(8,988,362)</u> | <u>(5,695,842)</u> |

The accumulated fund account represents the accumulation of annual surpluses or Deficits. Accumulated fund continues to be in negative and in fact this negative balance has increased year on year from (ZMW 5.6) in 2022 to (ZMW 8.9) in 2023. This is because NCC posted a deficit of ZMW 3.7 in 2023.(2022: Deficit of ZMW 6.7)

18 Related party transactions

The Council is controlled by Government of the Republic of Zambia.

The following transactions were carried out with related parties:

| | 2023 ZMW | 2022 ZMW |
|---|------------------|------------------|
| Government funding Received | 1,924,055 | 3,815,909 |
| Salaries and other short term employment benefits | <u>1,409,415</u> | <u>1,570,200</u> |

19 Commitments

Capital commitments

There were no capital commitments at the reporting date.

20 Contingent liabilities

There were no contingent liabilities as at the period-end (2022: ZMW Nil)

Notes (continued)

21 Events occurring after balance sheet date

There were no significant events occurring after the balance sheet date.

22 Comparative figures

Previous year's figures have been reclassified wherever necessary to make them comparable to those of the current year

| 23 | Working capital position | 2023 ZMW | 2022 ZMW |
|----|--------------------------|---------------------|---------------------|
| | Current assets | 10,778,659 | 19,168,325 |
| | Current liabilities | (31,144,380) | (33,646,452) |
| | | <u>(20,365,721)</u> | <u>(14,478,127)</u> |

The negative working capital position might lead to doubts over going concern status especially since the position keeps getting worse year on year.

Detailed Operating Statement

| | 2023 ZMW | 2022 ZMW |
|---|-------------------|-------------------|
| Revenue | | |
| Grants | 2,317,131 | 4,276,041 |
| Fees | 54,390,706 | 54,359,069 |
| Other operating Income | 9,499,197 | 3,906,310 |
| Interest Income | 843,888 | 460,477 |
| | <u>67,050,922</u> | <u>63,001,897</u> |
| Operating expenses | | |
| Audit fees | 92,800 | 92,800 |
| Available & Accessible Equipment for Hire | - | 36,000 |
| Bank charges | 724,929 | 217,234 |
| Board expenses | 2,775,528 | - |
| Canteen expenses | 931,147 | 563,763 |
| Communication | 924,286 | 404,946 |
| Consumables and cleaning material | 863,759 | 811,559 |
| Depreciation and amortisation | 2,330,696 | 2,048,743 |
| Electricity and water | 294,942 | 289,101 |
| Finance lease charge | - | 24,470 |
| Freight & Courier Charges | 121,166 | 20,125 |
| Fuels and oils | 2,594,403 | 2,521,213 |
| Gender commemoration | 6,800 | 75,100 |
| Insurance and taxes | 581,001 | 475,747 |
| Labour day celebrations | 92,000 | 176,500 |
| Newspapers | 43,471 | 33,928 |
| Plant/Machine operators course | - | 407,400 |
| Printing and stationery | 2,191,041 | 1,676,242 |
| Procurement Committee Expenses | 127,087 | 45,072 |
| Protective clothing and uniforms | 308,746 | 311,560 |
| Rates and rents | 219,296 | 155,161 |
| Recruitment Costs | 37,760 | 2,800 |
| Refuse collection | 25,100 | 23,827 |
| Repairs and maintenance | 3,175,179 | 2,624,956 |
| Road construction & maintenance course | - | 686,876 |
| Sage annual subscription | 997,230 | 321,774 |
| Sanitary Collection | 31,500 | 25,920 |
| Security services | 682,650 | 389,380 |
| Staff professional membership | 129,458 | 267,670 |
| Staff workshops & seminars | 1,121,555 | 745,943 |
| Sundry accounting expenses | 45,789 | 9,725 |
| Travel local and international executive director | 128,838 | 237,881 |
| Women's day celebrations | 205,860 | 169,900 |
| Youth day celebrations | 66,000 | 60,000 |
| | <u>21,870,017</u> | <u>15,953,316</u> |

