



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

REGIONAL COUNCIL OF THE CAPRIVI REGION

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2008, 2009 AND 2010

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Regional Council of the Caprivi region for the financial years ended 31 March 2008, 2009 and 2010, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, November 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE
ACCOUNTS OF THE CAPRIVI REGIONAL COUNCIL
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2008, 2009 & 2010**

1. INTRODUCTION

The Regional Council of the Caprivi Region was established under Section 2(1) of the Regional Councils Act, 1992 (Act 22 of 1992).

The financial powers, duties and functions of the Council are stipulated in Article 108 of the Namibian Constitution and Section 28 of the Regional Councils Act. Sections 39 and 40 of the Act require that accounting records of the Council shall be kept and its financial statements shall be prepared by its Chief Regional Officer.

Figures in the report are rounded off to the nearest Namibia Dollar.

2. FINANCIAL STATEMENTS

The Regional Council's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 40(1) of the Regional Councils Act, 1992, **except that these were only submitted on 04 August 2011 instead of three months after the end of the financial year as stipulated in the Act.** The abridged balance sheet, Annexure A, is a true reflection of the original and is filed in the Office of the Auditor-General.

The following annexures are also attached to this report:

- Annexure B: Statements of income and expenditure
- Annexure C: Cash flow statements
- Annexure D: Notes to the financial statements

3. SCOPE OF AUDIT

The Chief Regional Officer of the Regional Council is responsible for the preparation of the financial statements and of ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit as carried out by audit staff of the Office of the Auditor-General, included:

- examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respects, expenditure and income have been applied to the purposes intended by the Regional Councils Act; and
- the financial transactions conform to the authorities, which govern them.

4. AUDIT OBSERVATIONS

4.1 CURRENT AND PRIOR YEAR ANNUAL FINANCIAL STATEMENT COMPARISONS

Income statement items

2008 – Subsistence and Travel

The amount disclosed in the annual financial statement amounted to N\$ 497 325 whilst the figure in the tabled report amounted to N\$ 495 318. This resulted in a difference of N\$ 2 007 in the Subsistence and Travel account.

2009 – Delegated functions income

The difference of N\$ 2 574 566 was found when comparisons were made between current year and prior year figures. Current year amount of N\$ 843 774 and prior year amount of N\$ 3 418 340 was disclosed in the annual financial statements of the Council.

Recommendation

It is recommended that prior year figures should be the same as tabled report figures in the financial statements.

4.2 COMPARISONS OF CURRENT YEAR'S OPENING BALANCES AND PRIOR YEAR'S CLOSING BALANCES

Balance sheet items

2008

The opening balances for all asset categories were wrongly brought forward from the prior year. In addition, the Council also made calculation errors. Details of these differences are shown in the table below:

Asset category	Annual financial statement opening balance	Prior year audit report closing balance	Difference
	N\$	N\$	N\$
Cost as at 01 April 2007			
Work in progress	12 741 970	6 217 457	6 524 513
Depreciation			
Land & buildings	-	100 419	100 419
Machinery & vehicles & Operational equipment	-	559 184	559 184
Office furniture, equipment & computers	-	317 895	317 895

2009

Asset category	Annual Financial Statements Opening balance	Prior year closing balance - audit calculation	Difference
	N\$	N\$	N\$
Cost as at 01 April 2008			
Work in progress	-	6 217 457	6 217 457
Machinery & vehicles & Operational equipment	3 306 631	3 019 233	287 398
Office furniture, equipment & computers	1 514 191	1 741 117	226 926
Depreciation			
Land & buildings	100 419	200 838	100 419
Machinery & vehicles & Operational equipment	674 821	1 165 313	490 492
Office furniture, equipment & computers	269 308	655 894	386 586

2010

Asset category	Annual Financial Statements Opening balance	Prior year closing balance - audit calculation	Difference
	N\$	N\$	N\$
Cost as at 01 April 2009			
Work in progress	-	20 628 422	20 628 422
Land & buildings	6 011 606	5 020 941	990 665
Machinery & vehicles & Operational equipment	6 243 021	3 543 741	2 699 280
Office furniture, equipment & computers	791 314	1 798 507	1 007 193
Depreciation			
Land & buildings	369 259	1 163 126	793 867
Machinery & vehicles & Operational equipment	4 616 213	1 433 590	3 182 623
Office furniture, equipment & computers	515 597	(188 072)	703 669

4.3 FIXED ASSETS

4.3.1 Calculation errors

2007

The opening balance as at 01 April 2007 was wrongly calculated as N\$ 15 244 621 instead of N\$ 21 975 165, which gives an unexplained difference of N\$ 6 730 544.

2008

The net book values of cost of assets in the annual financial statement were incorrectly calculated for the years under review. These resulted in the following differences as illustrated below:

Details	Client Calculated	Auditors Calculator	Differences
	N\$	N\$	N\$
2008			
Net book value as at 31 March 2008	21 539 186	13 976 703	7 562 483
2009			
Net book value as at 31 March 2009	21 955 835	28 582 967	6 627 132
2010			
Net book value as at 31 March 2010	28 987 086	50 025 182	21 038 096

Recommendation

It is recommended that the opening balances for the current year should be the same as the closing balances of the prior year. It is further recommended that the Council ensures that amounts recorded in the annual financial statements are correctly calculated.

4.3.2 Non-submission of records

2009 and 2010

Supporting vouchers and invoices amounting to N\$ 1 048 362 and N\$ 240 881 for 2009 and 2010 financial years respectively were not provided for audit purposes. Details of these transactions are contained in the management letter and no response was received from the Council.

