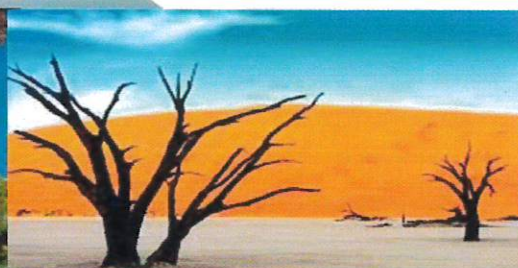




REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
REGIONAL COUNCIL FOR THE HARDAP REGION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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 Hardap Regional Council for the financial year ended 31 March 2022, 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, September 23

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

1871

**REPORT OF THE AUDITOR-GENERAL ON
THE ACCOUNTS OF THE REGIONAL COUNCIL
OF HARDAP FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

SECTION A: FINANCIAL AUDIT

1. ADVERSE AUDIT OPINION

I have audited the financial statements of the Hardap Regional Council for the financial year ended 31 March 2022 provided by the Accounting Officer as attached in Annexure A-F. These financial statements comprise the statement of financial position, the statement of financial performance, the statement of changes in net assets, statement of cash flows, notes to the financial statements and a summary of significant accounting policies.

In my opinion, because of the significance of matters discussed in the Basis for Adverse audit opinion paragraph, the financial statements do not present fairly, in all material respects, the financial position of the Hardap Regional Council as at 31 March 2022 and its financial performance and cash flows for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

2. BASIS FOR ADVERSE AUDIT OPINION

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of my report. I am independent of the entity in accordance with the code of ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the code of ethics.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. An adverse audit opinion is being expressed due to the following reasons:

2.1 ITEMS OF SIMILAR AND/OR DISSIMILAR NATURE

The Council did not present each material class of similar items and/or items of dissimilar nature separately in accordance with IPSAS 1 paragraphs 45 and 48 for the following items. Furthermore, there was no note to the financials to confirm the detail of the account balances.

Statement of Financial Performance

Revenue from exchange transactions

Other income	N\$ 1 157 083
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Operating Expenditure

Other expenses	N\$ 21 686 385
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Statement of Cash Flow

Cash flow from operating activities

Other income	N\$ 13 429 166
Other expenses	N\$ 2 013 392
Other expenses-payments	N\$ 24 746 940

It is recommended that the Council discloses its financial information in accordance with its adopted financial reporting framework (i.e. IPSAS).

2.2 PROVISION

The Council did not disclose for each class of provision the nature of the obligation and expected timing of any resulting outflows of economic benefits as per IPSAS 19 paragraph 98 and the uncertainties about the amount or timing of those outflows as per IPSAS 19 paragraph 59.

It is recommended that the Council discloses its financial information in accordance with its adopted financial reporting framework (i.e. IPSAS).

2.3 RECEIVABLE FROM NON-EXCHANGE TRANSACTIONS – VALUE ADDED TAX (VAT)

A difference of N\$ 23 134 634 was observed between the annual financial statements amount of N\$ 32 243 911 and the statement from the Receiver of Revenue amount of N\$ 9 109 277.

It is recommended that the Council investigates the difference observed and ensure that the VAT as per the annual financial statements is reconciled to the VAT as per the Receiver of Revenue.

2.4 ANALYSING THE CASH FLOW STATEMENT

The Council did not include the following adjustment for non-cash items dealt with in arriving at operating profit as per appendix B in the note:

- Impairment of property, plant and equipment amounting to N\$ 19 865;
- Decrease in provision related to employee cost (leave and bonus) N\$ 458 324,
- Loss on disposal of non-current assets N\$ 232 396 and
- The provision for doubtful debts amounting to N\$ 684 903 when calculating the increase in trade receivables.

It is recommended that the Council ensures that the account balance is presented accurately in the Statement of Cash Flow to avoid misstatements.

2.5 PRESENTATION OF PROVISION FOR ACCRUED LEAVE DAYS

The Council incorrectly classified the cost of days accumulated prior to the current year (frozen days) amounting to N\$ 5 567 870 as non-current liabilities instead of presenting it under current liabilities together with the current portion of employee benefits line item.

Paragraph 9 of IPSAS 39: Employee benefits lists paid annual leave as short term employee benefits. According to the same standard, short-term employees' benefits are employees' benefits that are due to be settled within 12 months after the end of the period in which the employees render the related service. Paragraph 80 of IPSAS 1 states that a liability shall be classified as current when it is due to be settled within twelve months after the reporting date; or when; (d) the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

The Council is recommended to ensure that the provision for accrued leave days is recognised, measured and presented in accordance with IPSAS 1 and IPSAS 39.

2.6 PREPAID INSURANCE

The Securitas insurance expenses was overstated by N\$ 203 994. The insurance expense should have been recorded on a pro-rata basis on the realisation of such services within the financial period. The Council should have recorded the expenses only from 1 February 2022 to 31 March 2022 (two (2)).

The advance payment related to the four (4) remaining months should be recognised as prepayment in trade and other receivables. The value of the expense amounts to N\$ 203 994.

In terms of IPSAS 1, the Accrual concept states that the Council's expenses should be recognised upon delivery of the goods/services not when invoice is paid. Therefore, the transaction price of the insurance service should be recognised over the period within which the service is received, which is six (6) months.

2.7 STATEMENT OF CHANGES IN NET ASSET

The account balances in the statement of changes in net assets are not adding up to the total balance. The differences are as follows:

- A difference between the total balance N\$ 285 741 (2022) and N\$ 3 973 441 (2021) for adjustment on retained earnings;
- A difference of N\$ 19 217 477 is observed for total adjustment/delegated accounts 2021;
- A difference of N\$ 3 437 409 is observed between the total Net Revenue recognised directly in Net Assets 2022 as per financial statements amounting to N\$ 277 687 639 and the recalculated amount of N\$ 281 125 048;
- A difference of N\$ 373 783 (2022) is observed for total deficit for the year as per the financial statements amounting to N\$ 3 151 668 (2022) and the recalculated amount of N\$ 2 777 885 (2022), and

- A difference of N\$ 2 492 144 (2022) is observed for total balance at 31 March 2022 as per the financial statements amounting to N\$ 280 839 307 (2022) and the recalculated amount of N\$ 278 347 163 (2022),

It is recommended that the Council ensure that the correct balances are recorded in the financial statements.

2.8 RETENTION FEE DISCLOSED AS ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

It was observed that an amount of N\$ 1 073 010 shown as additions to buildings in the current year relates to the final payment made for retention fees of the Council Office Park. This cost should have been capitalised with the total cost of the Office Park/Building upon completion of the building. IPSAS 30(b) i.e. when the building was deemed to be in the condition necessary for it to be capable to operate in the manner intended by the Council through the certification of completion by contractors.

It is recommended that the Council should ensure that retention fees are capitalised to property, plant and equipment upon practical completion of the asset and not after the defect/retention period.

2.9 TRADE AND OTHER PAYABLES

The auditors observed that there was no accrual raised for Nampower charges pertaining to 31 March 2022, amounting to N\$ 782 156. All billings, within the mentioned invoice, relate to services rendered within the current financial year. The disclosure however was only raised on the payment date, 04 April 2022.

In terms of IPSAS 1 – Liabilities are present obligations arising from past events. Therefore, the Council should ensure that all obligations incurred by the Council during the financial year should be recognised when accrued.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters. I do not have anything to report on this matter.

4. OTHER INFORMATION

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

5. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Public Sector Accounting Standards (IPSAS) and the relevant legislations, 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

6. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), 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 the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I 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 my 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 controls.
- 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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- I 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 entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- I 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.
- I 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 I identify during my audit.
- I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

SECTION B: AUDIT OF PERFORMANCE INFORMATION

7.1. AUDIT OF KEY PERFORMANCE INFORMATION

I conducted an audit on performance information of Hardap Regional Council for the Strategic period 2019 to 2022, consecutively with the audit of financial statements for the year ended 31 March 2022.

7.2. DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND SCOPE

A Performance Management System (PMS) is a systematic process for achievement and improvement in obtaining results from an organization and its staff members managing performance within an agreed framework consisting of objectives, outputs, Key Performance Indicators (KPIs) and timeliness.

The primary function of the PMS is to enable the Council to achieve success in fulfilling its mandate and provide improvements in service delivery to the public.

