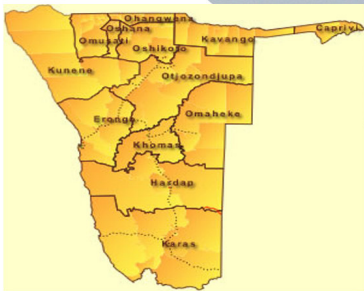




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

REGIONAL COUNCIL OF THE KARAS REGION

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2006 AND 2007

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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 Karas region for the financial years ended 31 March 2006 and 2007, 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 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE
ACCOUNTS OF THE REGIONAL COUNCIL OF THE KARAS REGION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2006 AND 2007**

1. INTRODUCTION

The Regional Council of the Karas 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 Namibian 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 completed on 28 January 2008 and 19 March 2008 respectively instead of three months after the end of the financial year as required by the Act.** The abridged balance sheet, Annexure A, is a true reflection of the original.

The following annexures are also attached to this report:

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

* No cash flow statement has been compiled by the Council. The attached statement at annexure C has been compiled by the auditors in the required format.

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 his Office, included:

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

5. AUDIT OBSERVATIONS AND COMMENTS

5.1 INVESTMENTS

- 5.1.1** At the time of the audit it was observed that the Council had five (5) policies with a local insurance company. The Council could not provide proof that the policies were approved by the Minister as per Section 33(3) of the Regional Councils Act.
- 5.1.2** The Council could not provide bank certificates for the 32 day call deposit to validate the amount of N\$ 1 834 683: 2007 and N\$ 1 762 201: 2006 reflected in the annual financial statements.
- 5.1.3** Policy certificates for the 2005/06 financial year which were provided did not agree with the balance of N\$ 3 154 986 reflected in the balance sheet. The certificates reflected the surrender value as N\$ 2 141 084.
- 5.1.4** Furthermore the Council could not provide a certificate for the Treasury Bills of the 2005/06 financial year to validate the amount of N\$ 200 000 in the balance sheet. In his response the Accounting Officer indicated that the amount has been written off as no trace of this asset could be found.

5.2 REVENUE SYSTEM

The effectiveness of the revenue system was tested and found not to be satisfactory due to the following:

Weaknesses in the system

- 5.2.1** The audit team selected a sample of a month for each settlement except for Aus (*there was no record for Aus settlement for the 2006/07 financial year*). From the sample selected a test was performed and it was found that there is no management control over receipt books issued to settlements and for prepaid electricity cards for both financial years under review.
- 5.2.2** The Council did not keep a prepaid electricity cards register, and also did not perform reconciliations of stock for prepaid electricity cards issued to the settlements for both financial years under review.
- 5.2.3** There were incidents whereby a person responsible for writing receipts used correction fluid (particularly to Grünau and Aus settlements) for both financial years under review.
- 5.2.4** The Council did not keep the register for unused receipt books that was issued to the settlements and those used from the settlement for both financial years under review.
- 5.2.5** Except for Noordoewer settlement, all reports from other settlements did not have their deposit slips attached to the monthly reports.
- 5.2.6** Furthermore the deposit slips for both financial years do not reflect the receipt numbers (*pre-numbered*) for verification that the actual amount received was actually banked.

5.2.7 Filing – Revenue income

The filing system related to revenue vouchers for both financial years is very poor.

5.3 INTEREST RECEIVED

The annual financial statements reflect interest received as N\$ 812 272: 2007 and N\$ 437 358: 2006. The audited figure amounts to N\$ 539 303: 2007 and N\$ 833 084: 2006. The mentioned finding resulted in a difference of N\$ 272 969: 2007 and N\$ 395 676: 2006.

Some bank statements for the 2006/07 financial year were not available for audit purposes.

5.4 5% ASSESSMENT RATES

During the years under review the Council received a total amount of N\$ 645 505: 2007 and N\$ 589 927: 2006, while the annual financial statements reflect N\$ 1 442 217: 2007 and N\$ 789 561: 2006. The above mentioned finding resulted in a difference of N\$ 796 712: 2007 and N\$ 199 634: 2006. Included in the total amount for the 2005/06 financial year are N\$ 1 500 and N\$ 50 000 which relate to the 2004/2005 financial year. On verification it was observed that the differences for the two financial years resulted from journals creating a debtor relating mainly to the Keetmanshoop Municipality. The Council did not offer a satisfactory answer to explain or support the mentioned journals.