Recommendation

It is recommended that all transactions should be supported by appropriate documents; the Council should in future submit all vouchers and invoices as requested by auditors.

4.3.3 Fixed Asset Register

2008

The Council did not provide an asset register; therefore the value of assets to the amount of N\$ 21 539 186 as disclosed in the Balance Sheet could not be confirmed.

2009

The audit noted that the asset register provided by the Council was incomplete as this register only contains the additions or the newly acquired assets for the year under review.

Auditors could not confirm the accuracy and completeness of fixed asset balance of N\$ 7 544 871 disclosed in the balance sheet, due to:

- The closing balance of the prior year that differs with the opening balance for the year under review by N\$ 833 055; and
- The Council could also not explain the net adjustment of N\$ 723 822 included in the fixed asset balance.

4.3.4 Depreciation

2009

The audit noted that depreciation charged for the financial year under review amounting to N\$ 1 110 421, was not disclosed in the income statement.

2010

- The audit noted that depreciation charged for the financial year under review amounting to N\$ 990 334, was not disclosed in the income statement.
- The Council only listed the items in the assets register without attaching a value for those assets which have been fully depreciated.

Recommendation

It recommended that the Council should have a register for all its assets. This register should reflect among other the following information: Date and cost of the asset, depreciation, accumulated depreciation, new additions and any write-off as well as disposals and the net book value of the asset.

4.4 PAYROLL

4.4.1 General ledger and Salary sheets differences

The audit noted the following differences between the General Ledger and salary sheets:

Month	Salary sheets	General ledger	Difference
2008	N\$	N\$	N\$
May 2007	377 743	884 833	(507 090)
June 2007	378 336	465 948	(87 612)
July 2007	383 237	675 831	(292 594)
TOTAL	1 139 316	2 026 612	(887 296)
2009			
May	420 227	420 707	(480)
July	418 984	418 060	924
September	424 378	425 055	(677)
October	427 596	426 737	859
March	420 092	421 593	(1 501)
TOTAL	2 111 277	2 112 152	(875)
April 2009	460 954	460 859	95
May 2009	458 053	463 569	(5 516)
June 2009	462 163	463 569	(1 406)
December 2009	464 150	464 334	(184)
February 2010	462 244	469 764	(7 520)
TOTAL	2 307 564	2 322 095	(14 531)

4.4.2 Salary sheets – 2008

The Council did not provide salary sheets for September 2007, November 2007, February 2008 and March 2008.

Recommendation

- Reconciliation must be done on a monthly basis between the General Ledger and Salary Sheets and correct differences if any.
- It is recommended that the Council ensures that all monthly salary and wages sheets are properly filed and be provided to auditors when requested.

4.5 CASH AND BANK

4.5.1 Bank account not disclosed in the Annual Financial Statements (AFS)

The audit found that the Council had an account with Bank Windhoek; Katima Mulilo branch which was not disclosed in the annual financial statement for all the three years under review. The details of the account are as follows:

Financial year	Name of the account	Balance at year end
		N\$
2007/2008	Caprivi Rural Development Pro	101 124
2008/2009	Caprivi Rural Development Pro	82 623
2009/2010	Caprivi Rural Development Pro	278 677

4.5.2 Annual financial statements and bank reconciliation differences

Figures in the annual financial statements did not agree to the bank reconciliation figures. The following differences were observed as at 31 March 2008:

Account details	Annual financial statement amount	Bank reconciliation amount	Difference
	N\$	N\$	N\$
Bank Windhoek: Revenue account	142 685	13 333	129 352
Bank Windhoek: Capital Project call deposit	15 754 747	7 115 610	8 639 137
Bank Windhoek: Build Together call deposit	3 634 737	1 997 734	1 637 003
Bank Windhoek: Independence account	1 906	1 579	327
FNB: Disaster Fund	302 762	420 177	(117 415)
TOTAL	19 836 837	9 548 433	10 288 404

Recommendation

- It is recommended that the Council ensures that amount recorded in the annual financial statements agrees to bank reconciliation balance.
- All bank accounts held by the Council must be disclosed in the annual financial statements.

4.5.3 Bank reconciliations

The auditors were not provided with bank reconciliations for the following bank accounts:

2008

ACCOUNT DETAILS	AMOUNT
	N\$
Bank Windhoek - Btp receipts	69 969
Bank Windhoek - Traditional Authority	31 194
Bank Windhoek - NDP Call deposit	(89 849)
Bank Windhoek - Call deposit	443 969
Bank Windhoek - Remuneration	541 509
Bank Windhoek - WFP	(67 428)
TOTAL	929 364

2009

ACCOUNT DETAILS	AMOUNT
	N\$
Bank Windhoek - Revenue account	8 004
Bank Windhoek - Btp receipts	81 443
Bank Windhoek - Traditional Authority	26 574
Bank Windhoek – Call deposit (Equity Provision)	26 978
TOTAL	142 999

2010

ACCOUNT DETAILS	AMOUNT
	N\$
Bank Windhoek - Operational account	558 987
Bank Windhoek - Revenue account	965 085
Bank Windhoek - Btp Receipts	90 820
Bank Windhoek - Traditional Authority	23 897
Bank Windhoek – Independence celebration	3 352
Bank Windhoek - Ministry of Education	100
TOTAL	1 642 241

- Reconciled bank balance of Capital project call deposit account as at 31/03/2008 amounted to N\$ 7 115 610, included in this amount is interest received as at 30/09/2007 to the amount of N\$ 47 297. The interest received as at 30/09/2007 has been added to the closing balance as per bank statement in the bank reconciliation since September 2007.
- The audit found that the bank statement balance as at 31/03/2009 for the Operational account had a closing balance of N\$ 107 039 while the bank confirmed that the balance for the same account is (N\$ 5 290).
- The Council did not provide the detail general ledger for all bank accounts for the year than ended 31 March 2009 and 2010.

