

MAYOR'S FOREWORD

It gives me great pleasure to provide the foreword to the Blantyre City Council Annual Financial Report 2017—18 as Mayor of Blantyre City.

It is pleasing to report that despite the year under review being challenging due to prevailing economic constraints, I can comfortably say it has been a successful year because of numerous developmental projects the Council implemented.

This success can only be attributed to the cooperation and support the Council continues to receive from residents through their commitment to paying city rates and other relevant fees.

For the past two years, Blantyre City Council has been a recipient of a *Service Excellence Award* in recognition of excellence in the category of Local Authorities Sector. This is a clear vote of confidence in the delivery of services by the Council.

Of course, the award did not make us relax as we continued to seek ways of improvement through innovative projects including the launch of Service Charter. Our major strength lies in our ability to attend to the demands of our residents.

I would like to sincerely thank the Chief Executive Officer, the entire management team and members of staff for working tirelessly in the provision of services to the residents.

With financial support from government and using the locally generated resources, the Council has implemented a number of projects such as upgrading of various roads to asphalt surfacing, installation and commissioning of street lighting, maintenance of bridges among others.

The people of Blantyre City expect the Council to be well managed and to be accountable for the prudent stewardship of public funds, the safeguarding of public assets and the effective, efficient and economical use of public resources.

Definitely, the report will demonstrate how we have managed to mitigate risks and bettered Council financial management.

To deal with the challenge of housing in the City, the Council has developed medium and high density residential plots in Mzedi and Nyambadwe/Ndirande which will be allocated to residents to construct dwelling houses.

The Council is currently rehabilitating and improving a number of recreational parks using locally generated funds. The parks are Aloe's Garden, Namwiri, Jubilee and Rangeley.

In summary, 2017—18 fiscal year has been another year of great performance and demonstrated that we have the right strategy, the right culture and the right human resource to deliver consistent and sustained value for our residents.

We approach the future with hope because we are in excellent shape and with strong momentum to deliver efficient and effective services to our residents.

Councilor Wild Ndipo
MAYOR

CHIEF EXECUTIVE OFFICER'S STATEMENT

I have the pleasure in submitting a report on the financial statements of the Council for the year ended 30 June, 2018.

NATURE OF BUSINESS

Blantyre City Council is an institution established under the first schedule of the Local Government Act of 1998 (Chapter 22:01 of the Laws of Malawi as amended in 2010) to provide services to the residents of Blantyre City. The Council is managed in accordance with the 1998 Local Government Act and the 1998 National Decentralisation Policy. It functions and operates through the Council chaired by the Mayor who is elected from among the members and the secretariat which is headed by the Chief Executive Officer and eight directorates namely; Administration, Finance, Health and Social Services, Leisure, Culture and Environment, Town Planning and Estates Services, Commerce, Trade and Industry, Engineering and Education.

Blantyre City covers an area of 250 square kilometers with a population of 920 thousand people linked with a growth rate of about 4.09% as per the 2016 Population projection by the National Statistics Office.

MISSION

To provide environmentally friendly, high quality, efficient and effective demand driven municipal services in partnership with the individual and corporate residents to attain better quality lives for all residents in the City.

FINANCIAL HIGHLIGHTS

The results and state of affairs of the Council are set out in the accompanying statement of financial position, statement of financial performance, statement of changes in equity, statement of cash flows and the associated accounting policies and notes.

Blantyre City Council relies mainly on locally generated revenue for its operations and service delivery. However, there is a small percentage that comes from government transfers and mainly these funds support development activities and devolved sectors of Education, Youth and Sports, Environment and Gender. During the year under review a total of MK797 million was received representing 13% of the total revenue for the Council.

The Council's locally generated income during the year under review increased from K4.4 billion in 2016/17 to K5.2 billion while income from Government transfers increased from K613 million to K797 million representing increases of 18% and 30% respectively. Total expenditure shot to K5.3 billion from K4.3 billion in 2016/17 representing an increase of 23%.

The statement of financial position sets out the overall financial position of the Council as at 30 June 2018.

The statement of cash flows complements the statement of financial performance and statement of financial position by disclosing the inflows and outflows of cash to and from the Council in the course of the year.

To achieve success, the Council is working with partners to drive forward priority developments, as articulated in the City development plan and at the same time reviewing how services are provided in order to contain costs within affordable limits and improve the financial stability of the Council.

We are grateful for the cooperation and support that we receive from residents especially the corporate world that has supported our initiatives in the City.