5.5 NATIS AGENCY

2007

The general ledger for the 2006/07 financial year reflects an amount of N\$ 300 828, related to NATIS that could not be verified. This entry was passed by way of a journal as correction of wrong postings, but the Council did not offer a satisfactory answer nor supporting documents for the transaction at the time of the audit.

5.6. FIXED ASSETS

5.6.1 Fixed assets register

For the financial years under review, the Regional Council did not have a comprehensive fixed asset register in place for assets owned. There is no periodic inventory of the assets to confirm that the assets as reflected are physically still on hand. Authenticity of the values of fixed assets as reflected in the balance sheet could thus not be verified.

5.6.2 Purchase of assets

2007

The following assets were purchased through direct bank transfers based on quotations, not on invoices:

	N\$
Mapulane Stationery & Books – Office furniture	26 970
Waltons Stationery – Officer furniture	35 187

5.7 PAYROLL AND ALLOWANCES

2007

At the time of the audit it was observed that monthly payroll sheets were not printed and filed. The mentioned finding made it difficult to confirm periodic reconciliations on payroll.

5.8 CAPITAL PROJECTS FUND ACCOUNT

2006

It appears that the Capital Projects Fund is operated like an income and expenditure account. Expenses are not capitalized and are as such not included in the fixed assets of the Council – N\$ 14 804 935 for the financial 2005/06. No expenditure has been charged to the Fund during the 2006/07 financial year.

5.9 FUNDS

5.9.1 Early Childhood Development (ECD), Traditional authority, Drought relief and Warmbad Development Project

2007

A sample of expenditure related to the ECD and Traditional authority has been selected. It was observed that in some cases payments were made to suppliers without supporting documents attached. In some cases direct deposits/transfers were made.

2006

There were journals passed to bring the account to an auditable state, but no supporting documents could be traced to validate the expenditure.

5.10 STOCK

The Council did not prepare a stock-taking report for consumables for the financial years under review and the values thereof have not been included in the balance sheet.

5.11 EXPENDITURE – NON-PAYROLL & SUBSISTENCE AND TRAVEL ALLOWANCES

5.11.1 General expenditure – 2007

For the selected sample of general expenditure, the following observations were made:

Date	Cheque number	Payee details	Amount	Audit finding
07/09/2006	002827	Nampower	N\$ 374 904.84	No supporting documents were attached to the cheque.
15/12/2006	003606	Government Air Transport	69 781.33	Incorrect calculation on supporting documents.
06/12/2006	013	G E Cloete	10 000.00	This payment is made from the 5% Rates Levy bank account. No supporting documents were available for audit purposes.
12/12/2006	003583	XL Garage	8 626.00	No management decision could be confirmed in the minutes of meetings. Audited and found to be in order.
10/08/2006	002537	M. Hough	9 000.00	However, the attached invoice introduces the risk of authenticity. The amount is paid monthly for refuse removals at Ariamsvlei. No tender/agreement or minutes supporting these payments could be submitted.

5.11.2 Expenditure – Warmbad Development project – 2007

Date	Cheque number	Payee details	Amount	Audit finding
21/11/2006	124	Sheet Street	N\$ 10 102.05	Payment was made without the presence of three (3) quotations.
19/12/2006	138	T Morris	5 000.00	Payment to a contractor. Contract documents not available to confirm agreement.
22/12/2006	145	M Jimmy	12 500.00	Payment of monthly salary. No contract agreement to confirm the amount.
31/01/2007	155	E Afrikaner	2 000.00	S&T advance form does not indicate the rate used.

5.11.3 Expenditure – HIV Aids project – 2007

Date	Cheque number	Payee details	Amount	Audit finding
05/04/2006	1546	Kadesh Tourist CC	N\$ 7 880.50	Payment was made in absence of three quotations.
09/05/2006	1767	Kadesh Tourist CC	19 568.00	Payment was made in absence of three (3) quotations.
15/08/2006	2586	SPAR	1 605.00	No invoice attached. Payment was made on quotation.
19/09/2006	2898	People in Need	14 234.12	The invoice is in the name of “Corporate Connections” but the payee in “People in Need”.

5.11.4 EXPENDITURE – SUBSISTENCE & TRAVEL ALLOWANCES

For the selected sample of subsistence and travel allowances, the following observations were made:

Advances/invoices for subsistence and travel allowances for the 2006/07 financial year did not reflect the rates used, which made it difficult to verify the correctness of the amounts claimed.