Recommendation

It is recommended that reconciliations for all bank accounts held by the Council be done on a monthly basis and be provided to auditors when requested.

4.6 REVENUE

4.6.1 Non-submission of records

2008, 2009 & 2010

Revenue for the years ended 31 March 2008, 2009 and 2010, amounting to N\$ 2 935 923, N\$ 663 198 and N\$ 279 313 respectively could not be verified for accuracy and completeness due to non-submission of receipts and deposit books. Details of these expenditure transactions are contained in the management letter and no response was received from the Council.

Recommendation

It is recommended that all transactions should be supported by appropriate documents.

4.7 BUILD TOGETHER FUND

4.7.1 Loan agreements

2008

It was observed that some loan agreements were not signed by both the Council and beneficiaries and in some instances the agreements were signed by one party, being the Council or the beneficiary.

The following are some of the examples noted:

Not signed by beneficiary

Reference number	Amount
	N\$
0705000065	32 000
0705000067	32 000
0705000069	32 000
0706000072	26 000

Not signed by the Council and Beneficiary:

Reference number	Amount
	N\$
0705000074	26 000
0705000076	25 000
0705000086	32 000
0705000101	20 000
0705000106	25 000

Recommendation

It is recommended that the Council should ensure that the loan application/agreement forms for all beneficiaries are fully completed as per the Build Together guidelines and procedures manual.

4.7.2 Non-submission of vouchers

2008

The auditors could not confirm an amount of N\$ 146 000 issued to six (6) loan applicants due to non submission of their agreements:

Reference number	Amount
	N\$
0705000081	32 000
0705000083	25 000
0705000091	20 000
0705000093	20 000
0705000096	26 000
0705000103	23 000
Total	146 000

Recommendation

It is recommended that all transactions should be supported by appropriate documents.

4.8 TRADE AND OTHER PAYABLES

No supporting documents were provided to verify Creditors as disclosed in the 2010 financial statements to the amount of N\$ 3 680 741.

Recommendation

It is recommended that all transactions should be supported by appropriate documents.

4.9 CURRENT LIABILITIES: BANK OVERDRAFT

2008

The audit found that there is a difference of N\$ 303 983 between the financial statements and bank reconciliation of the main account:

Account details	Account number
Main account	1074524701

- Auditors were also unable to confirm the bank overdraft amounting to N\$ 157 277 as disclosed in the annual financial statements for the 2007/2008 financial year as no bank reconciliations were provided by the Council.

4.10 EXPENDITURE

4.10.1 Non-submission of records

2008, 2009 & 2010

Expenditure for the years ended 31 March 2008, 2009 and 2010, amounting to N\$ 2 160 712, N\$ 2 085 886 and N\$ 985 072 respectively could not be verified due to non-submission of supporting documents, vouchers and invoices.

Recommendation

It is recommended that all transactions should be supported by appropriate documents.

4.11 ACCOUNT PAYABLES**4.11.1 Non-submission of supporting vouchers****2009 & 2010**

Account payables for the years ended 31 March 2009 and 2010, amounting to N\$ 613 405 and N\$ 983 293 respectively could not be verified due to non-submission of supporting documents, vouchers and invoices. Details of these expenditure transactions are contained in the management letter and no response was provided by the Council.

Recommendation

It is recommended that all transactions should be supported by appropriate documents.

4.12 TRADE AND OTHER RECEIVABLE**4.12.1 Non-submission of supporting vouchers****2009 & 2010**

Trade and other receivable for the years ended 31 March 2009 and 2010 amounting to N\$ 24 527 and N\$ 49 973 respectively could not be confirmed due to non-submission of supporting documents.

Recommendation

It is recommended that all transactions should be supported by appropriate documents.

4.13 CAPITAL PROJECT EXPENDITURE (WORK IN PROGRESS)**4.13.1 Non-submission of supporting vouchers****2009**

Expenditure vouchers for the financial year ended 31 March 2009 amounting to N\$ 5 431 426 were not provided for auditing.

Recommendations

It is recommended that the Council improve its filing system and to also comply with the provisions of Section 26(1)(b)(i) and (ii) of the State Finance Act, 1991 (Act No. 31 of 1991) which states that the Auditor-General or any competent person employed in the Office of the Auditor-General shall have access to all books, vouchers, other documents, money, stamps and securities.

It is further recommended that all transactions be supported by appropriate documents.

4.14 STOCK ON HAND / INVENTORY**2008 & 2009**

During the years under review the Council did not prepare a mini-stock report for consumables at year end.

Recommendation

It is recommended that the Council must prepare a report on consumables at the end of each financial year. The report should contain the cost and the stock on hand.

4.15 CASHFLOW STATEMENT - 2008

The Council did not compile a cash flow statement for the financial year ended 31 March 2008, therefore the cash flow for the mentioned financial year was compiled by the auditors in the required format.