The scope of the key performance indicators was performed by looking at the high-level statements, which are indicated in the mandate of the Council as provided for in the Regional Council Act, Act No. 22 of 1992 and its' Strategic Plan. KPI's were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

7.3. AUDIT OBJECTIVE

The objective of the Key Performance Indicator (KPI) audit is to provide assurance whether the reported performance information measured against KPI's is useful, reliable and evidence-based. KPI's also provide the basis for the Council to inform the Parliament, the public and other stakeholders about its strategic priorities, programs and projects.

7.4. AUDIT CRITERIA

The audit was mainly concentrated on two (2) criteria, namely:

- Usefulness of reported performance information in terms of measurability and relevancy of indicators, as well as consistency of use of indicators throughout the period under review; and
- Reliability of reported performance information in terms of whether the actual reported performance did occur and was reported accurately.

7.5. SUMMARY OF METHODS APPLIED

I reviewed the Strategic Plan for the strategic periods 2018/19 to 2022/22 which comprise of a review of the Strategic Plan, documentation review and interviews with senior and top management.

7.6. KEY AUDIT FINDINGS

7.6.1. ANNUAL REPORTING ON PERFORMANCE INFORMATION

It was observed that a majority of annual plans (2018/19 to 2021/23) were not signed off as only the 2022/23 annual plan was signed off. No Annual Performance/Activity Reports were received and most Performance Agreements were not received, except for those of the:

- Chief Internal Auditor; and
- Former Deputy Director Finance and current Acting Deputy Director Finance/Chief Accountant.

7.6.2. CONSISTENCY OF USE OF KEY PERFORMANCE INDICATORS

An analysis was carried out in relation to the consistency of use of key performance indicators throughout the period under review. The following were noted during this analysis:

Projects not cascaded to Annual Plans

Strategic Objective	Projects
Enhanced Regional Infrastructure	PPP Initiatives
	Replacement of Bucket System
Enhance Organizational Performance	Annual Staff Satisfaction Survey
	Business Process Reengineering
	Service Charters

Projects not on Strategic Plan but included in Annual Plan

Annual Plan year	Strategic Objective	Projects
2018/19	Improved Socio-Economic Development	Review existing tariff structures and implement timeously
		Review and Improve Debtor Management Process
2019/20	Ensure Good Governance	Strengthen Disaster Risk Management Plan
		Good Governance
		Record management
		Stock Control
		Fleet Management
		Procurement
	Enhance Organisational Performance	Human Resources Management
		Recruitment plan developed and implemented

REGIONAL COUNCIL FOR THE HARDAP REGION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
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REGIONAL COUNCIL FOR THE HARDAP REGION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
GENERAL INFORMATION

Country of incorporation and domicile	Namibia
Nature of business and principal activities	Implementing central government's policies at regional level with the aim to improve the overall living standards of its residents.
Chairperson:	Hon Gerson F Dausab

MEMBERS OF THE MANAGEMENT COMMITTEE

Chairperson:	Hon Gerson F Dausab
Councillors:	Hon. Salmon Boois
	Hon Petrus J Esterhuizen
	Hon. Harold Kamburute
	Hon. Nicodemuis Motinga
	Hon. Paul Isaak
	Hon. Edward Wambo
	Hon. Densia Swartbooi

AUDITORS	External:	Auditor-General
	Internal:	To be appointed

PRIMARY BANKER	Bank Windhoek
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REGISTERED OFFICE

Physical address - Line 1	Private Bag 2017
Physical address - Line 2	Mariental
Physical address - Line 3	Namibia
Telephone: +264 63 245800	Facsimile: +264 63 240527
Web Page: www.hardaprc.gov.na	

REGIONAL COUNCIL FOR THE HARDAP REGION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
GENERAL INFORMATION (Continued)

CHIEF REGIONAL OFFICER

Telephone: +264 63 245832 **E-mail:** winsoftna@yahoo.com

DEPUTY DIRECTOR: FINANCE

Telephone: +264 63 245812 **E-mail:** eghanse@gmail.com

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these Annual Financial Statements, which are set out on pages 19 to 58, in terms of Section 40 of the Regional Council Act (Act No 22 of 1992) and which I have signed on behalf of the Regional Council.

These Annual Financial Statements will be presented to the Council in terms of Section 40 (3) of the Regional Authorities Act (Act No 22 of 1992) after it has been tabled at Parliament.

CHIEF REGIONAL OFFICER

31 August 2022

**DEPUTY DIRECTOR:
FINANCE**

31 August 2022

REGIONAL COUNCIL FOR THE HARDAP REGION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
MEMBERS OF THE COUNCIL

The Councillors in office at the date of this report are as follows:

COUNCILLORS	POLITICAL PARTY
Hon. G F Dausab	LPM Party
Hon. S Boois	LPM Party
Hon. P J Esterhuizen	LPM Party
Hon. H Kamburute	LPM Party
Hon. N J Motinga	LPM Party
Hon. P Isaak	LPM Party
Hon. D Swartbooi	LPM Party
Hon. E A Wambo	SWAPO Party

REGIONAL COUNCIL FOR THE HARDAP REGION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
FOREWORD FROM THE CHAIRPERSON

During the 2018/19 financial year the Regional Council has for the first year applied International Public Sector Accounting Standards (IPSAS) to ensure accountability and compliance according to international best practices for the Regional Council of Hardap.

The Regional Council, as part of improving service delivery to the community, implemented proper communication channels through public participation principles. Through these principles the community were involved in the identification of community projects for inclusion under the budget. Provision of basic service delivery and the repayment of these services remain a major concern to all in local government. All role-players must ensure that they work together to overcome the legacy of the past and ensure that we uplift the living conditions of those that were previously disadvantaged. Our Councillors are expected to discharge their responsibilities in the spirit of co-operative governance.

Capital infrastructure projects were mainly financed from Government funding and the Regional Council has successfully finalised some of the projects as identified in the Medium Term Framework (METF) and Capital Budget. However, there has been under-spending in this regard and the Regional Council has already planned for the continuation of critical infrastructure projects to address construction of basic infrastructure.

The Regional Council will in the 2021/2022 financial year again embark upon projects identified in the METF and Capital Budget and ensure completion of 2021/21 rolled-over projects.

I hereby wish to thank all the Councillors, Administrative Management and their staff members for their commitment during the 2020/2021 year and hope that the 2021/22 targets set in the METF and Capital Budget will be met.

I thank you.

CHAIRPERSON: HARDAP REGIONAL COUNCIL

31 August 2022

REGIONAL COUNCIL FOR THE HARDAP REGION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
REPORT OF THE DEPUTY DIRECTOR: FINANCE

1. INTRODUCTION

It gives me great pleasure to present the Annual Financial Statements of the Hardap Regional Council.

The Regional Council adopted accrual basis International Public Sector Accounting Standards (IPSAS) on 1 April 2018. In preparing the Hardap Regional Council Annual Financial Statements, it has elected to utilise some of the transitional exemptions allowed by IPSAS.

Some of the transitional exemptions utilised in preparing these Annual Financial Statements do effect fair presentation of the financial statements, as well as compliance with accrual basis IPSAS's and therefore the Regional Council cannot assert full compliance with accrual basis IPSAS.

The Statement of Financial Position at 31 March 2022 shows that Current liabilities did not exceed the Current assets, which puts the Regional in a favourable position to honour their liabilities when they become due.

2. INCORPORATION

Hardap Regional Council was incorporated in Namibia on 31 August 1992 under Section 2(1) of the Regional Council Act, (Act No. 22 of 1992) and was tasked with the responsibility of implementing Central Government policies at regional level with the aim to improve the overall living standards of its residents as per Section 28 of the Regional Council Act.

The financial powers, duties and functions of the council are stipulated in Article 108 of the Namibian Constitution and Section 28 of the Regional Council Act. The accounts of the Hardap Regional Council for the year ended 31 March 2021 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act No. 31 of 1991) and the Regional Council Act, (Act No. 22 of 1992).

3. FINANCIAL RISK

Hardap Regional Council seeks to minimize its exposure to financial risk. The only financial asset it may purchase is cash or cash equivalents and the only financial liability we may have (other than the payables) are bank overdrafts and bank loans.

3.1. CURRENCY RISK

The Hardap Regional Council manages in bank accounts in Namibia dollars, which is the official currency of Namibia.

3.2. INTEREST RATE RISK

Interest rate risk arises from the possible impact of changes in the interest rate on the value of its financial instruments. The Hardap Regional Council does not have assets and liabilities that are materially dependent on interest rates level; therefore, management believes that the Hardap Regional Council has no exposure to interest rate risk.