To all our stakeholders, your support is of great importance to us and we thank you.

Finally, a word of thanks to our dedicated staff, without whose efforts, none of our achievements would be possible.

Alfred W.D. Chanza (PhD)
Chief Executive Officer

DIRECTORS' RESPONSIBILITIES

The directors are responsible for the preparation and fair presentation of the financial statements, comprising the Statement of Financial Position, Statement of Financial Performance, Statement of Changes in Capital fund, Statement of Cash Flows and Notes to the financial statements. The notes include a summary of significant accounting policies and other explanatory notes, in accordance with International Public Sector Accounting Standards (IPSAS).

In preparing the financial statements, the Directors accept responsibility for the following;

- Maintenance of proper accounting records
- Selection of suitable accounting policies and applying them consistently
- Making judgments and estimates that are reasonable and prudent
- Compliance with applicable accounting standards in preparing financial statements, subject to any material departures being disclosed and explained in the financial statements; and
- Also responsible for such internal controls as the directors deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and maintain an effective system of risk management.

The directors have made an assessment of the ability of the Council to continue as a going concern and have no reason to believe that the business of the Council will not be a going concern in the year ahead.

BLANTYRE CITY COUNCIL

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 30TH JUNE 2018

ASSETS	NOTES	30 June 2018 K'000	30 June 2017 K'000
Non-Current Assets			
Property Plant and Equipment	1	7,755,078	4,179,990
Current Assets			
Inventories	2	-	-
Prepayments		3,124	
Trade Receivables	3	6,372,325	4,602,718
Other Receivables	4	61,852	78,542
Bank	5	287,439	12,918
		<u>6,724,740</u>	<u>4,694,178</u>
TOTAL ASSETS		<u>14,479,819</u>	<u>8,874,169</u>
EQUITY AND LIABILITIES			
Capital Fund		5,190,419	4,347,266
Revaluation Reserve		3,924,628	-
Retained Rate Fund Revenue account		3,864,084	2,872,890
		<u>12,979,132</u>	<u>7,220,156</u>
Non-Current Liabilities			
Long-term Loans	6	-	199,124
Current Liabilities			
Trade Payables and Accruals	7	311,677	218,276
Other Payables	8	1,042,739	1,011,985
Bank Overdraft	5	146,271	224,627
Total Current Liabilities		<u>1,500,687</u>	<u>1,454,889</u>
TOTAL EQUITY AND LIABILITIES		<u>14,479,819</u>	<u>8,874,169</u>

BLANTYRE CITY COUNCIL

STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDING 30TH JUNE 2018

	Notes	BUDGET 2017/18	ACTUAL 2017/18
REVENUE			
1.0 Government Transfers			
1.1 Assembly vote transfers			
60 General resource fund		98,331,080	93,414
61 Sector funds		216,402,706	222,415
64 Constituency Development Fund		280,000,000	318,006
65 Infrastructure Development Fund		163,080,370	163,080
Sub total		757,814,156	796,916
Total Government transfers			
2.0 Locally Generated Revenue			
67 Central Government Property Rates	7	40,000,000	60,257
68 Other Property Rates	7	2,887,216,082	2,763,145
69 Income from Market Establishments		405,000,000	504,194
71 Fees and Service Charges	8	1,196,265,759	1,386,314
72 Licences and Permits		544,622,795	551,787
Total Locally Generated Revenues		5,073,104,636	5,265,698
TOTAL REVENUE		5,830,918,792	6,062,615
EXPENDITURE			
1.0 Personal Emoluments			
10 Government Paid Staff			
11 Leave grants	9	-	
45 Direct Staff (Commercial undertakings)			
46 Direct Staff (other departments)	10	1,785,240,336	1,885,246
Sub total		1,785,240,336	1,885,246
2.0 Other Recurrent Transactions			
21 Internal travel		471,078,726	405,873
22 External travel		65,000,000	87,124
23 Public utilities		410,167,700	317,500
24 Office supplies & Services		394,047,271	210,931
25 Medical supplies		85,737,634	10,752
26 Rent expenses		11,400,000	9,612
27 Education supplies		31,567,509	31,076
28 Training expenses		82,886,618	35,633
29 Acquisition of Technical Services		259,987,647	187,715
30 Insurance expenses		65,120,000	35,929