Recommendation

The Council is recommended to prepare cash flow statements in order to monitor its cash inflow and outflow.

4.16 UNEXPLAINED ADJUSTMENTS

4.16.1 Office of the Auditor – General’s adjustments

The following adjustments were made in order for the Income Statement amount to agree to retained income in the Balance Sheet: N\$ 1 200 813 (2008) and N\$ 23 363 554 (2009)

4.16.2 Regional Council’s adjustments – 2009

The following unexplained adjustments were made to Fixed Assets by the Council:

Fixed asset	2009
	N\$
Land and buildings	842 056
Plant, machinery and equipment	(551 851)
Motor vehicles	(78 766)
Furniture and fittings	(935 1)

19. ACKNOWLEDGEMENT

The courtesy and assistance extended to the Auditor-General’s staff by the Chief Regional Officer and her staffs during the audit are appreciated.

20. DISCLAIMED AUDIT OPINION

The accounts of the Regional Council of the Caprivi Region for the financial years ended 31 March 2008, 2009 and 2010 have been audited in terms of Section 38 of the Regional Councils Act, 1992 (Act 22 of 1992) and Section 25(1)(b) of the State Finance Act, 1991 (Act 31 of 1991).

I am unable to express an audit opinion as to whether these financial statements fairly present the financial position of the Council due to the following reasons:

- A difference of N\$ 2 574 566 was found between current year and prior year (2009);

- Opening balances for all assets were wrongly brought forward to the amount of:

N\$ 7 502 011 (2008)

N\$ 7 709 278 (2009)

N\$ 30 005 719 (2010)

- Calculation errors on Fixed Assets to the amount of:

N\$ 6 730 544 (2007)

N\$ 7 562 483 (2008)

N\$ 6 627 132 (2009)

N\$ 21 038 096 (2010)

- Supporting documents to the amount of N\$ 1 048 362 (2009) and N\$ 240 881 (2010) were not submitted for audit purposes;
- The value of fixed assets as stated in the balance sheet to the value of N\$ 7 544 871 (2009) and N\$ 21 539 186 (2008) could not be confirmed;
- The Council did not provide an assets register (2008);
- The asset register provided was incomplete (2009);
- Depreciation to the amount of N\$ 1 110 421 (2009) and N\$ 990 334 (2010) was not disclosed in the Income Statement;
- Unexplained difference between the general ledger and salary sheets to the amount of N\$ 887 296 (2008);
- The Caprivi Rural Development Programme bank account at Bank Windhoek was not disclosed in the financial statements for the years under review;
- The Bank reconciliation amount of N\$ 10 288 404 did not agree with the financial statements of 2008 financial year;
- Bank reconciliations for all the bank accounts for the year under review were not provided for audit purposes;
- Revenue documents for the years ended 31 March 2008, 2009 and 2010 amounting to N\$ 2 935 923, N\$ 663 198 and N\$ 4 279 313 respectively were not submitted for audit purposes;
- Supporting documents for Accounts payable for the years under review were not submitted for audit purpose.

WINDHOEK, November 2012

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

REGIONAL COUNCIL OF THE CAPRIVI REGION

BALANCE SHEETS AS AT 31 MARCH

	Notes	2010 N\$	2009 N\$	2008 N\$	2007 N\$
ASSETS					
Non-current assets		28 987 085	21 955 835	21 539 186	14 473 154
Fixed assets	4	7 436 130	7 544 871	21 539 186	14 473 154
Fixed assets - WIP	4.1	21 550 955	14 410 964	-	
Current assets		50 088 142	15 365 312	25 021 076	24 401 950
Cash on hand and bank	6	46 026 085	12 799 730	22 956 170	23 236 109
Debtors	5	3 974 353	2 520 319	2 064 906	1 165 841
Stock on hand		87 704	45 263	-	-
Total assets		79 075 227	37 321 147	46 560 262	38 875 104
EQUITY AND LIABILITIES					
Retained income	10.1	2 083 801	(338 185)	23 619 014	22 344 200
Accounts payable	7	4 928 489	1 596 395	604 096	243 753
Accumulated funds	10.2	72 062 937	36 062 937	22 337 152	16 287 151
Total equity and liabilities		79 075 227	37 321 147	46 560 262	38 875 104

REGIONAL COUNCIL OF THE CAPRIVI REGION

INCOME STATEMENTS FOR THE YEAR ENDED 31 MARCH

	Notes	2010	2009	2008	2007
		N\$	N\$	N\$	N\$
Income	8	17 423 462	13 091 079	14 616 306	12 438 136
Expenditure	9	16 378 134	14 499 302	15 403 106	13 243 052
Net operating surplus/(loss)		1 045 328	(1 408 223)	(786 799)	(804 916)
Interest on current account	9.1	1 376 659	814 578	860 799	656 552
Accumulated income/(deficit)		2 421 987	(593 645)	74 000	(148 364)
Accumulated funds					
~at the beginning of the year		(338 185)	23 619 014	22 344 200	9 382 940
~ adjustments		-	(23 363 554)	1 200 814	13 109 624
~at the end of the year		2 083 801	(338 185)	23 619 014	22 344 200