3.3. CREDIT RISK

Credit risk arises when one part to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. The Hardap Regional Council is exposed to credit risk on its debtor accounts. The Regional seeks to manage this risk through monitoring the existing debtor balances and introduce drastic measures on collection of those outstanding debtors.

3.4. LIQUIDITY RISK

Liquidity risk is a risk of the Hardap Regional Council not being able to meet its obligations as they fall due. The Regional Council's approach to managing liquidity risk is to ensure that sufficient liquidity is available to meet its liabilities when due, without incurring unacceptable losses or risking damage to the reputation of the Hardap Regional Council.

4. REVENUE PERFORMANCE

The Regional Council recorded a deficit for the year ended 31 March 2022 of (N\$ 2 777 885). This represent a decrease of 188% from the surplus of the prior year of N\$ 3 151 668.

The Regional Council revenue decreased by 21% from N\$74 783 525 in the prior year to N\$62 037 319 for the year ended 31 March 2022.

The Regional Council cash and cash equivalents increase with 78% from N\$9 898 859 in the prior year to N\$17 686 433 for the year ended 31 March 2022.

REGIONAL COUNCIL FOR THE HARDAP REGION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
REPORT OF THE DEPUTY DIRECTOR: FINANCE (Continued)

4.1. Property rates and taxes

Property rates and taxes are payable to the Regional Council by all the Local Authorities within the Hardap Region as per Section 77 (1) of the Local Authority Act, 1992 (Act No. 23 of 1992).

	Actual 2021/2022	Actual 2020/2021	Percentage Variance	Budgeted 2019/2021
	N\$	N\$	%	N\$
Income	100 000	211 574	(53)	400 000
Surplus / (deficit)	100 000	211 574	(53)	400 000
Surplus / (deficit) as % of total income	100%	100%		100%

4.2. Electricity Services

Electricity is bought in bulk from NamPower and distributed to the consumers by the Regional Council. The cost of bulk purchases to the Regional Council was N\$8 379 263 (2021: 8 119 028). Tariffs levied for electricity are subject to annual review and adjustment thereof.

REGIONAL COUNCIL FOR THE HARDAP REGION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
REPORT OF THE DEPUTY DIRECTOR: FINANCE (Continued)

	Actual 2021/22	Actual 2020/21	Percentage Variance	Budgeted 2020/22
	N\$	N\$	%	N\$
Income	6 200 723	6 121 120	1	6 608 000
Expenditure	8 379 264	8 119 028	3	9 700 000
Surplus /(deficit)	(2 178 541)	(1 997 909)	9	(3 092 000)
Surplus /(deficit) as % of total income	(35)%	(33)%		(47)%

Variance from 2020/21 actual:

The 1.28 % increase on last year's actual revenue is primarily as a result of slight improvement on revenue collection on electricity services.

Variance from 2021/22 budget:

There is a slight improvement on collection of electricity revenue, however the Regional Council is still challenged with aging electricity infrastructure at our settlements.

4.3. Water Services

Water is bought in bulk from NamWater and distributed to the consumers by the Regional Council. The cost of bulk purchases to the Regional Council was N\$1 778 780 (2020: 1 384 175). Tariffs levied for water are subject to annual review and adjustment thereof.

	Actual 2021/22	Actual 2020/21	Percentage Variance	Budgeted 2020/22
	N\$	N\$	%	N\$
Income	1 169 729	937 719	25	1 321 600
Expenditure	1 705 882	1 778 780	4	1 500 000
Surplus / (deficit)	(536 153)	(841 061)	36	(178 400)
Surplus / (deficit) as % of total income	(46)%	(90)%		(14)%

REGIONAL COUNCIL FOR THE HARDAP REGION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
REPORT OF THE DEPUTY DIRECTOR: FINANCE (Continued)

Variance from 2021/22 actual:

The 24 % increase on last years' actual revenue is primarily as a result of more budgetary provision being allocated towards basic services.

5. RECONCILIATION OF CAPITAL BUDGET TO ACTUAL

	Actual 2021/22	Actual 2020/21	Variance actual 2021/22	Budgeted 2021/22
	N\$	N\$	N\$	N\$
Capital Budget:				
Establishment of a Rural Development Centre in Hardap	241 793	2 225 980	758 207	1 000 000
Construction of Services infrastructure in Hoachanas	1 424 605	2 782 942	(424 605)	1 000 000
Construction of Services infrastructure in Klein Aub	-	1 017 051	1 000 000	1 000 000
Provision for basic sanitation in Rural areas in Hardap	-	2 644 140	579 000	579 000
Construction of Services infrastructure in Schlip	2 208 883	1 016 265	(1 208 883)	1 000 000
Construction of Hardap Regional Office Park	-	2 384 047	-	-
	3 875 281	12 070 425	703 719	4 579 000

6. NON-CURRENT PROVISIONS

Non-current Provisions amounted N\$5 567 870 as at 31 March 2022 (2021: N\$5 703 493) and is made up as follows: These provisions are made in order to enable the Regional Council to be in a position to fulfil its known legal obligations when they become due and payable.

Refer to note 18 for more detail.

REGIONAL COUNCIL FOR THE HARDAP REGION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
REPORT OF THE DEPUTY DIRECTOR: FINANCE (Continued)

7. CURRENT LIABILITIES

Current Liabilities amounted N\$7 816 562 as at 31 March 2022 (2021: N\$11 602 805) and is made up as follows:

	Note
Payables from exchange transactions	9
Payables from non-exchange transactions	9
Current portion of employee benefit liabilities	18

Current Liabilities are those liabilities of the Regional Council due and payable in the short-term (less than 12 months). There is no known reason as to why the Regional Council will not be able to meet its obligations. Refer to the indicated notes for more details.

8. PROPERTY, PLANT AND EQUIPMENT

There was a slight change in some of the asset categories that we have done in compliance with IPSAS requirements. The Regional Council reviewed the Economic useful life of Motor Vehicles, Computer Equipment, Office Equipment, Plant & Machinery and Furniture & Fittings respectively for the year under review that has affected the nature of the property, plant and equipment of the Regional Council. The Regional Council developed a policy in line of these changes regarding their use. At 31 March 2022 the Regional Council's investment in property, plant and equipment amounted to N\$203 409 037 (2021: N\$207 437 176), of which N\$4 784 809 was added in the current year through additions.

9. INTANGIBLE ASSETS

The net value of Intangible Assets were N\$122 944 as at 31 March 2022 & (2021: N\$143 154). Intangible Assets are assets which cannot physically be identified and verified and are in respect of computer software obtained by the Regional Council in order to be able to fulfil its duties as far as service delivery is concerned.

Refer to note 4 for more details.

REGIONAL COUNCIL FOR THE HARDAP REGION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
REPORT OF THE DEPUTY DIRECTOR: FINANCE (Continued)

10. CURRENT ASSETS

Current Assets amounted N\$ 55 836 640 as at 31 March 2022 (31 March 2021: 61 778 649) and is made up as follows:

	Note
Inventories	7
Receivables from exchange transactions	8
Receivables from non-exchange transactions	8
Cash and cash equivalents	6

There is a significant decrease in the amount for Current Assets which is mainly due to the decrease in amount for Cash and Cash Equivalents as most of the projects were implemented.

Refer to the indicated notes for more detail.

REGIONAL COUNCIL FOR THE HARDAP REGION
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022
REPORT OF THE DEPUTY DIRECTOR: FINANCE (Continued)

11. INTER-GOVERNMENTAL GRANTS

The Regional Council is dependent on financial aid from the central government (Ministry of Urban and Rural Development) to finance its annual capital programme. Operating grants are utilised to finance most operational activities of the Regional Council.

Refer to note 12.1 for more details.

12. GOING CONCERN

The Councillors have reviewed the budgets and cash flow forecasts for the next 12 months, as well as the current liquidity and solvency position of the Regional Council and believed that the Regional Council has adequate financial resources to continue in operation for the foreseeable future. The annual financial statements have accordingly been prepared on the going concern basis.

13. EXPRESSION OF APPRECIATION

We are grateful to the honourable Chairperson, members of the Management Committee, Councillors, Acting Chief Regional Officer, Management team and their subordinates for the support extended during the financial year. A special word of thanks to all staff in the Finance division, for without their assistance these annual financial statements would not have been possible.