31	Agriculture inputs		14,175,430	412
32	Food and rations		15,636,200	18,097
33	Other goods and services	11	186,016,705	317,643
34	Motor Vehicle Running Expenses		380,144,068	420,599
35	Maintenance of Assets		408,044,975	299,085
39	Subscription		244,000	530
40	Grants & Subvention		91,155,381	97,565
41	Formation and maintenance of capital assets		153,115,287	55,714
49	Council & functions		124,212,880	223,981
50	HIV/AIDS Intervention		8,815,180	13,807
51	Debt Servicing	12	144,000,000	19,507
	Accruals			150,013
Sub total			3,402,553,211	2,949,110
3.0 Capital Outlay				
54	Own capital contribution		375,817,382	41,794
55	Constituency Development Fund		280,000,000	279,089
56	Infrastructure Development Fund		163,080,370	158,076
Subtotal			818,897,752	478,960
TOTAL EXPENDITURE			6,006,691,299	5,313,316
Surplus/Deficit			(175,772,507)	749,298
4.0 Commercial Undertakings				
70	Income from Commercial Undertakings		165,000,000	130,296
Commercial undertakings Total				
Operating Surplus			(10,772,507)	879,595
Other Income			-	296,000
5.0 Donor Funds				
73	Opening balance			12,520
73	Donor Receipts		41,723,960	293,338
57	Less: Donor Expenditure		41,723,960	310,115
Donor Surplus			-	12,740
Surplus/Deficit for the year			-	1,188,335

BLANTYRE CITY COUNCIL

STATEMENT OF CHANGES IN CAPITAL FUND FOR 2018

	Capital Fund	Revaluation Reserve	General Rate Fund	Total
Balance as at 1 July 2016	4,326,460		2,091,064	6,417,523
Surplus for the period			760,659	760,659
Collection of Prior period error				-
Movement in Equity	88,572			88,572
Balance as at 30 June 2017	4,415,032		2,851,722	7,266,754
Balance as at 1 July 2017	4,415,032	-	2,851,722	7,266,754
Surplus for the period	-	-	1,188,336	1,188,336
Revaluation surplus	-	3,924,628	-	3,924,628
Provision on revaluation	-	(125,932)		(125,932)
Movement in Equity	709,039	-	-	709,039
Balance as at 30 June 2018	5,124,071	3,798,696	4,040,058	12,962,824

BLANTYRE CITY COUNCIL STATEMENT OF CASHFLOW FOR THE YEAR ENDED 30 JUNE 2018

	2018	2017
	K'000	K'000
Cash flow from operating activities		
Surplus for the year	1,188,336	882,201
Interest received	(17,304)	15,828
Interest paid	73,260	(57,622)
Depreciation	179,946	287,305
Profit on sale of Fixed assets	296,000	33,000
Inventory written off	1,228	1,558
Provision for doubtful debts	31,126	(133,555)
	<u>1,752,593</u>	<u>1,028,715</u>
Movement in Working Capital		
(Increase)/decrease in Inventories	-	-
(Increase)/decrease in receivables	(1,696,311)	(857,925)
Increase/(Decrease) in payables	139,373	368,808
Cash flow from operating activities	(1,556,938)	(489,117)
Interest paid	(73,260)	57,622
Net Cash flow from operating activities	122,395	597,220
Cash flow from Investing activities		
Payment to acquire assets	(310,900)	(187,433)
Proceeds on sale of fixed assets	432,000	-
Interest received	(17,304)	15,828
Net Cash flow from Investing activities	103,796	(171,605)
Cash flows from financing activities		
Capital Fund	145,142	339,331
Loan repayment	(199,124)	(42,428)
Net Cash flow from financing activities	(53,982)	296,903
Increase in cash and cash equivalents	352,877	372,269
Opening Cash and Cash equivalents	(211,709)	(583,978)
Closing cash and cash equivalents	141,168	(211,709)

SIGNIFICANT ACCOUNTING POLICIES

- **BASIS OF PREPARATION**

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS)

- **SIGNIFICANT ACCOUNTING POLICIES (IPSAS 3)**

The following are the accounting policies adopted by the Council which are in agreement with Municipal accounting practice and used consistently in the preparation of the financial statements.

i. Functional and presentation currency

Items included in the financial statements are measured and presented in Malawi Kwacha, the functional currency of the primary economic environment in which the council operates. Transactions in foreign currencies are translated at spot rate and closing balances as at year end are translated at closing rate.

ii. Critical Accounting Judgments and Key Sources of Estimation (IPSAS 23)

In the application of the accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis.