REGIONAL COUNCIL FOR THE CAPRIVI REGION

CASH FLOW STATEMENTS AS AT 31 MARCH

	Notes	2010	2009	2008	2007
		N\$	N\$	N\$	N\$
Cash flow from operating activities					
Cash flow from operating activities		1 045 328	(1 408 223)	(786 799)	(804 916)
adjusted for non-cash items					
Movement in current assets (increases)/ decrease		(1 496 475)	(500 676)	(899 065)	(444 437)
Net cash inflow from operations		(451 147)	(1 908 899)	(1 685 864)	(1 249 353)
Cash flow from investing Activities					
Interest received (paid) received	9.1	1 376 659	814 578	860 799	656 552
Investments (increase)/decrease		-	-	-	-
Property, plant and equipment acquired (increase)/ decrease		(7 031 250)	(416 649)	(7 066 032)	(5 272 698)
Net change in cash and cash equivalents		(6 105 738)	(1 510 970)	(7 891 097)	(5 865 499)
Adjustments		-	(23 363 554)	1 200 814	13 109 624
Current liabilities increase/ (decrease)		3 332 094	992 299	360 343	221 465
Movement in funds (decreases)/ increase		36 000 000	13 725 786	6 050 000	-
Increase in cash and cash equivalents					
Cash and cash equivalents at the beginning of the year		12 799 731	22 956 171	23 236 109	15 770 519
Cash and cash equivalents at the end of the year	6	46 026 086	12 799 731	22 956 171	23 236 109

REGIONAL COUNCIL OF THE CAPRIVI REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2008, 2009 AND 2010**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with the Namibian statements of Generally Accepted Accounting Practice.

The annual financial statements are prepared under the historic cost convention. The following accounting policies are consistent, in all material respects, with those of the previous year. The annual financial statements are prepared in line with the accrual concept. It should be noted, however, that income and expenditures in relation to Delegated functions is accounted for during the year on a cash accounting concept in line with the State Finance Act, 1992, however since all liability in relation to Delegated functions remains with the Line Ministry, this does not materially affect the Regional Council financial statements.

1.2 Currency

The financial statements are expressed in Namibia Dollars.

1.3 Property, plant and equipment

Buildings	50 years	2% pa
Machinery and equipment	5 years	20% pa
Motor vehicles	5 Years	20% pa
Office furniture and equipment	3 years	33.33% pa
Computer equipment	3 years	33.33% pa
Construction equipment	5 years	
Land		No Depreciation

1.4 Revenue

Revenue is recognised in the financial statements at the date the good are delivered or services are rendered.

2. GRANTS AND DONATIONS

	2010	2009	2008	2007
	N\$	N\$	N\$	N\$
Unicef	99 596	8 502	-	11 000
Total	99 596	8 502	-	11 000

REGIONAL COUNCIL OF THE CAPRIVI REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2008, 2009 AND 2010
(continued)**3. DELEGATED FUNCTIONS**

The Regional Council is currently performing the following functions delegated by Central Government line Ministries, as indicated in accordance with the Decentralization Enabling Act, 2000.

Under delegation the Regional Council acts as an agent on behalf of the relevant line Ministry. The relevant line Ministry, however, retains overall responsibility for performance of the functions, and also retains the responsibility to approve the related budget. This budget allocation is transferred to the Regional Council via monthly cash transfers. However, any unexpended amount as at 31st March is paid to the State Account, via the related line Ministry. For this reason the Income and Expenditure for each delegated function should always net to NIL.

Line Ministry	2010	2009	2008	2007
	N\$	N\$	N\$	N\$
INCOME				
World habitat Day - MLRGH	-	-	10 390	10 000
MGECW	678 143	493 711	381 438	180 489
MOHSS	35 840	10 000	158 046	15 000
MAWF	12 270	25 307	293 900	7 000
OPM DISASTER FUND	479 607	220 160	2 574 566	2 122 419
Total Income	1 205 860	749 178	3 418 340	2 334 908
EXPENDITURE				
San Empowerment	-	-	-	31 360
MGECW	755 424	478 513	250 084	174 783
MOHSS	60 547	93 634	114 323	102 191
MAWF	7 130	91 182	-	-
OPM DISASTER FUND	237 451	386 906	2 966 978	1 240 778
Total Expenditure	1 060 552	1 050 235	3 331 385	1 549 112
SURPLUS/(DEFICIT)	145 308	(301 057)	86 955	785 796

REGIONAL COUNCIL OF THE CAPRIVI REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2008, 2009 AND 2010
(continued)

4. FIXED ASSETS

2009/2010	Work in progress	Land & buildings	Plant, machinery & equipment	Motor vehicles	Furniture and fittings	Total
	N\$	N\$	N\$	N\$	N\$	N\$
As at 31 March 2010	-	-	-	-	-	-
Opening cost as at 1 April 2009	-	6 011 606	1 245 827	4 997 194	791 314	13 045 941
Additions	21 550 956	-	251 256	582 707	47 630	22 432 549
Cost as at 31 March 2010	21 550 956	6 011 606	1 497 083	5 579 901	838 944	35 478 490
Depreciation as at 1 April 2009	-	369 259	704 642	3 911 571	515 597	5 501 069
Change for the year	-	120 232	168 417	607 071	94 614	990 334
Depreciation as at 31 March 2010	-	489 491	873 059	4 518 642	610 211	6 491 403
Net book value as at 31 March 2010	21 550 956	5 522 115	624 023	1 061 259	228 733	28 987 086
2008/2009	Work in progress	Land & buildings	Plant, machinery & equipment	Motor vehicles	Furniture and fittings	Total
	N\$	N\$	N\$	N\$	N\$	N\$
As at 31 March 2009	-	-	-	-	-	-
Opening cost as at 1 April 2008	-	5 020 941	860 510	2 446 121	1 514 191	9 841 763
Additions	14 410 965	-	524 508	-	57 390	14 992 863
Cost as at 31 March 2009	14 410 965	5 020 941	1 385 018	2 446 121	1 571 581	24 834 626
Depreciation as at 1 April 2008	-	100 419	194 859	479 962	269 308	1 044 548
Change for the year	-	120 232	97 124	801 770	91 295	1 110 421
Adjustments	-	842 056)	551 851	78 766	935 261	723 822
Depreciation as at 31 March 2009	-	(621 405)	843 834	1 360 498	1 295 864	2 878 791
Net book value as at 31 March 2009	14 410 965	5 642 346	541 184	1 085 623	275 717	21 955 835