DEPUTY DIRECTOR: FINANCE

31 August 2022

ANNEXURE A

REGIONAL COUNCIL FOR THE HARDAP REGION
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

	Note	2022 N\$	2021 N\$
ASSETS			
Current Assets		55 836 640	61 778 649
Cash and Cash equivalents	6	17 686 433	*9 898 859
Receivables from Exchange Transactions			
Trade Receivables	8	5 614 005	10 885 596
Receivables from Non-exchange Transactions			
Other Current Receivables	8	32 243 911	40 504 607
Inventories	7	292 291	489 587
Non-Current Assets		232 714 346	233 186 348
Property, Plant and Equipment	3	232 591 402	233 043 194
Intangible Assets	4	122 944	143 154
TOTAL ASSETS		288 550 986	294 964 997
LIABILITIES			
Current Liabilities		7 816 562	11 602 805
Payables from Exchange transactions	9	3 740 873	2 515 664
Payables from Non-Exchange transactions		3 555 422	2 291 912
Current Portion of Employee Benefit Liabilities	18	520 267	816 361
Provision for Bad Debts		-	5 978 869
Non-Current Liabilities		5 567 870	5 703 493
Non-Current Employee benefit	18	5 567 870	5 703 493
TOTAL NET ASSETS		275 166 554	277 658 698
NET ASSETS / EQUITY			
Accumulated Surplus		277 944 439	274 507 030
Surplus/Deficit for the year		(2 777 885)	3 151 668
TOTAL NET ASSETS / EQUITY		275 166 554	277 658 698

*The amount does not agree to the closing balance of the cash flow statement and the note 2021.

ANNEXURE B

REGIONAL COUNCIL FOR THE HARDAP REGION

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH

	Note	2022 N\$	2021 N\$
REVENUE			
Revenue from Non-exchange Transactions		52 305 152	66 384 458
Government grants	12.1	50 943 152	65 044 790
5 % Rates & Levies	12.2	1 362 000	1 339 668
Revenue from exchange Transactions	12.3	9 732 168	8 399 067
Income from Settlement Areas		7 403 475	6 801 333
Interest Received		145 194	106 362
Other income		1 157 083	1 351 893
Other Accounts	10	1 026 415	139 478
TOTAL REVENUE		62 037 319	74 783 525
OPERATING EXPENDITURE		64 815 204	71 631 857
Employee Related Cost	13	34 068 453	31 998 408
Grants and other transfers		128 295	118 772
Supplies and consumables used		677 924	802 533
Depreciation and amortization expense		5 044 280	5 825 923
Impairment of property, plant and equipment		(19 865)	28 089
Other expenses		21 686 385	26 060 747
Other accounts expenses	11	3 229 732	6 797 386
SURPLUS / DEFICIT		(2 777 885)	3 151 668

ANNEXURE C

REGIONAL COUNCIL FOR THE HARDAP REGION
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31 MARCH

	Total for Accumulated						Total	
	Build Together Fund 2022	2021	Housing Fund 2022	Fund 2021	Surplus/(Deficit) 2022	2021	2022	2021
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Balance as at 1 April 2021	518 075	425 693	2 283 328	2 071 464	277 658 698	289 751 067	280 460 101	292 248 223
Adjustment on Retained Earnings	-	-	-	-	285 741	3 973 441	-	-
Adjustment/delegated accounts	-	-	-	-	-	(19 217 477)	-	-
Changes in Net Assets for:								
Contributions to Funds and Reserves	101 133	84 035	259 907	211 018	-	-	361 040	295 053
Interest allocated to Funds & Reserves	16 684	14 704	1 495	1 341	-	-	18 179	16 044
Funds and Reserves utilized to finance Operations	-	(6 356)	(14)	(494)	-	-	(14)	(6 850)
Net Revenue recognized directly in Net Assets	635 892	518 075	2 544 716	2 283 328	277 944 439	274 507 030	277 687 639	277 308 433
Surplus/(Deficit) for the year	-	-	-	-	(2 777 885)	3 151 668	3 151 668	3 151 668
Balance at 31 March 2022	635 892	518 075	2 544 716	2 283 328	275 166 554	277 658 698	280 839 307	280 460 101

ANNEXURE D

REGIONAL COUNCIL FOR THE HARDAP REGION
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH

	2022	2021
	N\$	N\$
Cash flow from operating activities		
Cash receipts from customers	73 098 993	69 101 992
Government grants	48 616 005	48 115 052
5 % Rates & Levies	-	205 081
Income from Settlement Areas	6 468 858	6 979 512
Interest Received	209 886	122 947
Other income	13 429 165	960 073
Capital Projects Income	2 785 773	11 138 965
Rural Payments Income	1 589 306	1 580 361
Cash paid for Goods and Services	61 240 204	62 026 182
Employee Cost	34 269 178	32 838 794
Grants & subsidies	-	-
Supplies and consumables used	-	-
Other Expenses	2 013 392	1 525 828
Other Expenses-payments	24 746 940	21 836 417
Rural Payments	210 693	5 825 144
Net cash from operating activities	11 858 789	7 075 809
Cash Flow from Investing Activities	(4 071 491)	(12 005 361)
Purchase of Property, Plant and Equipment	(4 071 491)	(12 005 361)
Net increase in cash and cash equivalents	7 787 298	(4 929 551)
Cash and cash equivalents at beginning of period	9 899 136	14 828 687
Cash and cash equivalents at end of the period	17 686 433	*9 899 136

*Amount does not agree to the amount in the Statement of Financial Position

ANNEXURE E

REGIONAL COUNCIL FOR THE HARDAP REGION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2022

	Original Total Budget	Final Adjustments Budget	Actual	Variance	Variance as % of the budget execution
	N\$	N\$	N\$	N\$	%
Revenue					
Government Subsidies	48 616 000	48 616 000	48 616 000	-	100
5 % Rates & Levy	400 000	400 000	100 000	300 000	25
Less 5 % Rates & Levy	(400 000)	(400 000)	-	(400 000)	-
Bank Interest	420 000	420 000	132 782	287 218	32
Revenue from Settlement Areas	8 260 000	8 260 000	6 560 402	1 699 598	79
Other: Sale of fishing license, 2.5 % Commission	50 000	50 000	379 902	(329 902)	760
Sale of Tender Documents	100 000	100 000	426 200	(326 200)	426
Renting of HRC Equipment	50 000	50 000	-	50 000	-
Official Accommodation	316 800	316 800	259 908	56 892	82
Less Official Accommodation	(316 800)	(316 800)	(259 908)	(56 892)	82
VAT Claimable Income	10 152 537	10 152 537	10 292 533	(139 996)	101
Opening Bank Balance	1 105 706	1 105 706	1 105 706	-	100
TOTAL INCOME	68 754 243	68 754 243	67 613 525	1 140 718	2

**REGIONAL COUNCIL FOR THE HARDAP REGION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2022
(Continued)**

	Original Total Budget	Final Adjustments Budget	Actual	Variance	Variance as % of the budget execution
	N\$	N\$	N\$	N\$	%
Expenditure					
Remuneration	35 826 292	35 826 292	29 846 404	5 979 888.00	83
Employers Contribution GIPF & MPOOBF	4 478 595	4 478 595	3 710 980	767 615.00	83
Other Conditions of Services	786 719	786 719	974 638	(187 919.00)	124
PERSONNEL EXPENDITURE	41 091 606	41 091 606	34 532 022	6 559 584	84
Travel and Subsistence Allowance	1 873 191	1 873 191	2 033 516	(160 325)	109
Materials and Supplies	1 475 000	1 475 000	414 515	1 060 485.00	28
Transport	1 815 000	1 815 000	1 560 802	254 198	86
Utilities	13 755 000	13 755 000	14 382 357	(627 357)	105
Maintenance Expenses	913 000	913 000	135 655	777 345	15
Property Rental and Related Charges	250 000	250 000	303 865	(53 865)	122
Other Services and Expenses	6 965 000	6 965 000	4 597 624	2 367 376	66
GOODS AND OTHER SERVICES - SUBTOTAL	27 046 191	27 046 191	23 428 334	3 617 857	87
Membership fees & Subscription - Domestic	85 000	85 000	82 000	3 000	96
Government Organizations	223 500	223 500	20 631	202 869	9
Public and Departmental Enterprises	160 000	160 000	160 000	-	100
SUBSIDIES & OTHER CURRENT TRANSFERS	468 500	468 500	262 631	205 869	56
Computer, Furniture and Office Equipment	147 000	147 000	44 376	102 624	30
ACQUISITION OF CAPITAL ASSETS-SUBTOTAL	147 000	147 000	44 376	102 624	30
	68 753 297	68 753 297	58 267 363	10 485 934	85
Surplus/ (Deficit) for the year			9 346 162	(9 345 216)	

**REGIONAL COUNCIL FOR THE HARDAP REGION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 31 MARCH 2022 (Continued)**

Financial Performance: Explanation of Variances between the Approved Budget and Actual

Reasons for Variances greater than 2% between Approved Budget and Actual Amount on the various items disclosed in the Statement of Financial Performance are explained below:

5 % Rates and Levy

The accrual accounting basis resulted that the Council recognise an income when invoices are issued and not actually when money is received.

