



**REPUBLIC OF NAMIBIA**



**KHOMAS REGIONAL COUNCIL**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**  
**REGIONAL COUNCIL FOR KHOMAS REGION**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**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 Khomas region for the financial year ended 31 March 2020 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, February 2022**

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
REGIONAL COUNCIL OF KHOMAS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**1. ADVERSE AUDIT OPINION**

I have audited the financial statements of the Regional Council of Khomas for the financial year ended 31 March 2020. These financial statements comprise the statement of financial position, statement of financial performance, statement of cash flow, statement of changes in net assets, statement of comparison of budget and actual amounts, and notes to the financial statements.

In my opinion because of the significance of the 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 Regional Council of Khomas as at 31 March 2020 and its financial performance and their 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 adverse audit opinion.

Basis for Adverse audit opinion are as follows:

**2.1 NON-COMPLIANCE TO IPSAS 33 - TRANSITIONAL PROVISIONS**

It was observed that the Council did not provide full details on the accounting policies that are not in accordance of the relevant IPSAS and the Council's progress towards full implementation of IPSAS.

**2.2 IPSAS 24 – PRESENTATION OF BUDGET INFORMATION IN THE FINANCIAL STATEMENTS**

It was observed that the actual figures presented in the Statement of Comparison of Budget and Actual do not agree to the actual figures presented in the Financial Statements for the year under review. Therefore, the Council did not fully comply with IPSAS 24, which requires reconciliation between budget and actual amounts in the financial statements, where the budget and the financial statements are not prepared on a comparable basis.

**2.3 CLASSIFICATION OF CAPITAL EXPENDITURE**

An item of computer equipment amounting to N\$ 81 123 was expensed however it qualifies for recognition as an asset in line with IPSAS 17 paragraph 26 measurement at recognition, paragraph 31 (f) element of cost.

## **2.4 VALUATION OF ASSETS**

The Council could not present the fair value of property, plant and equipment and investment properties in accordance with IPSAS 16(20) (b) which states that Investment Properties shall be recognized as an asset if and only if: The cost or fair value of the investment property can be measured reliably.

## **2.5 PENALTIES AND INTEREST ON OVERDUE ACCOUNTS**

The Council incurred fruitless expenditure resulting from interest and penalties on overdue accounts amounting to N\$ 1 445 786.

## **2.6 VAT PAYABLE**

An unexplained difference of N\$ 636 111 was observed between the financial statements and the VAT reconciliation.

## **2.7 SERVICE LEVEL AGREEMENT**

The Council does not have service level agreements with software providers.

## **2.8 INVENTORY**

Inventory could not be verified as the report of the consumables stock take at 31 March 2020 was not provided for audit purpose.

## **2.9 ACCUMULATED FUNDS**

Journals amounting to N\$ 10 294 941 could not be verified due to insufficient supporting documents.

## **2.10 CASH FLOW STATEMENT**

An unexplained difference of N\$ 1 992 657 was found between additions to property, plant and equipment disclosed in the Cash Flow Statement (N\$ 4 889 284) and Note 3 (N\$ 2 896 627).

## **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**

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with the 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 the knowledge obtained in the audit or otherwise appears to be materially misstated.

#### **4.1 Audit of Key Performance Information**

The Council has a strategic and annual plan in place however only 3 quarterly reviews were conducted for the year under review. It was thus not feasible to perform a Key Performance Indicator audit.

### **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 International Public Sector Accounting Standards and legislation 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 for 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 a 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

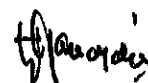
the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.

- 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.
- 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 of most significance in the audit of the financial statements of 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.

## **7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 40(1) of the Regional Council Act, 1992 except that they were only submitted to the Auditor-General on 10 September 2020 instead of three months after the financial year-end.



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, February 2022**



**KHOMAS REGIONAL COUNCIL  
ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 MARCH**

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**KEY COUNCIL INFORMATION AND MANAGEMENT**

**Background information**

Khomas Regional Council was established under Regional Council Act (Act 22 of 1992) and was entrusted with the responsibility of implementing central government policies at regional level with the objective of improving the overall living standard of its residents as per Regional Council Act.

The financial powers duties and functions of the Council are stipulated in Section 28 of the Regional Councils Act (Act no. 22 of 1992) as amended. The accounts of the Khomas Regional Council for the year ended 31 March 2020 are being reported on in accordance with the provisions set out in the State Finance Act (Act 31 of 1991) and the Regional Council Act (Act 22 of 1992).