REGIONAL COUNCIL OF THE CAPRIVI REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2008, 2009 AND 2010
(continued)

2007/2008	Work in progress	Land & buildings	Machinery, vehicles & operational equipment	Office furniture, equipment & Computers	Total
	N\$	N\$	N\$	N\$	N\$
As at 31 March 2008					
Opening cost as at 1 April 2007	12 741 970	5 020 941	2 735 443	1 476 811	15 244 621
Additions*	-	-	283 790	264 306	206 031
Cost as at 31 March 2008*	12 741 970	5 020 941	3 019 233	1 741 117	15 450 652
Depreciation as at 1 April 2007	-	-	-	-	-
Change for the year*	-	100 419	606 129	337 999	1 044 547
Depreciation as at 31 March 2008*	-	100 419	606 129	337 999	1 044 547
Net book value as at 31 March 2008*	12 741 970	4 920 522	2 473 576	1 403 117	21 539 186
2006/2007	Work in progress	Land & buildings	Machinery, vehicles & operational equipment	Office furniture, equipment & Computers	Total
	N\$	N\$	N\$	N\$	N\$
As at 31 March 2007					
Opening cost as at 1 April 2006	6 217 457	5 020 941	2 626 110	1 380 113	15 244 621
Additions	-	-	109 333	96 698	206 031
Cost as at 31 March 2007	6 217 457	5 020 941	2 735 443	1 476 811	15 450 652
Depreciation as at 1 April 2006	-	-	-	-	-
Change for the year	-	100 419	559 184	317 895	977 498
Depreciation as at 31 March 2007	-	100 419	559 184	317 895	977 498
Net book value as at 31 March 2007	6 217 457	4 920 522	2 176 259	1 158 916	14 473 154

REGIONAL COUNCIL OF THE CAPRIVI REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2008, 2009 AND 2010
(continued)

	2010	2009	2008	2007
	N\$	N\$	N\$	N\$
5. DEBTORS				
Build Together Housing scheme	1 087 631	1 048 114	540 131	597 085
Sundry Debtors				
– Subsistence and Travel	383 520	354 988	727 650	484 066
Creditors overpaid	-	-	-	84 690
VAT claimable	2 328 009	1 016 167	797 125	-
Water - customer	175 193	101 050	-	-
Total	3 974 353	2 520 319	2 064 906	1 165 841
6. CASH AT BANK AND ON HAND				
Main Account	373 798	40 538	-	-
Capital Development	1 408 518	359 627	1 331 569	2 751 754
Traditional authority	23 897	26 574	31 194	48 107
Build Together Revenue	385 564	443 357	459 169	459 435
Revenue Account	965 085	8 004	142 685	362 521
Build Together Receipts	90 820	81 443	69 969	61 329
OVC	40 288	633	58 656	19 842
HIV/AIDS Account	22 594	32 892	90 288	10 905
Equity provision	27 850	26 978	25 434	197 021
NDP Call deposit	10 422	10 319	-	-
Call Deposit (Capital Project)	38 820 072	7 631 194	-	-
IGA Account	56 109	130 955	-	-
Capital Project Call deposit	-	-	15 754 747	14 266 033
Build Together Call deposit	3 543 385	3 388 602	3 634 737	3 471 999
Call Deposit Account	1 358	1 283	443 969	663 240
Disaster Fund	216 243	40 603	302 762	667 503
Remuneration Account	36 281	575 285	541 509	250 990
WFP - 8001107901	-	-	-	-
Independence Account	3 352	1 243	1 906	2 064
Cash Control Account	350	200	67 576	3 366
Ministry of Education	100	-	-	-
	46 026 085	12 799 730	22 956 170	23 236 109

REGIONAL COUNCIL OF THE CAPRIVI REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2008, 2009 AND 2010
(continued)

	2010	2009	2008	2007
	N\$	N\$	N\$	N\$
7. CURRENT LIABILITIES				
Bank Overdraft - Bwk WFP	-	-	67 428	68 555
Bank Overdraft - Ndp Call Deposit	-	-	89 849	66 844
Bank Overdraft - Main Account	-	-	446 819	108 354
Creditors	4 919 605	1 311 934	-	-
Salaries and Wages	8 884	284 461	-	-
	4 928 489	1 596 395	604 096	243 753
8. INCOME				
Government transfers				
Government transfers MRLGH	14 928 000	11 500 990	10 780 000	9 847 944
Rates levy from Local Authorities				
Rates (5%) - Katima Mulilo Town Council	193 893	151 439	290 750	-
Rates, charges & fees income				
Water Deposits - Income	103 859	119 844	38 686	54 397
Kabbe Constituency - Income	-	2 400	-	-
Fishing licenses	25 087	19 286	35 895	-
	128 946	141 530	74 581	54 397
Grants and donations	99 596	8 502	-	11 000
	99 596	8 502	-	11 000
Nored - Royalties Received	62 340	11 045	12 661	189 888
Dividends received from Nored	707 143	471 429	-	-
Comm received from Insurance/Loan (2.5%)	10 553	8 653	-	-
Tender fees received	13 270	200	3 421	-
Official accommodation - Income	11 830	3 700	12	-
Advertising boards - Income	-	-	3 500	-
Property rentals - Income	60 654	42 352	8 335	-
Hiring of operational equipment - Income	550	2 060	-	-
Sundry Income	827	1	24 706	-
	867 167	539 440	52 635	189 888