The under collection of the sub division resulted from non-payments and non-adherence from the Local authorities in the Region.

Bank Interest

The cash flow availability in the bank that could have boosted the interest earned could not be secured as the Regional Council only received subsidies on a monthly basis and not quarterly like in the past.

Revenue from Settlement Areas

The deliberated infrastructure at our settlement areas remains a challenge for maximum collection of revenue.

Currently the Regional Council does not make any profit from the operations of selling and buying of utilities from the existing monopolies.

Other: Sale of fishing licence, 2.5 % Commission

This is a miscellaneous type of expenditure which varies and is also affected by different seasons and needs.

Sale of Tender Documents

Due to new procurement regulations most of the bids we advertise does not qualify for the bid documents to be for sale thus resulted in decrease in collection of revenue from this subdivision.

Renting of HRC equipment

No revenue was collected on this sub-division.

REGIONAL COUNCIL FOR THE HARDAP REGION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 31 MARCH 2022 (Continued)

Official accommodation

More staff members occupying Government houses moved out that resulted in a decrease in income.

Value Added Tax (VAT) Claimable income

No VAT refunds were received for the financial year under review as all outstanding audits will only be conducted in the new financial year.

Personnel expenditure

The turnaround time to obtain clearance or approval for positions to advertise from the Secretary to the Cabinet is one of the reasons for underspending. The subdivision under other conditions of services on leave gratuity was under-budgeted as more resignations were processed than budgeted.

Materials and supplies

Slow implementation of the procurement process. Most of the planned activities could not be executed due to the availability of cash flow.

Transport expenses

The internal controls on transport expenses were strengthened and have resulted in a reduction in spending on this subdivision.

Maintenance expenses

Slow implementation of the procurement process.

Property rental and related charges

The Regional Council rent photocopy machines and the expenditure is incurred from this subdivision.

Other services and expenses

Slow and non-implementation of some planned programs caused an underspending of this subdivision.

REGIONAL COUNCIL FOR THE HARDAP REGION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 31 MARCH 2022 (Continued)

Government organisations

There were no donations made for the period under review; not all planned meetings were conducted hence a drop in spending.

Computer, furniture and office equipment

Slow implementation of the procurement process.

**REGIONAL COUNCIL FOR THE HARDAP REGION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH 2022
(Continued)**

CAPITAL EXPENDITURE

	Original Total budget	Budget adjustments	Final budget	Actual	Actual Outcome as % of final budget
	N\$	N\$	N\$	N\$	%
Establishment of a Rural Development Centre in Hardap	1 000 000	-	1 000 000	2 225 980	223
Construction of Services infrastructure in Hoachanas	3 000 000	-	3 000 000	2 782 942	93
Construction of Services infrastructure in Klein Aub	2 000 000	-	2 000 000	1 017 051	51
Provision for basic sanitation in Rural areas in Hardap	579 000	-	579 000	2 644 140	457
Construction of Services infrastructure in Schlip	3 000 000	-	3 000 000	1 016 265	34
Construction of Hardap Regional Office Park	10 000 000	8 000 000	18 000 000	2 384 047	13
	19 579 000	8 000 000	27 579 000	12 070 425	

**REGIONAL COUNCIL FOR THE HARDAP REGION
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE
YEAR ENDED 31 MARCH 2022 (Continued)**

REASONS FOR VARIANCES

Establishment of a Rural Development Centre

The execution rate is 223 % resulting from the prior year brought forward balance.

Construction of services infrastructure - Hoachanas

The execution rate is @ 93 % for Construction of services in Hoachanas.

Construction of services infrastructure - Klein Aub

The expenditure execution is calculated at 51 % for the financial year under review.

Construction of services infrastructure - Schlip

The budget was cut during the financial year whilst the implementation process was on going and prior year outstanding were also paid from the allocation. The delay in the procurement process also greatly contributed to this underspending.

Provision for basic sanitation in rural areas in Hardap

The administrative process causes delays in implementing the Project.

Construction of Regional Office Park

Most of the payments processed under this allocation were retention money.

REGIONAL COUNCIL FOR THE HARDAP REGION**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****1. GENERAL INFORMATION**

The Hardap Regional Council is a regional government institution in Mariental in the Hardap Region of Namibia with one (1) municipality, two (2) town councils and five (5) village councils under its jurisdiction. The addresses of its registered office and principal place of business are disclosed under General Information included in the annual financial statements and in the introduction of the annual report. The principal activities of the Regional Council are disclosed in the annual report and are prescribed by the Regional Council Act 1992 (Act No 22 of 1992).

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Namibia dollars (N\$) which is the functional currency and it is rounded off to the nearest dollar. The accounting policies have been consistently applied to all years presented. The income and expenditure in relation to Delegated functions is accounted for during the year under review on a cash accounting basis in line with the State Finance Act 1991. Since all liabilities relating to the delegated functions remains with the line Ministry and all unexpected delegated funds are returned to the State Account it does not materially affect the Regional Council financial statements. The annual financial statements have been prepared on the basis of historical cost unless stated otherwise. The statement of cash flow is prepared using the direct method. The annual financial statements are prepared on accrual basis.

The estimated useful economic lives for each category of the asset are as follows:

Buildings / Capital Infrastructure funded by Council	50 years	2 % pa
Land	Infinite	Infinite
Machinery and equipment	4 - 10 years	
Motor vehicles	7 - 10 years	
Office furniture and equipment	5- 7 years	
Computer equipment	3 - 5 years	

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profits. Proceeds from the disposal of assets are transferred to the State Account except in the instance where approval is granted to keep such proceeds.

REGIONAL COUNCIL FOR THE HARDAP REGION**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022****(Continued)**

3. PROPERTY PLANT AND EQUIPMENT - IPSAS 17

Property plant and equipment are stated at historical cost or valuations less depreciation and impairment cost where such assets have been acquired through Government grants. Cost includes expenditure that is directly attributable to the acquisition of the items. It must be noted that two categories of the asset (namely the Computer equipment and Motor vehicles) have been re-assessed as per the IPSAS 17 during the financial year 2019/2020 hence their estimated useful lives were adjusted. The reassessment was based on those assets that are still fit for use and where the Regional Council is gaining an economic benefit from it.

There were some assets disposed through Government auctions where such proceeds were not credited to the Council's account but was paid directly to the National Treasury. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset as appropriate only when it is probable that future economic benefits or service potential associated with the item will flow to Hardap Regional Council and such cost can be measured reliably. All repair and maintenance is charged to the statement of financial performance during the financial period in which it incurred. The Regional Council calculated its depreciation using the straight line method for all property plant and equipment. The assets useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)

3. PROPERTY PLANT AND EQUIPMENT - IPSAS 17 (continued)

2022	Land	Buildings	Motor Vehicles	Computer Equipment	Office Equipment	Plant & Machinery	Capital Infrastructure	Furniture fixture & fittings	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Cost as at 1 April 2021	2 368 702	195 881 419	6 336 680	1 428 410	545 026	553 587	18 708 418	3 220 413	229 042 655
Additions	-	1 073 011	-	38 588	-	-	-	-	1 111 599
Disposal/Auction	-	-	(498 661)	(288 486)	-	-	-	-	(787 147)
Impairment Transfers	-	-	-	55 070	(172 660)	(260 963)	-	(178 475)	*(653 831)
/Adjustment	-	-	(105 775)	-	-	-	-	-	(105 775)
Cost as at 31 March 2022	2 368 702	196 954 430	5 732 243	1 233 584	372 365	292 624	18 708 418	3 041 939	228 704 305
Depreciation as at 31 March 2022	-	(3 935 512)	(227 844)	(96 560)	(33 522)	(25 113)	(374 168)	(331 407)	(5 024 126)
Accumulated Depreciation	-	(13 135 561)	686	(760 147)	(194 379)	(154 356)	(1 763 583)	(985 429)	(20 271 141)
Net book value as at 31 March 2022	2 368 702	179 883 357	2 226 714	376 876	144 464	113 155	16 570 667	1 725 103	203 409 037