In some instances claim forms are not completed and neither approved. Details are reflected in the management letter.

OVERALL

Payments are generally made in the absence of three (3) quotations.

The filing system of expenditure vouchers is poor.

Expenditure files are overfull, making it difficult to page the files and retrieve documents.

5.12 CAPITAL EXPENDITURE – 2006

At the time of the audit most of the supporting documents could not be found. It was further found that the following expenditure has not been recorded in the general ledger:

Supplier name	Date	Amount
		N\$
E Vlees Southern Multi Cleaning & Renovations	31/08/2005	14 390
E Vlees Southern Multi Cleaning & Renovations	29/09/2005	15 610
Roads Contractor Company	04/10/2005	1 688
Studio One Production	08/07/2005	48 140
Botma Road Contractors	25/07/2005	4 830
Botma Road Contractors	25/07/2005	4 441
Botma Road Contractors	25/07/2005	65 058
Botma Road Contractors	25/07/2005	2 454
Botma Road Contractors	25/07/2005	5 600
Seal Consulting Engineers	02/02/2006	35 213
Seal Consulting Engineers	02/02/2006	29 032
Seal Consulting Engineers	28/03/2006	35 213
Seal Consulting Engineers	06/03/2006	41 890
Total		303 559

5.13 CASH AND BANK

5.13.1 Finding

At the time of the audit the following bank accounts were confirmed by the bank, but were either not reflected in annual financial statements or discovered at the time of the audit.

2007

Confirmed by bank; not reflected in the AFS	
Account details	Closing balance
	N\$
Call account – Traditional authorities	(36 616.64)
Call deposit – KRS Investors conference	17 941.42

Bank accounts discovered through the audit; not reflected in the AFS	
Account details	Closing balance
	N\$
Nedbank – Gutenhaus SH project	12 435.32

- A Call account at Nedbank to the amount of N\$ 1 269 824 relating to the Build Together disbursements was confirmed by the Bank. The Council could not provide records related to the mentioned bank account.

The following bank account reconciliation was not done or could not be confirmed at the time of the audit:

Detail	Balance
Capital projects	N\$ 142 815.55

At the time of the audit the following bank accounts showed differences between bank statements, general ledger and reconciled cash-book balances for the 2005/06 financial year.

Details	Closing balance of the bank statement, bank reconciliation and general ledger	Closing balance of the cashbook	Outstanding Cheques/ (Deposits)	Reconciled Cash-book balance	Difference
	N\$	N\$	N\$	N\$	N\$
Main current account	1 458.06	(2 161 888.83)	172 045.20	(1 989 843.63)	1 991 301.69
Stannic fleet	58 588.96	(261 411.04)	-	(261 411.04)	320 000.00
5% Rates levy	477 660.80	327 660.80	-	327 660.80	150 000.00
Warmbad Development project	91 307.51	83 607.51	-	83 607.51	7 700.00
Karas Development Trust	(10 715.92)	(730 715.92)	10 802.07	(719 913.85)	709 197.93
FNB current account	1 071 983.17	(6 911 681.36)	190 417.44	(6 721 263.92)	7 793 247.09
FNB KRC account	1 651 773.56	(10 348 226.44)	-	(10 348 226.44)	12 000 000.00
Disaster and Drought Relief fund	5 164.00	(195.00)	-	(195.00)	5 359.00
Call account: Investors congress	17 232.97	(32 767.03)	-	(32 767.03)	50 000.00
Total	3 364 453.11	(20 035 617.31)	373 264.71	(19 662 352.60)	23 026 805.71

5.14 COMPARATIVE FIGURES – 2005/06

The comparative figures of the financial year 2004/05 as reflected in the statements compiled by the Council differ as follows from the previous report of the Auditor-General:

Balance sheet

	Council	Auditor-General	Difference
	N\$	N\$	N\$
Fixed assets	900 052	898 911	1 141
Investments	4 594 286	5 069 192	(474 906)
Capital projects	8 612 151	7 556 215	1 055 936
Other liabilities	1 344 723	-	1 344 723
Capital: Accumulated funds	5 718 419	8 592 844	(2 874 425)
Income			
Rate levies from local authorities	57 198	405 251	(348 053)
Delegated functions	346 563	204 663	141 900
Expenditure			
Depreciation	74 963	75 605	(642)
Travel and subsistence	863 652	911 241	(47 589)

Council should refrain from adjusting figures of previous financial years as those books have been closed and have already been audited. Alternatively Council should submit reasons as well as evidence to the auditors as to why figures have been restated.