REGIONAL COUNCIL OF THE CAPRIVI REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2008, 2009 AND 2010
(continued)

8. INCOME (continued)

	2010	2009	2008	2007
	N\$	N\$	N\$	N\$
Delegated Functions				
World Habitat Day - MLRGH	-	-	10 390	10 000
Ministry of Gender Equality - Income	678 143	493 711	381 438	180 489
Office of the Prime Minister - Income	479 607	220 160	158 046	15 000
Ministry of Agriculture & Forestry - Income	12 270	25 307	293 900	7 000
Ministry of Health	35 840	10 000	2 574 566	2 122 418
	1 205 860	749 178	3 418 340	2 334 907
TOTAL INCOME	17 423 462	13 091 079	14 616 306	12 438 136

9. EXPENDITURE

Personnel Expenditure				
Basic salary	5 443 792	5 094 823	6 685 467	7 198 481
Social Security contribution/ Other conditions of services	1 536 420	186 984	49 678	-
Gipf/Mop - Employer's contribution	926 159	833 790	1 071 826	-
Wages	18 417	40 423	-	-
Overtime/ Extra duty	45 826	76 562	-	-
Management - Motor vehicle allowance	208 861	786 360	-	-
Staff members - Housing allowance	289 700	180 714	-	-
Management - Housing subsidies	729 559	807 913	-	-
Bonus	443 511	339 625	-	-
Rental allowance	-	400	-	-
Transport allowance	272 800	137 697	51 747	-
Telephone allowance	-	-	43 515	-
Acting allowance	109 846	-	-	-
	10 024 891	8 485 291	7 902 233	7 198 481

REGIONAL COUNCIL OF THE CAPRIVI REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2008, 2009 AND 2010
(continued)**9. EXPENDITURE (continued)**

	2010	2009	2008	2007
	N\$	N\$	N\$	N\$
Transport				
Fuel and lubricants	674 226	841 324	539 624	479 955
Spare parts and accessories	58 718	-	30	-
Servicing fees	-	-	50	-
Repairs	298	16 801	259	-
Car licenses	23 798	25 447	31 708	-
Batteries	664	577	-	-
Transport of goods by road	100	200	-	-
	757 804	884 349	571 670	479 955
Subsistence & Travel				
Governor - Domestic	189 301	184 016	150 953	495 318
Councillors - Domestic	119 548	66 863	79 975	
CRO - Domestic	122 734	113 174	99 511	
Finance - Domestic	89 649	146 537	11 435	
Administration - Domestic	427 228	549 161	364 949	
Personnel - Domestic	60 907	28 592	35 418	
Planning - Domestic	150 723	231 703	112 847	
HIV/AIDS - Domestic	-	-	11 157	
Internal Auditor - Domestic	-	-	1 202	
	1 160 090	1 320 046	867 446	495 318
Property Rentals				
Property rentals				
- Conference rooms	2 000	300	600	
Property rentals - Vehicles	267 924	6 291	113 065	
Photocopiers rentals	6 640	11 919	-	
Hiring of PA systems	4 700	1 200	-	
Show stand rental	3 300	2 150	-	
	284 564	21 860	113 665	-

REGIONAL COUNCIL OF THE CAPRIVI REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2008, 2009 AND 2010
(continued)

9. EXPENDITURE (continued)

	2010	2009	2008	2007
	N\$	N\$	N\$	N\$
Utilities				
Electricity charges	150 034	130 945	35 363	900 137
Water rates and sewage charges	176 150	66 648	52 099	-
Telephone and fax charges	296 224	240 124	218 706	-
Internet charges and connections	4 714	6 529	56 599	-
Courier charges	17 743	19 169	11 128	-
Bank charges	-	-	376	-
Tango Switch & Flexcall recharges	4 200	2 435	-	-
Renewal of the Council's private bag	570	-	-	-
Website charges	4 174	-	-	-
	653 809	465 850	374 271	900 137
Subscriptions	-	40 425	348	44 435
	-	40 425	348	44 435
Maintenance and Repairs				
Software purchase -Maintenance & upgrades	-	-	16 773	172 406
Repairs & maintenance of computer equipment	41 759	19 864	3 019	-
Repairs & maintenance of buildings	12 154	885	7 137	-
Repairs & maintenance of tractors & trailers	-	-	29 935	-
Repairs & maintenance of furniture & fittings	9 250	19 515	14 548	-
Repairs & maintenance of office equipment	8 038	3 556	-	-
Repairs & maintenance of other fixed assets	-	1 867	-	-
Repairs & maintenance of plant & equipment	68 531	-	-	-
	139 732	45 687	71 411	172 406

REGIONAL COUNCIL OF THE CAPRIVI REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2008, 2009 AND 2010
(continued)