*Recalculated amount for total impairment is N\$ 557 028 therefore a difference of N\$ 96 803 was observed

ANNEXURE F

**REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)**

3. PROPERTY PLANT AND EQUIPMENT - IPSAS 17 (continued)

2021	Land	Buildings	Motor Vehicles	Computer Equipment	Office Equipment	Plant & Machineries	Capital Infrastructure	Furniture fixture & fittings	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Cost as at 1 April 2020	2 368 702	194 438 988	6 535 764	1 487 950	504 079	553 690	18 708 418	2 280 493	226 878 083
Additions	-	1 442 431	-	10 430	39 105	-	-	941 616	2 433 583
Disposal/Auction	-	-	(266 885)	-	-	-	-	-	(266 885)
Impairment	-	-	(86 348)	(80 637)	(110)	(103)	-	(1 695)	(168 894)
Transfers	-	-	154 149	10 667	1 952	-	-	-	166 768
/Adjustment	-	-	-	-	-	-	-	-	-
Cost as at 31 March 2021	2 368 702	195 881 419	6 336 680	1 428 410	545 026	553 587	18 708 418	3 220 413	229 042 655
Depreciation as at 31 March 2021	-	(3 895 992)	(637 712)	(254 746)	(99 530)	(79 452)	(374 168)	(464 114)	(5 805 715)
Accumulated Depreciation	-	(9 239 569)	(3 098 362)	(769 003)	(267 524)	(335 869)	(1 389 414)	(699 963)	(15 799 705)
Net book value as at 31 March 2021	2 368 702	182 745 858	2 600 606	404 661	177 971	138 265	16 944 835	2 056 337	207 437 235

**REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (Continued)**

3. PROPERTY PLANT AND EQUIPMENT - IPSAS 17 (continued)

2022	2022	2021
	Work in Progress	Work in Progress
	N\$	N\$
Cost as at 1 April 2021	25 605 958	20 789 700
Addition	3 673 210	4 816 258
Transfers /Adjustment	-	-
Net book value as at 31 March 2022	29 279 168	25 605 958
Total Property, Plant and Equipment	*232 591 402	233 043 194

*Recalculated amount is N\$ 232 688 205 therefor a difference of N\$ 96 803 was observed for 2022

ANNEXURE F

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

	2022	2021
	N\$	N\$
WORK IN PROGRESS	29 279 168	25 605 958
Construction of Sewer Services-Hoachanas	20 635 430	19 210 826
Construction of Rural Dev Centre-Gibeon	1 123 419	1 123 419
Construction of Services - Schlip Settle	4 294 385	4 254 663
Construction of Services - Klein Aub	3 225 934	1 017 051

4. INTANGIBLE ASSET - SOFTWARE

Intangible assets are stated at historical cost less accumulated amortization and any impairment losses. Amortization is provided over the estimated useful life using the straight line method. The estimated useful lives for intangible asset classes are as follows:

Software acquired externally	10 years	10 % pa
	2022	2021
	N\$	N\$
Intangible assets - Software		
Opening balance as at 1 April 2021	143 154	163 364
Accumulated amortisation	(20 210)	(20 210)
Net book value as at 31 March 2022	122 944	143 154

5. CHANGES IN ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES
AND ERRORS - IPSAS 3

A change in the estimated useful life of an item of equipment has resulted in the following change in depreciation for the year. During the Financial year 2021/2022 the Regional Council conducted reassessment on the useful life on the five asset categories (Office Equipment, Computer Equipment, Plant & Machinery, Motor vehicles and Furniture & Fittings. During 2019/2020 financial year the RC only conducted assessment on two categories namely; Computer Equipment and Motor Vehicles. Where the condition of an asset were recorded as "Fair", "Good", or "Very Good" the remaining useful life (RUL) were reset at the beginning of the Financial year as 60%, 80% and 100% of the items estimated useful life (EUL). This caused a "saving" of R578 229 for the current year and will also have an effect on future depreciation as the items are being depreciated over a longer period.

ANNEXURE F

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

6. CASH ON HAND AND BANK

Cash and cash equivalents comprise of cash on hand and all bank balances as at 31 March 2022 of the Regional Council. Hardap Regional Council banks its money with the following banking institutions: Bank Windhoek and Standard Bank of Namibia

	2022	2021
	N\$	N\$
Main Current Account	1 809 400	488 076
Revenue Account	6 709 502	642 312
Capital Current Account	1 100 274	1 718 551
Independence Current Account	31 266	32 711
Social Upliftment	101 163	158 643
Settlement current Account	46 188	71 159
Traditional Authority current account	10 255	77 928
Micro Project current account	1 683 847	1 552 656
Build Together Receipt	635 892	518 075
Fleet Management Account	163 248	377 576
Housing Fund	2 544 716	2 283 328
Early Childhood Development Account	2 558 029	1 289 242
Rural Development Account	244 960	675 256
Regional Disaster Account	51	-
Cash on Hand	47 642	13 622
	17 686 433	*9 899 136

*Amount does not agree to the amount in the Statement of Financial Position

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

7. INVENTORY - IPSAS 12

The Council keep inventory items in stock for internal consumption only; therefore, inventories are measured at cost at acquisition. In the case where inventory was received through non-exchange transaction (for no cost or for a nominal cost) the cost of the inventory is recognized at fair value at the date of acquisition. The cost of inventories comprises all cost of purchases cost of convention and other cost incurred in process of installation.

	2022	2021
	N\$	N\$
	292 291	489 587
Consumable stores	140 628	327 222
Stationery	104 943	122 849
Cleaning materials	46 720	39 516

8. TRADE AND OTHER RECEIVABLES

Receivables from Non-exchange transactions comprises of Value Added Tax (VAT) refund from Ministry of Finance.

Receivables from Non-exchange Transactions

Receiver of Revenue (VAT)	32 243 911	40 504 607
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Receivables from exchange transactions comprises of our sales on electricity and water, build together payments and our employee related dues as at year end that do not arise out of a contract.

Receivables from exchange transactions	5 614 005	10 885 596
Nampower	118 930	118 930
Other Receivables	301 406	162 092
Customer Control	3 946 495	9 302 332
Build Together	1 246 652	1 234 704
Other Salary and wages control	522	67 538

ANNEXURE F

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

9. TRADE AND OTHER PAYABLES

The Regional Council recognized its Payables at fair value.

9.1. Payables from Exchange Transactions

	2022	2021
	N\$	N\$
	3 740 873	2 515 664
Trade Creditors	2 887 851	1 545 503
Other Payables	93 730	93 513
Provision for Accrued Bonus	613 768	640 375
Other Salary & wages control	145 524	236 272

9.2. Payables from Non-exchange Transactions

	3 555 422	2 291 912
Capital grants	896 181	-
Rural Development	2 659 241	2 291 912

TOTAL TRADE AND OTHER PAYABLES

	7 296 295	4 807 575
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Note Disclosure: The correct application of IPSAS 23 was applied thus the change in Capital Grants received. The amount of N\$ 11 673 952 equal to capital assets were recognised as revenue in the Statement of Financial Performance.

10. Other Accounts – Revenue

	1 026 415	139 478
Traditional Authority account	525	1 717
Regional Disaster Fund	7 695	89 849
Independence Account	651	730
Micro Project Account	42 094	41 003
Social Upliftment	3 637	6 180
Build Together Fund	68 846	-
UNDP	902 967	-

11. Other Accounts - Expenses

	3 229 732	6 797 386
Traditional Authority account	68 198	1 234
Independence Account	2 096	1 234
Micro Project Account	977 960	647 710
Regional Disaster Management	619 630	714 250
Rural Development	354 484	5 258 054
Social Upliftment	318 652	174 802
Build Together	2 089	101
	886 622	-

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

12. REVENUE RECOGNITION

The Regional Council revenue is mainly made from Government grants and sales of services and goods at Settlement areas.