6. ACKNOWLEDGEMENT

The courtesy and assistance extended to the Auditor-General's staff by the Chief Regional Officer and his staff during the audit is appreciated.

7. QUALIFIED AUDIT OPINION

The accounts of the Regional Council of the Karas region for the financial years ended 31 March 2006 and 2007 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).

The audit opinion has been qualified due to the following reasons:

- The correctness of investments could not be confirmed due to lack of bank statements/certificates (2006 & 2007), an investment was overstated by N\$ 1 013 902 (2006) and an investment in Treasury Bills to an amount of N\$ 200 000 could not be confirmed (2006).
- The completeness and correctness of revenue could not be confirmed due to lack of record keeping and poor internal control (2006 & 2007).
- Unexplained differences in interest received were revealed (2006 & 2007).
- Unsupported adjustments made to the 5% assessment rated were found (2006 & 2007).
- An unsupported transaction of N\$ 300 828 relating to Natis was found (2007).
- The completeness, value and existence of fixed assets could not be confirmed due to the lack of a comprehensive fixed asset register.
- Monthly pay sheets were not available for audit purposes resulting therein that the correctness of remuneration could not be confirmed (2006 & 2007).
- Not all supporting documents relating to expenditure transactions were available (2006 & 2007).
- Vast differences were found between the reconciled cash-book balances and those reflected in the bank reconciliation, bank statements and general ledger (2006).
- Closing balances of the previous financial year differ from the comparative balances reflected in the financial statements as compiled by the Council (2006).
- Development expenditure is not being capitalised and is as such not included in the Council's fixed assets.

Except for the above-mentioned issues, in my opinion, the accounts fairly present the financial position and related transactions of the Council, for the years ended 31 March 2006 and 2007.

WINDHOEK, November 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

BALANCE SHEETS AS AT 31 MARCH 2006 AND 2007

	Notes	2007 N\$	2006 N\$	2005 N\$
ASSETS				
Non-current assets		31 018 379	7 510 210	5 968 103
Fixed assets	4	25 739 708	2 393 019	898 911
Investments	5	5 278 671	5 117 191	5 069 192
Current assets		5 441 097	9 565 294	10 180 956
Accounts receivable		803 779	287 070	20 859
Cash on hand and bank	7	4 637 318	9 269 384	9 951 257
Petty cash		-	8 840	8 840
Other assets		-	-	200 000
Total assets		36 459 476	17 075 504	16 149 059
EQUITY AND LIABILITIES				
Accumulated Funds	Annexure B	14 522 886	9 435 631	8 592 844
Current liabilities		21 936 590	7 639 873	7 556 215
Capital Project Fund	6	21 100 084	6 295 150	7 556 215
Other liabilities		836 506	1 344 723	-
Total equity and liabilities		36 459 476	17 075 504	16 149 059

REGIONAL COUNCIL OF THE KARAS REGION

INCOME STATEMENTS FOR THE YEARS ENDED 31 MARCH

	Notes	2007	2006	2005
		N\$	N\$	N\$
INCOME	8	22 302 320	15 778 649	11 756 095
EXPENDITURE	9	18 048 195	12 837 421	9 600 919
Net operating surplus/(loss)		4 254 125	2 941 228	2 155 176
Interest earned		812 272	437 358	21 346
Accumulated income/(deficit)		5 066 397	3 378 586	2 176 522
Accumulated funds				
~ adjustments		20 858	(2 535 799)	
~ at the beginning of the year		9 435 631	8 592 844	6 416 322
~ at the end of the year		14 522 886	9 435 631	8 592 844

REGIONAL COUNCIL OF THE KARAS REGION

CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 MARCH

	2007	2006	2005
	N\$	N\$	N\$
Cash flow from operating activities	4 254 125	2 941 228	2 155 176
Surplus over expenditure for the year adjusted for non-cash items	-	-	-
Movement in current assets (increase) / decrease	(516 709)	(66 211)	(13 030)
Net cash inflow from operations	3 737 416	2 875 017	2 142 146
Net cash flow of investing activities			
Interest received	812 272	437 358	21 346
Investments (increase) / decrease	(161 480)	(47 999)	(940 242)
Property, plant and equipment acquired	(23 346 689)	(1 494 108)	(32 038)
Net change in cash and cash equivalents	(18 958 481)	1 770 268	1 191 212
Adjustments	20 858	(2 535 799)	
Movement in Funds (decrease) / increase	14 804 934	(1 261 065)	1 945 700
Current liabilities (decrease) / increase	(508 217)	1 344 723	-
Cash and cash equivalents			
Beginning of the year	9 278 224	9 960 097	6 823 185
End of the year	4 637 318	9 278 224	9 960 097

REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with and comply with Namibian statements of General Accepted Accounting Practice.