Changes in accounting policies are recognized retrospectively and revisions to accounting errors and estimates are recognized prospectively in the financial statements

iii. Critical judgments in applying accounting policies IPSAS 19

Management made critical judgments in preparing the financial statements which include provision for doubtful debts, revision of economic useful life of assets and its values.

iv. Revenue (IPSAS 23)

Revenue is gross inflow of economic benefits during the period arising in the course of the ordinary activities of the council.

City rates which is the Councils main source of revenue is recognised on accrual basis.

v. Accounting For Government Grants (IPSAS 20)

The Council receives assistance from Government in form of transfer of resources relating to the operating activities of the Council. The Council recognizes government grants as income over the relevant periods to match them with related costs which they have been received to compensate in accordance with IPSAS 20.

vi. Borrowing costs IPSAS 5

Borrowing costs are interest and other expenses incurred by the council in connection with borrowing of funds and are expensed in the Statement of Financial Performance as they are incurred. Borrowing Costs include Interest on bank overdrafts, short and long term borrowings.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset.

vii. Property plant and equipment (IPSAS 17)

Property plant and equipment are shown at fair value less accumulated depreciation as permitted by (IPSAS 17) Property Plant and Equipment.

Property, plant and equipment are depreciated on the straight line basis as follows;

Motor Vehicle	5 years
Motor cycles	5 years
Plant	7 years
Buildings	20 years
Computers	4 years
Office Equipment	4 years
Fixtures	4 years
Furniture	4 years

Residual value is determined at 10% of cost or revalued amount as per council's policy.

An item of property plant and equipment is recognized when its cost exceeds K2, 000,000 and has an economic useful life of more than 12 months. An asset is derecognized upon disposal or when no future economic benefits from the asset are expected to flow to the Council.

viii. Inventory (IPSAS 12)

Inventory is measured at the lower of cost and net realizable value. Costs include expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated Cost of completion and selling expenses.

ix. Financial Instruments IPSAS 30

Financial instruments are recognized in the statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The council presents its financial assets and financial liabilities in the statement of financial position in accordance with IPSAS 30. These financial instruments include cash, trade receivables and trade payables

The Council is exposed to a number of risks namely;

Credit Risk

This is when one party to the contract causes financial loss to another party by failing to discharge an obligation under the contract.

To mitigate against credit risk, the council ensures that it identifies, measures, controls and monitors this credit risk by putting in place internal controls.

Interest Rate Risks

This is when interest rates fluctuate unfavorably resulting in financial loss to the Council. The Council mitigate against interest rate risk through hedging.

Market Risks

Market risk is the risk that changes in market prices, such as interest rate affect the Councils income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

During the year there were no significant market price changes that affected the Councils operations.

x. Cash and cash equivalents (IPSAS 2)

Cash is actual money and on demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdraft is normally regarded as a cash equivalent and for the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

xi. Employee Benefits IPSAS 39

The Council provides for a Defined Contribution Plan to its employees where it pays a fixed amount (The employer contributes 19.5% and the employee contributes 5% of basic salaries) into funds administered by National Insurance Company (NICO). The Council has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

xii. Leases IPSAS 13

Finance lease is a lease where the entire risks and rewards incidental to ownership of an asset are substantially transferred to the Council. IPSAS 17 requires that a finance lease should be recorded in the statement of financial position of lessee as an asset and as an obligation to pay future lease payments.

xiii. Events after the reporting period IPSAS 14

These are events after the reporting period that provide further evidence of conditions and are indicative of condition that existed at the end of the reporting period.

There were no significant events after the reporting period.

xiv. Provisions, contingent liabilities and contingent assets IPSAS 19

These are provisions that are recognized when there is a present obligation resulting from a past event which will result in an outflow of economic benefit.

The Council did not make any provisions during the year as there were no indications of such events.

xv. Accounting policies, changes in accounting estimates and prior period errors

Accounting policies are the specific principles, bases, conventions, rules and practices adopted by the council in preparing and presenting financial statements.

A change in accounting estimate is an adjustment of the carrying amount of an asset or a liability or the amount of the periodic consumption of an asset that results from the assessment of the present status of, and expected future benefits and obligations.

Prior period errors are omissions from, and misstatements in, the council's financial statements for one or more prior periods arising from a failure to use, or misuse of reliable information. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

A change in accounting policy, application of a new accounting policy and correction of prior period errors are corrected retrospectively whilst a change in accounting estimate is applied prospectively.