Revenue from non-exchange transactions - IPSAS 23

12.1. GOVERNMENT TRANSFERS

Hardap Regional Council recognizes government transfers as revenues when the transaction can be measured reliably and when the Council is in full control of the cash. The Regional Council budget for operational activities consists of grants received from the Ministry of Urban and Rural Development whereas the development budget is funded through National Planning Commission.

	2022	2021
	N\$	N\$
Operational Budget	48 616 005	48 115 052
Development Budget	1 923 171	11 673 952
Rural Development	403 976	5 255 786
	50 943 152	65 044 790

Note Disclosure 2020 restated: An amount of N\$ 8 132 161 was removed from Income account to deferred income liability account because the project expenses was not yet incurred and only the depreciation expense was matched to the other income grants that is N\$ 4 157 594. This disclosure is hereby nullified as the Regional Council erroneously apply IAS 20 in treating capital grants instead of IPSAS 23. Thus the correction was made by restating the N\$ 8 132 160.94 as revenue for 2019/20 and N\$ 11 673 952.08 was recognised as revenue in the Statement of Financial Performance for 2020/21 financial year.

ANNEXURE F

REGIONAL COUNCIL FOR THE HARDAP REGION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

(Continued)

	2022	2021
	N\$	N\$
12.2. 5 % Contribution from local authorities		
The Regional Council received contribution from local authorities as per the provision of section 77 (1) of the Local Authorities Act.		
Mariental Municipality	688 896	707 846
Rehoboth Town Council	493 365	447 769
Aranos Town Council	28 946	28 858
Gochas Village Council	32 833	34 897
Stampriet Village Council	30 329	33 279
Kalkrand Village Council	32 677	32 677
Maltahohe Village Council	37 059	36 792
Gibeon Village Council	17 897	17 549
	1 362 000	1 339 668
12.3. REVENUE FROM EXCHANGE TRANSACTIONS - IPSAS 9	7 638 004	6 949 095
Revenue from settlements	7 403 475	6 801 333
Interest received - operational	145 194	106 362
Social house rent	89 335	41 400
Other income	1 067 749	1 310 493
HRC house rent	259 907	214 518
Sale of tender documents	428 200	273 428
2.5 % Commission	56 220	61 018
Fishing licences and miscellaneous income	323 422	761 529
Other Accounts - Revenue	1 026 415	139 478
TOTAL REVENUE FROM EXCHANGE TRANSACTIONS	9 732 168	8 399 067

ANNEXURE F

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

	2022	2021
	N\$	N\$
13. EXPENDITURE	61 585 472	58 855 329
Employee related costs	34 068 453	31 998 408
Grants and other transfers	128 295	118 772
Supplies and consumables	677 924	802 533
Depreciation and amortization expense	5 044 280	5 825 923
Impairment of property plant and equipment	(19 865)	28 089
Other expenses	21 686 385	20 081 604
Other Expenses	21 686 385	26 060 474
Subsistence and travel	1 845 275	1 630 502
Transport cost	1 530 284	1 385 049
Utilities	12 008 635	12 118 048
Maintenance expenses	526 654	107 369
Bad Debts Provision	684 903	5 978 869
Property rental	299 542	213 485
Bank charges	311 773	281 361
Other expenditure	4 245 253	4 344 676
Other expenses - Capital projects	1 669	1 113
	232 396	-

Note Disclosure: Provision for bad debt was made for all debt in 120 days plus.

14. BUDGET INFORMATION - IPSAS 24

The approved budget covers the financial period from 1 April 2021 to 31 March 2022.

The budget and the accounting bases differ. The financial statements for the Hardap Regional Council are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The financial statements and budget documents are prepared for the same period. The Regional Council budget is approved on cash basis.

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
2022 (Continued)

15. BUDGET INFORMATION - IPSAS 24 (continued)

Reconciliation of actual results to a comparable basis for budget comparison:

	Actual (Accrual basis)	Adjustment	Comparable basis (Cash basis)	Note on adjustments
	N\$	N\$	N\$	
Revenue				
Government Subsidies	48 616 005	-	48 616 005	Income recognized when invoice issued hence what was actually received is less as per the budget
5 % Rates & Levy	1 362 000	1 262 000	100 000	
Bank Interest	214 040		214 040	Income recognized when invoice issued
Revenue from Settlement Areas	7 403 475	2 682 748	4 720 728	
Other: Sale of fishing license,				
2.5 % Commission	379 641		68 244	
Sale of Tender Documents	428 200		428 200	
Renting of HRC Equipment	-		-	
Official Accommodation	259 907		259 907	
VAT Claimable Income	-		-	
Less VAT Claimable income	-		-	
Opening Bank Balance	1 105 706		1 105 706	
TOTAL INCOME	59 768 974	3 944 748	55 512 830	

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022 (Continued)

	Actual (Accrual basis) N\$	Adjustment N\$	Comparable basis (Cash basis) N\$	Notes on adjustments
Expenditure				
Remuneration	29 787 944	26 607	29 814 551	Provision for accrued bonus
Employers Contribution GIPF & MPOOB	3 710 980	-	3 743 255	Movement for Provision for leave days
Other Conditions of Services	974 638	(431 717)	542 922	
PERSONNEL EXPENDITURE	34 473 563		34 100 728	
Travel and Subsistence Allowance	1 845 275	-	1 845 275	
Materials and Supplies	677 924	-	677 924	
Transport	1 530 284	-	1 385 049	
Utilities	12 008 635	-	12 118 048	
Maintenance Expenses	526 654	-	107 369	
Property Rental and Related Charges	299 542	-	299 542	
Other Services and Expenses	9 896 089	5 024 416	4 871 673	Depreciation & impairment expense
GOODS AND OTHER SERVICES - SUBTOTAL	26 784 403	-	21 304 879	
Membership fees & Subscription - Domestic Individuals & Non-Profit Organizations	82 000	-	82 000	
	47 964	-	47 964	
SUBSIDIES & OTHER CURRENT TRANSFERS	129 964	-	129 964	
Computer, Furniture and Office Equipment	44 376	-	44 376	
ACQUISITION OF CAPITAL ASSETS-				
	44 376	-	44 376	
SUBTOTAL	61 432 305	4 619 306	55 579 947	

ANNEXURE F

REGIONAL COUNCIL FOR THE HARDAP REGION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

	2022	2021
	N\$	N\$
16. BUDGET	75 463 873	88 645 990
Operational Budget	68 754 243	69 066 990
Development Budget	6 709 630	19 579 000

17. VALUE ADDED TAXES (VAT)

Expenses and assets are recognized net of the amount of sales tax except when VAT charged on a purchase of assets or services is not recoverable from the Receiver of Revenue such amount is realised as part of the cost of acquisition of the asset or as part of the expense.

The net amount of VAT recoverable from or payable to the Receiver of Revenue is included in the Statement of financial position as part of receivables or payables.

	VAT return audited Yes / Not	Amount claimed
	N\$	N\$
Computation on VAT control Account		
Opening Balance as at 1 April 2021	40 504 607	
Prior year balance not paid	40 504 607	
Period		
04 April	Yes	12 688
06 May - June	Yes	(222 475)
08 July - August	Yes	(1 496 736)
10 September - October	No	(149 246)
12 November - December	No	(275 574)
02 January - February	No	(193 269)
04 -March	No	7 680

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

18. PROVISIONS - IPSAS 19

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

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

	Bad Debts	Non- Current leave provision	Current leave provision	Bonuses provision
	N\$	N\$	N\$	N\$
Balance at the beginning of the year April 2021	5 978 869	5 999 587	520 267	640 375
Additional provisions raised				
Provision utilized	684 903	(431 717)	-	(26 607)
Balance as at 31 March 2021	6 663 773	5 567 870	520 267	613 768

**19. PERSONNEL COST -
IPSAS 39**

	2022	2021
	N\$	N\$
	27 168 910	26 112 708
Salaries and wages	20 826 501	19 991 834
Transport / car allowance	1 402 809	1 378 974
Housing allowance / subsidies	2 375 857	2 161 815
Overtime payments	298 334	398 557
Bonuses	1 710 249	1 616 932
Remote Allowance	555 159	564 597

**20. REMUNERATION
OF COUNCILLORS**

	2 772 949	2 651 089
Salary - Council Chairperson	638 075	638 072
Salary - Members of management	1 050 216	1 050 219
Salary - Ordinary council members	924 294	808 759
Councillors' pension	160 364	154 039

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

The Hardap Regional Council currently contributes pension to GIPF for both Public Office Bearers (POB) and for all permanent staff members. The monthly contributions are set as 25% & 10% respectively for POB and 7% & 16% for permanent staff members. The basis of contributions is calculated on their monthly salaries for both beneficiaries. Currently no actuarial valuations were performed by the Hardap Regional Council.