NATIONAL COUNCIL FOR CONSTRUCTION
Financial statements
For the year ended 31 December 2023

| | 2023 ZMW | 2022 ZMW |
|---|--------------------|--------------------|
| Strategic plan output driven costs | | |
| Assured internal controls | 30,981 | 15,015 |
| Attitude change to work | - | 72,221 |
| Auditor General & NCC Quality Checks | - | 1,289,650 |
| Basic land Surveying Course | - | 60,000 |
| Capacity Building Programmes | - | 20,000 |
| Centralised management information systems | - | 39,961 |
| Construction Material Testing Course | - | 112,830 |
| Coordinated organisational performance | - | 149,393 |
| Coordinated trade in services | - | 86,369 |
| Effective corporate governance | - | 2,324,821 |
| Enhanced compliance | 1,742,449 | - |
| Enhanced contractor registration | 139,951 | - |
| Enhanced employment opportunities in labour | 1,134,180 | 1,152,586 |
| Enhanced laboratory | - | 196,730 |
| Enhanced NCC visibility | - | 162,335 |
| Enhanced partnership | - | 305,649 |
| Harmonised construction registration | - | 16,800 |
| Improve Performance on Project Implementation | - | 44,417 |
| Improved Client Satisfaction Levels | 928,806 | 880,339 |
| Improved competence levels | 677,228 | 51,206 |
| Improved Registration | 196,898 | 1,982,109 |
| Integrity committee | 93,701 | - |
| Lobito | 82,624 | 145,485 |
| Membership of professional bodies | 2,250 | - |
| Public service day | 31,200 | - |
| Quality construction works | - | 853,194 |
| Reduced corruption incidences | - | 119,366 |
| Reliable ICT infrastructure | - | 2,930,177 |
| | <u>5,060,266</u> | <u>13,010,653</u> |
| Staff costs | | |
| Gratuity contributions | 3,757,302 | 1,981,274 |
| Group life assurance | 468,515 | 574,880 |
| Internships costs | 336,684 | 419,945 |
| Leave benefits | 2,062,108 | 3,459,185 |
| Medical expenses | 2,969,539 | 2,529,079 |
| Monthly vehicle allowances | 2,607,130 | - |
| NAPSA | 1,368,340 | 1,270,955 |
| National Health Insurance | 576,343 | 363,580 |
| Overtime allowance | 372,769 | 318,661 |
| PAYE | 9,276,742 | 9,070,257 |
| Pension contribution | 1,453,626 | 1,889,878 |
| Salaries and wages | 17,918,966 | 17,378,044 |
| Staff acting allowance | 699,961 | 1,116,176 |
| Staff welfare | - | 308,305 |
| Workers compensation | - | 58,839 |
| | <u>43,868,026</u> | <u>40,739,058</u> |
| Total Expenses | <u>70,798,310</u> | <u>69,703,027</u> |
| (Deficit)/Surplus for the year | <u>(3,747,388)</u> | <u>(6,701,130)</u> |



Head Office

Plot 1612/1623,
Off Sheki Sheki Road,
Light Industrial Area,
P.O. Box 39548, Lusaka, Zambia.
Tel: +260 211 247185/240386 or
+260 971 232237/0964 062175
Fax: +260 211 243115/247264
Email: ncc@ncc.org.zm

Central Region Office

Plot 30741 Off Lubansenshi Road Olympia,
Lusaka
Phone: +260 211 293906
or +260 211 293908
Email: centralregion@ncc.org.zm

Northern Region Office

President Avenue
Mukuba Pension House
P.O. Box 23163, Kitwe, Zambia
Tel: +260 212 220590,
Fax: +260 212 228121
Email: northernregion@ncc.org.zm

Southern Region Office

Stand No. 252 Malima Street, Mochipapa,
P. O. Box 630688, Choma, Zambia
Tel: +260 213 221162
Fax: +260 213 221167
Email: southernregion@ncc.org.zm

www.ncc.org.zm