NOTES TO THE FINANCIAL STATEMENTS

CORRECTION OF PRIOR PERIOD ERRORS

The following adjustments were made as prior period errors in preparing the financial statements;

i. Revenue

Revenue was understated by MK350, 896,180.00 in the statement of financial performance for surcharges in the year 2016-17. The figure was already incorporated in the trade receivables balance in the statement of financial position.

ii. Debtors

During the year 2016-17 debtors amounting to MK44, 638,373 were derecognised as they were observed by the auditors as duplications.

Other receivables figure were adjusted upwards by MK13, 503, 000 due to oversight

iii. Bank

The reported bank balance figure was understated by MK 4,261,929 due to casting error of WASH and FDH Investment accounts.

iv. Trade payables

The reported accruals balance was understated by MK 26, 956, 000 due to the omitted Legal charges and cost of maintenance of buildings.

v. Payee

The reported closing balance was understated by MK 96,144,923 due to an oversight.

vi. Government transfers

The figure was understated by MK98, 560,204 that was omitted in the statement of financial performance.

vii. Donor expenditure

These transactions relate to wages for public works program and administration expenses which were correctly charged to the general ledger accounts. However the amount could not be directly linked to the cash book as the lump sum was split between the two general ledger accounts.

viii. Duplicate transactions

The reported duplications that were observed in donor expenses amounting to MK45, 880,000 by the auditors were already reversed in the system.

ix. Statement of change in equity difference

The reported figure of MK2, 091,064 as a difference in statement of changes in equity was a closing balance. The interest received from FDH investments account totaling to MK2, 045,000.00 (MK998, 794.52 and MK1, 045,724.71 for May and June 2016 respectively) was reported as a prior period error in 2015-16 financial year.

x. PROVISION FOR DOUBTFUL DEBTS

The provision for doubtful debts amounting to MK133, 554,778 was erroneously reversed in the accounts now the error has been rectified

1. Property Plant and Equipment

	<u>2017/2018</u>				
	LAND AND IMPROVEMENTS	PLANT & MOTOR VEHICLE	FURNITURE	EQUIPMENT	TOTAL
Cost as at 1 July 2017	3,979,317,707.00	185,656,745.18	8,889,592.00	6,126,206.00	4,179,990,250.18
Revaluation	3,753,807,293.00	152,024,200.00	3,926,636.46	14,869,729.00	3,924,627,858.46
Additions		14,900,000.00	9,035,000.00	13,456,350.00	37,391,350.00
Disposals	79,825,000.00	-	525,638.50	701,920.00	81,052,558.50
Cost as at 30 June 2018	7,653,300,000.00	352,580,945.18	21,325,589.96	33,750,365.00	8,060,956,900.14
					-
Charge for the year	223,276,500.00	70,425,936.29	4,937,251.49	7,238,800.48	305,878,488.26
Disposals	-	-	-	-	-
Accumulated depreciation	223,276,500.00	70,425,936.29	4,937,251.49	7,238,800.48	305,878,488.26
					-
Carrying Amount as at 30 June 2018	7,430,023,500.00	282,155,008.90	16,388,338.47	26,511,564.52	7,755,078,411.88

Land and Buildings

The council carried out a revaluation of its fixed assets in 2018 which resulted in a revaluation surplus.

The valuation separated elements of land and buildings resulting in depreciation being charged on buildings only.

Disposal of fixed assets

During the year the council disposed off two assets namely; property number BW 261 and New nursery Park

2. Trade Receivables

During the year the council made 5.66% provision for doubtful debts on Sundry receivables, 100% on Commercial receivables and 8.43% on rates receivables.

	GROSS	PROVISION	NET	NET MOVEMENT	GROSS	PROVISION	NET
SUNDRY	267,908,036	15,163,595	252,744,441	141,604,124	119,505,717	8,365,400	111,140,317
COMMERCIAL	6,736,075	6,736,075	-	-	38,589,072	38,589,072	-
RATES	6,645,372,099	560,204,868	6,085,167,231	1,548,951,238	5,040,239,992	504,023,999	4,536,215,993
	6,920,016,210	582,104,538	6,337,911,672	1,690,555,362	5,198,334,781	550,978,471	4,647,356,310

3. Other receivables

These are salary related receivables and prepayments.