9. EXPENDITURE (continued)

	2010	2009	2008	2007
	N\$	N\$	N\$	N\$
Depreciation				
Depreciation - Buildings	120 232	120 232	100 419	977 495
Depreciation - Machinery & equipment	98 741	35 512	934	-
Depreciation - Motor vehicles	607 071	801 770	479 962	-
Depreciation - Office equipment	36 849	29 148	51 161	-
Depreciation - Furniture & fittings	94 614	91 295	269 308	-
Depreciation - Computer equipment	31 039	30 857	17 531	-
Depreciation - Operational equipment	-	-	125 233	-
Depreciation - Other fixed assets	1 788	1 607	-	-
	990 334	1 110 421	1 044 548	977 495
Other Expenditure				
Cellphone for Governor & Management	59 068	69 707	344	1 339 544
Spare parts - Maintenance team		-	517	-
Staff Training	148 172	70 630	80 797	-
Symposiums and workshops	3 095	-	138 476	-
Entertainment - Politicians	52 632	23 842	22 161	-
Entertainment staff	6 027	5 057	17 351	-
Advertisements	19 679	32 468	23 326	-
Trade fares	-	-	2 500	-
Consultancy	-	221 334	196 927	-
Commissions Boards and Committees	3 600	1 200	6 489	-
Legal costs	-	-	660	-
Security services	228 658	231 628	158 561	-
General expenses	-	100	45 128	-
Decorations and gifts	-	300	10 196	-
Credit transfers	-	-	300	-
Bank charges	74 283	55 018	73 810	-
General office supplies	-	-	74 719	-
TV license	-	-	408	-
Catering services	99 666	42 789	-	-
Printing charges	3 353	22 333	-	-
Rates and taxes charges	46 098	26 422	-	-
Interest on bank overdraft	11 279	806	-	-
Interest charges on overdue accounts	34 083	77 964	-	-
Software purchases & license renewals	4 940	10 225	-	-
Land compensation	252 640	-	-	-
	1 047 273	891 823	852 670	1 339 544

REGIONAL COUNCIL OF THE CAPRIVI REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2008, 2009 AND 2010
(continued)

9. EXPENDITURE (continued)

	2010	2009	2008	2007
	N\$	N\$	N\$	N\$
Subsidies/ Grants/ Contributions paid				
Donations	86 000	2 550	11 185	86 169
HIV/AIDS activities	-	-	152 013	-
National days	43 625	14 000	12 114	-
	129 625	16 550	175 313	86 169
Delegated Functions - Expenditure				
Ministry of Gender Equality – Expenses	755 424	478 513	250 084	-
Office of the Prime Minister –Expenses	237 451	386 906	2 966 978	-
Ministry of Agriculture &Forestry - Expenses	7 130	91 182	-	-
Ministry of Health & Social Welfare	60 547	93 634	114 323	-
	1 060 552	1 050 235	3 331 385	1 549 112
Materials and Supplies				
Computer consumables & networking	49 154	61 734	11 049	-
Stationery & photocopying	46 761	32 910	87 097	-
Protective clothing	4 893	6 675	-	-
Tools for water meters	-	32 444	-	-
Cleaning materials	19 876	24 398	-	-
Curtains	-	-	-	-
Garden expenses	6 467	62	-	-
Fuel & lubricants for the generators	2 205	6 552	-	-
Photographic supplies	104	-	-	-
	129 460	166 765	98 146	-
TOTAL EXPENDITURE	16 378 134	14 499 302	15 403 106	13 243 052
NET SURPLUS /(DEFICIT) FOR THE YEAR	1 045 328	(1 408 223)	(786 799)	(804 916)
9.1 Interest and Dividends - Income	1 376 659	814 578	860 799	656 552
Interest Received - Bwk Main Current	1 333 176	772 564	58 630	656 552
Interest Received - Bwk Equity Provision	-	-	10 413	-
Interest Received - Bwk Cap Project Call	-	-	618 714	-
Interest Received - Bwk BTG Call deposit	43 483	42 014	162 737	-
Interest Received - Bwk BTG Crc deposit	-	-	8 510	-
Interest Received - Fnb Disaster Fund	-	-	1 053	-
Interest Received - INDEP ACC BWK	-	-	212	-
Interest Received - NDP Call Account	-	-	530	-
NET SURPLUS /(DEFICIT) FOR THE YEAR	2 421 987	(593 645)	73 999	(148 364)

REGIONAL COUNCIL OF THE CAPRIVI REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2008, 2009 AND 2010
(continued)**10. FUNDS AND RESERVES**

	2010	2009	2008	2007
	N\$	N\$	N\$	N\$
Net Surplus/Loss	1 045 328	(1 408 223)	(786 799)	(804 916)
Add: Interest	1 376 659	814 578	860 799	656 552
	2 421 987	(593 645)	73 999	(148 364)
10.1 Retained income				
Accumulated income				
- At the beginning of the year	(338 185)	23 619 012	22 344 200	9 382 940
- Adjustments	-	(23 363 554)	1 200 813	13 109 624
- At the end of the year	2 083 801	(338 185)	23 619 012	22 344 200

(Note! Accumulated funds out with N\$1/2 - calculation rounded up or down)

10.2 Accumulated funds

Capital Projects Development Funds	68 523 937	32 523 937	19 906 381	13 856 381
Build Together Programme				
Revolving Fund	3 539 000	3 539 000	2 430 771	2 430 770
	72 062 937	36 062 937	22 337 152	16 287 151