	2022	2021
	N\$	N\$
21. OTHER CONDITION OF SERVICES	4 476 017	4 225 384
Employer contribution to pension – Staff members	3 306 147	3 178 213
Employer contribution to pension – POB	400 909	358 098
Employer contribution to SSC – Staff members	73 113	66 934
Employer contribution to SSC – POB	4 860	4 617
Leave gratuity	690 987	617 523

22. DELEGATED FUNCTIONS

The Hardap Regional Council is currently performing the following functions as delegated by Central Government Ministries in accordance with the Decentralisation Enabling Act 2000 (Act No. 33 of 2000). When under delegation the Regional Council only acts as an agent for a particular line Ministry while the latter retains full control and overall responsibility to approve the related budget. Once the Line Ministry approve the budget it is then transferred to the Regional Council for execution. Transactions related to Ministry of Education Arts and Culture and Ministry of Works & Transport do not form part of the Regional Council financials as they have their own transactions process on their system (Pastel). It must be noted that Rural Water supplies did not have any transactions for the period under reporting.

ANNEXURE F

REGIONAL COUNCIL FOR THE HARDAP REGION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

(Continued)

	2022	2021
	N\$	N\$
INCOME	150 697 950	174 550 484
Ministry of Gender Equality and Child Welfare	5 189 393	3 285 723
Ministry of Communication & Technology	120 257	150 620
Ministry of Land Reform	592 400	452 857
Ministry of Education, Arts & Culture - Current account	103 924 129	108 535 918
Ministry of Education, Arts & Culture - Capital	5 970 485	16 605 323
Ministry of Education, Arts & Culture – Covid 19	26 387 124	40 428 474
Ministry of Works & Transport	2 001 250	2 060 565
Ministry Agriculture - Horticulture	1 346 338	1 111 034
Ministry of Agriculture DWRSS	5 166 573	1 919 970
EXPENDITURE	137 881 610	145 444 319
Ministry of Gender Equality and Child Welfare	4 546 139	8 654 109
Ministry of Communication & Technology	106 406	149 513
Ministry of Land Reform	468 678	402 781
Ministry of Education, Arts & Culture - Current account	102 181 069	91 515 019
Ministry of Education, Arts & Culture - Capital	4 000 000	11 000 656
Ministry of Education, Arts & Culture – Covid 19	19 757 035	20 414 557
Ministry of Works & Transport	1 769 061	1 343 336
Ministry Agriculture - Horticulture	878 937	1 592 599
Ministry of Agriculture DWRSS	4 174 285	10 371 749
SURPLUS	12 816 341	29 106 165
Ministry of Gender Equality and Child Welfare	643 254	(5 368 386)
Ministry of Communication & Technology	13 850	1 106
Ministry of Land Reform	123 722	50 075
Ministry of Education, Arts & Culture - Current account	1 743 061	17 020 900
Ministry of Education, Arts & Culture - Capital	1 970 485	5 604 667
Ministry of Education, Arts & Culture – Covid 19	6 630 089	20 013 917
Ministry of Works & Transport	232 190	717 229
Ministry Agriculture - Horticulture	467 402	(481 565)
Ministry of Agriculture DWRSS	992 288	(8 451 779)

ANNEXURE F

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

Delegated Accounts
as @ 31032021

Bank	Opening balance	Income	Payments	Transfers in	Closing Balance
	N\$	N\$	N\$	N\$	N\$
Lands	120 845	452 857	377 670	-	196 032
MICT	54 828	150 620	146 555	-	58 893
Gender	6 269 940	3 285 723	8 614 252	-	941 411
Rural Water	12 198 213	1 919 970	10 515 662	-	3 602 521
Horticulture	264 229	1 063 890	878 937	17 951	467 133

23 ADJUSTMENT TO RETAINED EARNINGS

	2022	2021
	N\$	N\$
211 503 270	211 503 270	211 217 529
Opening Balance	211 217 529	236 366 356
VAT Disallowed from period	(120 046)	(902 380)
VAT Disallowed from period	15 575	-
Deferred Income from prior years'	-	(5 967 336)
Adjustment on depreciation	-	7 138 255
Adjustment on Supplier accounts	(74 573)	(23 284)
Adjustment on receivables	-	(12 679)
Adjustment on Salary control account	(35 990)	-
Adjustment on Salary control account	35 489	-
Adjustment on receivables	4 104	-
Adjustment on receivables	(55 683)	-
Adjustment on Subsistence & Travel control accounts	(1 820)	34 558
Adjustment on Subsistence & Travel control accounts	6 333	(30 563)
Adjustment on closing balance ECD Account	-	(421 927)
Adjustment on Supplier accounts	-	17 460
Adjustment on Supplier accounts	443 579	(110 190)
Adjustment on Prior year account	-	(96 157)
Adjustment to prior year grants income	-	(8 132 161)
Adjustment on assets	-	(1 303 356)
Adjustment on Delegated functions - Bank balance	-	(5 063 085)
Adjustment on Delegated Functions - Income	-	6 920 203

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

	2022	2021
	N\$	N\$
Adjustment on Delegated Functions - Expenses	-	(21 170 752)
Correction on implementation of IPSAS 23	-	8 132 161
Correction on implementation of IPSAS 23	-	(4 157 594)
Correction made on Fleet double processing	68 774	-

24 NOTES TO THE COMPARISON OF STATEMENT OF BUDGET AND ACTUAL AMOUNTS

- (a) The approved budget is presented on the cash basis and for the same period (1 April 2021 -31 March 2022) as the financial statements. The original budget for 2021/2022 financial year was recommended by the Regional (resolution number 123) and approved by the line Ministry.
- (b) The Hardap Regional Council's budget and the financial statements are prepared using a different basis from the financial statements. The financial statements are prepared on an accruals basis using a classification based on the nature of expenses in the statement of financial performance whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts prepared on a comparable basis to the approved budget is then presented in the statement of comparison of budget and actual amounts.
- (c) Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are not timing differences for Hardap Regional Council.
- (d) Entity differences occur when budget omits programs/ activity or an entity that are part of the entity for which the financial statements are prepared. The Hardap Regional Council does not have any entity differences.

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

RECONCILIATION OF BUDGET SURPLUS / (DEFICIT) IN THE STATEMENT OF FINANCIAL PERFORMANCE

	<u>2022</u>
	N\$
Net surplus (deficit) per the Statement of financial performance	(2 777 885)
Revenue from Non-exchange Transactions	
Government grants	(2 327 152)
5 % Rates & Levies	(1 262 000)
Revenue from Exchange Transactions	
Opening Balance (1 April 2021)	(1 105 706)
Income from Settlement Areas	(843 073)
Interest Received	(12 412)
Other income	(9 941 552)
Other Accounts	(1 026 415)
Expenditure	
Employee Related Cost	31 852
Grants and other transfers	-
Supplies and consumables used	263 409
Provision for bad debts	684 903
Depreciation and amortization expense	5 044 280
Impairment of property, plant and equipment	-
Other expenses	1 634 138
Other Accounts Expense	2 291 450
Net surplus / (deficit) per approved budget	<u>(9 346 162)</u>

ANNEXURE F

REGIONAL COUNCIL FOR THE HARDAP REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continued)

Appendix B	2022	2021
	N\$	N\$
Reconciliation of Net Cash flow from Operating Activities to Surplus / (Deficit)		
Surplus/(Deficit) for the year	(2 777 885)	3 151 668
Non-Cash Items		
Depreciation	5 024 126	5 805 713
Amortization	20 210	20 210
Impairment Cost		28 089
Provision for bad debtors	684 903	5 978 869
Decrease / (increase)in Payables	(3 921 866)	(2 297 700)
(Increase)/decrease in Receivables	5 271 591	(1 569 208)
(Increase)/decrease in Receivables	8 260 696	(1 543 497)
(Increase) / decrease in inventories	197 297	(22 583)
Increase in provisions relating to employee	-	-
Journals on delegated accounts written off	(1 072 169)	-
Journals on debtors and creditors adjustments	171 445	(2 475 752)
NET CASH FLOWS FROM OPERATING ACTIVITIES	11 858 348	7 075 809