	2017-18		2016/17
Car loan	6,238,492.71	1,317,045.08	7,555,538
House scheme	1,999,745.66	1,416,732.69	3,416,478
Education loan	934,444.66	453,333.24	1,387,778
Senior staff loans	35,699,745.42	(4,137,030.85)	31,562,715
Prepayment	3,1919,303.53	3,1919,303.53	-
Junior staff loans	25,922,692.83	(4,805,749.27)	21,116,944
TOTAL	73,919,303.53		65,039,452

4. Bank

BANK RECONCILIATION SECTION -CLOSING BALANCES 2017/2018

	2016-2017	2017/2018

CODE	BANK NAME	CASH BOOK BALANCES 2016-2017			CASH BOOK BALANCES 2017-2018		
		Amount	Positive Balances	Negative Balances	Amount	Positive Balances	Negative Balances
8702	National Bank - Chilobwe Vocation	375,888	375,888		344,863	344,863	
8708	National Bank-HIV/AIDS	(1,189,258)		(1,189,258)	1,948,447	1,948,447	
8709	National Bank-Home Ownership	1,567,550	1,567,550		3,670,570	3,670,570	
8710	Standard Bank -Markets	(12,921,457)		(12,921,457)	(17,591,911)		(17,591,911)
8711	Nation Bank -Operations	1,598,956	1,598,956		1,860,200	1,860,200	
8712	NED Bank- Pensions	2,740,291	2,740,291		1,533,467	1,533,467	
8713	National Bank - Projects	(11,380,180)		(11,380,180)	110,239,017	110,239,017	
8714	Standard Bank -Operations	(36,584,746)		(36,584,746)	283,065	283,065	
8715	National Bank - Staff Loans	(553,441)		(553,441)	(1,203,961)		(1,203,961)
8718	FDH Bank - Zingwangwa Health Market	1,387,491	1,387,491		9,669,540	9,669,540	
8719	Standard Bank - LDF	(12,202,403)		(12,202,403)	(12,103,773)		(12,103,773)
8720	NBS Bank- Rates Holding Account	986,039	986,039		10,240,921	10,240,921	
8726	FMB - Operations	(27,602,176)		(27,602,176)	46,908,451	46,908,451	
8727	Standard Bank - ORT	(122,193,571)		(122,193,571)	(115,278,112)		(115,278,112)
8729	WASH	6,550	6,550		(93,216)		(93,216)
873	FDH Bank- Investment Account	4,255,379	4,255,379		100,740,283	100,740,283	
	TOTALS	(211,709,090)	12,918,144	(224,627,234)	141,167,849	287,438,824	(146,270,975)

5. Trade payables and accruals

	2017-18	MOVEMENT	2016-17
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PAYABLES AND ACCRUALS	300,284,556.26	98,091,899.60	202,192,656.66
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6. Other Payables

The liability arose due to accumulated outstanding balance not remitted in prior years.

	2017/18	NET MOVEMENT	2016/17
NICO PENSION	524,802,838.61	55,181,071.61	469,621,767.00
PAYE	510,474,521.55	(21,126,307.45)	531,600,829.00
MASM	7,192,500.00	(3,341,700.00)	10,534,200.00
NICO PREMIUMS	111,827.27	(93,239.73)	205,067.00
VANGUARD PREMIUMS	4,850.00	-	4,850.00
OLD MUTUAL PREMIUMS	18,746.12	11,164.12	7,582.00
UNION FEES	249,600.00	(382,950.00)	632,550.00
BUSINESS FINANCE SOLUTIONS	2,113,344.92	2,113,344.92	-
TOTAL	1,044,968,228.47	32,361,383.47	1,012,606,845.00

7. Rates

All properties are charged at full rate except for government properties that are charged at 50% remission. Worshipping premises, government hospitals and schools are exempted.

8. Fees and services charges

The main sources of fees and service charges include car park fees, refuse collection, development fees, planning fees and fire fighting training fees. The figure includes Car park fees for Blantyre and Limbe zones that are reported separately under Commercial undertakings. The figures also include Interest received.

9. Government paid staff

This represent leave grant paid to District Education Manager (DEM) staff. In 2016/17 government directly paid the leave grant through salaries hence no expenditure reported.

10. Direct staff (other departments)

The amount is emoluments paid to the Council employees during the year.

11. Other goods and services

During the year the Council made a 100% specific provision on commercial rental receivables and a general provision of 8.43% and 5.66% on sundry and rates receivables respectively amounting to K582, 104,538.03.

12. Debt service

This is interest payment for loan which the Council obtained from Development Fund for Local Authorities (DFLA) which was used to construct Limbe bus depot and Chilomoni market. The council completed repaying the loan in June 2018.

13. Contingent liability

The council has estimated a sum of MK23, 000,000 to cover for litigations.