The annual financial statements are prepared under the historical 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 expenditure 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 relevant Line Ministry, this does not materially affect the Regional Council financial statements.

All fixed assets are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write-off the cost of each asset to its residual value over its estimated useful life. The estimated useful lives for the years under review are as follows:

Buildings	50 years
Machinery & equipment	5 years
Vehicles	5 years
Office furniture	3 years
Computer equipment	3 years

2. GRANTS AND DONATIONS

The Regional Council is currently performing the following functions (under certain conditions) delegated by central governmental line ministries, as indicated, in accordance with the Decentralisation 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 to approve the related budget. Their budget allocation is transferred to the Regional Council via cash transfers.

REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

Grants and donations received by the Regional Council throughout the period are summarised as follows:

	2007	2006	2005
	N\$	N\$	N\$
3. DELEGATED FUNDS			
Monies received	82 745	5 000	204 663
HIV	-	-	20 000
Drought relief	-	-	52 043
Early Childhood Development Fund	-	-	72 932
Disbursement Build Together Project	-	-	51 388
Delegated Fund	82 745	5 000	-
Karas investors conference	-	-	8 300
Monies paid out	316 331	569 524	132 081
HIV - expenses	229 934	57 055	23 060
Drought relief	390	(12 485)	27 546
Traditional Authority	-	(20 000)	-
Early Childhood Development Fund	86 007	(40 096)	15 536
Disbursement Build Together Project	-	(36 455)	2 255
Karas investors conference	-	65 000	63 684
Southern RED	-	556 241	-
Constituency Development Committee	-	264	-
Nett delegated funds	(233 586)	(564 524)	72 582

4. FIXED ASSETS

2007	Land & buildings	Machinery & vehicles	Office furniture, equipment & computers	Other fixed assets	Assets under construction	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Cost as at 1 April 2006	307 824	1 492 632	977 805	-	-	2 778 261
Additions	6 188 000	-	360 000	27 752	17 033 444	23 609 196
Cost as at 31 March 2007	6 495 824	1 492 632	1 337 805	27 752	17 033 444	26 387 457
Depreciation as at 1 April 2006	-	115 872	269 370	-	-	385 242
Charge for the year	-	149 263	111 559	1 685	-	262 507
Depreciation as at 31 March 2007	-	265 135	380 929	1 685	-	647 749
Net book value as at 31 March 2007	6 495 824	1 227 497	956 876	26 067	17 033 444	25 739 708

REGIONAL COUNCIL OF THE KARAS REGION
NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

2006	Land & buildings	Machinery & vehicles	Office furniture, equipment & computers	Total
	N\$	N\$	N\$	N\$
Cost as at 1 April 2005	307 824	185 351	636 170	1 129 345
Additions	-	1 307 281	341 635	1 648 916
Cost as at 31 March 2006	307 824	1 492 632	977 805	2 778 261
Depreciation as at 1 April 2005	-	35 526	194 908	230 434
Charge for the year	-	80 346	74 462	154 808
Depreciation as at 31 March 2006	-	115 872	269 370	385 242
Net book value as at 31 March 2006	307 824	1 376 760	708 435	2 393 019
2005	Land & buildings	Machinery & vehicles	Office furniture, equipment & computers	Total
	N\$	N\$	N\$	N\$
Cost as at 1 April 2004	307 824	185 351	528 528	1 021 703
Additions	-	-	107 642	107 642
Cost as at 31 March 2005	307 824	185 351	636 170	1 129 345
Depreciation as at 1 April 2004	-	16 991	137 839	154 830
Charge for the year	-	18 535	57 069	75 604
Depreciation as at 31 March 2005	-	35 526	194 908	230 434
Net book value as at 31 March 2005	307 824	149 825	441 262	898 911
	2007	2006	2005	
	N\$	N\$	N\$	
5. INVESTMENTS				
32 day call	1 834 683	1 762 205	345 785	
Treasury Bills	-	200 000	220 048	
Fedsure insurance investment	-	-	924 601	
Channel life	3 443 988	3 154 986	3 578 758	
	5 278 671	5 117 191	5 069 192	

REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2007	2006	2005
	N\$	N\$	N\$
6. CAPITAL PROJECTS			
Balance B/F	6 295 150	13 568 633	5 610 515
Capital received	13 942 398	6 668 915	6 005 300
Interest capitalised	862 536	862 537	351 767
	21 100 084	21 100 085	11 967 582
Expenditure	-	(14 804 935)	(4 411 367)
	21 100 084	6 295 150	7 556 215
7. CASH AND BANK			
Karas Investors Congress	-	17 233	171 092
5% Assessment rates	504 180	477 661	362 937
Stannic fleet	34 436	58 589	174 097
Early Childhood Development	1 405	97 833	57 982
Main account	-	1 458	810 289
Build Together	87 638	84 488	99 051
Rural electricity	6 232	135 328	61 941
Regional Drought Aid Fund	-	(142)	656
Gutenhaus SH project	-	12 570	12 725
Aids co-ordination	-	(341)	168
Warmbad settlement area	-	18 572	56 766
Aus settlement area	8 073	138 666	96 046
Noordoewer settlement area	4 946	46 952	94 311
Grünau settlement area	475	27 527	21 650
Ariamsvlei settlement area	352	22 768	27 930
Capital projects	142 816	2 403	7 641 643
Karas Investors Conference	1 290	1 425	52 944
Disbursement Build Together Project:			
Receipt account	50 505	42 145	-
NATIS	-	77	9 674
Karas Regional Council:			
Disbursement Build Together Project	1 269 824	101 775	101 427
Karas Drought Relief	5 160	5 092	5 042
Traditional Authority Fund	-	13 585	-
Karas Development Trust	1 483	(10 716)	-
Karas Regional Council Account	9 617	1 651 774	-
Disaster & Draught relief	5 029	5 164	-
First National Bank Call Account	2 402 403	5 154 207	-
Warmbad Development Project	97	91 308	85 780
District Drought Relief	-	1 071 983	5 359
Warmbad First National Bank Account	7 783	-	-

REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

7. CASH AND BANK (continued)

	2007	2006	2005
	N\$	N\$	N\$
Grunau First National Bank Account	29 874	-	-
Call Contingency Account	38 838	-	-
Noordoewer Settlement Area	13 607	-	-
Kosis Settlement Area	10 166	-	-
Ariamsvlei First National Bank Account	1 089	-	-
	4 637 318	9 269 384	9 951 257

8. INCOME

Government transfers - MRLGHRD	11 122 677	13 160 376	10 218 645
Grant from MRLGHRD			
– Capital Projects	5 700 000	-	-
Assessment rates	1 442 217	789 561	405 251
Build Together Project	11 774	4 787	7 900
Rates, charges and fees (settlement areas)	1 659 817	1 224 814	667 349
Delegated functions	82 745	5 000	204 663
Sundry income	2 283 090	594 111	252 287
Total income	22 302 320	15 778 649	11 756 095

9. EXPENDITURE

Advertising	54 873	95 950	11 296
Property rental	205 818	128 121	40 533
Transport expenses	1 206 150	885 552	846 504
Build Together expenses	-	93 069	93 286
Bank charges	82 933	60 040	53 666
Depreciation	262 507	155 948	75 605
Electricity, water & utilities	3 638 059	2 151 324	1 711 164
Entertainment	259 949	253 661	227 609
Materials and supplies	251 622	226 551	136 424
Interest paid	-	618	2 286
Repairs & maintenance	302 188	142 924	80 267
Salaries & wages	7 593 201	5 524 939	4 720 386
Sundry expenses	1 695 702	406 101	88 107
Travel & accommodation	1 366 458	1 125 590	911 241
Contribution/settlements	569 141	767 807	360 320
Training / workshops	126 017	158 367	57 739

REGIONAL COUNCIL OF THE KARAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

9. EXPENDITURE (continued)

	2007	2006	2005
	N\$	N\$	N\$
Delegated funds	316 331	569 524	132 081
Printing	13 394	32 215	15 205
Security services	103 852	59 120	37 200
Total expenditure	18 048 195	12 837 421	9 600 919
NET OPERATING SURPLUS/ (DEFICIT) FOR THE YEAR	4 254 125	2 941 228	2 155 176
NET FINANCIAL INCOME			
Interest received	812 272	437 358	21 346
SURPLUS/(DEFICIT) FOR THE YEAR	5 066 397	3 378 586	2 176 522