**REGIONAL COUNCILLORS**

Underneath are the names of the Councillors of the Khomas Regional Council as at 31 March 2020:

Hon. R. Jacob (Chairperson)  
Hon. P.I. Ita  
Hon. J. N. Namuhuja  
Hon. A. Kandjii  
Hon. G. Trepper  
Hon. M. David  
Hon. R. Sheehama  
Hon. F.S. Shivute  
Hon. M. Mensah-Williams  
Hon. C. Likuwa  
Hon. S Angolo

It should be noted that Honourable Mensah-Williams served as councillor up to October 2019 and was succeeded by Honourable Angolo as from January 2020.

**MANAGEMENT COMMITTEE MEMBERS**

Underneath are the names of the members of the Management Committee as at 31 March 2020:

Hon. R. Jacob (Chairperson)  
Hon. P. I. Ita  
Hon. G. Trepper  
Hon. C. Likuwa

**KHOMAS REGIONAL COUNCIL  
ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 MARCH**

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**REGIONAL COUNCIL ADMINISTRATIVE MANAGEMENT AS AT 31<sup>st</sup> MARCH  
2020**

Underneath are the names of the Management Cadre of the Khomas Regional Council:

C.M Mafwila	Chief Regional Officer
A.S.M Amadhila	Director: Finance and Administration
Vacant	Director: Development Planning
S. Keib	Deputy Director: Human Resource Management
Vacant	Deputy Director: Finance
F.C Chilinda	Deputy Director: Planning
D. Andreas	Deputy Director: Technical Services
Vacant	Deputy Director: Rural Services
H. Katjivena	Deputy Director: Administration

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**Business Contacts** Telephone: (264) 61 292 4444  
**E-mail:** cmafwila@khomasrc.gov.na  
Website: www.khomasrc.gov.na

**Bankers** Standard Bank Namibia  
Bank Windhoek

**Independent Auditors** Auditor-General  
Office of the Auditor-General  
123 Robert Mugabe  
Private Bag 13299  
Windhoek

**Principal Legal Adviser:** Government Attorney  
Office of the Attorney-General  
145 Sanlam Centre  
Private Bag 13248  
Windhoek

**KHOMAS REGIONAL COUNCIL  
ANNUAL FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED  
31 MARCH**

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**CHIEF REGIONAL OFFICERS' (CRO) RESPONSIBILITIES**

In terms of Section 40 of the Regional Council Act 22 of 1992 the accounting officer of a regional council shall within three months or such longer period as the Auditor-General may approve after the end of a financial year of the regional council make out financial statements in such form as may be determined by the Auditor-General in respect of that financial year and submit such financial statements to the Auditor-General.

The Chief Regional Officer is responsible for the preparation and presentation of the Council's financial statements which give a true and fair view of the state of affairs of the Council for and as at the end of the financial year ended on 31 March 2020. These responsibilities include: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Council; (iii) designing implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and ensuring that they are free from material misstatements whether due to error or fraud; (iv) safeguarding the assets of the Council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

**KHOMAS REGIONAL COUNCIL RESPONSIBILITIES AND APPROVAL**

The Khomas Regional Council accepts responsibility for the Council's financial statements. The Khomas Regional Council is of the opinion that the Council's financial statements give a true and fair view of the state of Council's transactions during the financial year ended 31 March 2020 and of the Council's financial position as at that date. The Council further confirm the completeness of the accounting records maintained which have been relied upon in the preparation of the Council's financial statements as well as the adequacy of the systems of internal financial control.

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

The Council's financial statements were approved by the Chief Regional Officer on the 23<sup>rd</sup> of September 2021 and signed by him.

**KHOMAS REGIONAL COUNCIL**  
**STATEMENT OF FINANCIAL POSITION FOR YEAR ENDED 31 MARCH**

		<b>2020</b>	<b>2019</b>
	Note	N\$	N\$
<b>Assets</b>			
<b>Current Assets</b>			
		<b>44 419 335</b>	<b>56 977 321</b>
Cash and cash equivalent	9	36 044 132	46 961 577
Receivable from non-exchange transaction	6.1	8 251 607	9 553 984
Receivable from exchange transaction	6.2	(120 616)	226 348
Inventory	8	244 212	235 412
<b>Non-Current Asset</b>			
		<b>127 415 395</b>	<b>127 017 269</b>
Property, Plant and Equipment	3	111 642 120	110 972 461
Investment Properties	4	15 773 275	16 044 808
<b>Total Assets</b>		<b>171 834 730</b>	<b>183 994 590</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
		<b>20 886 260</b>	<b>20 882 055</b>
Employee Benefits	7.1	9 066 990	10 000 220
Payables from non-exchange transaction	7.2	-	11 900
Trade payables from exchange transaction	7.3	924 906	10 471 792
Value Added Tax		10 894 364	398 143
<b>Net Assets</b>		<b>150 948 470</b>	<b>163 112 535</b>
Accumulated Surplus		150 948 470	163 112 535
<b>Total net assets and liabilities</b>		<b>171 834 730</b>	<b>183 994 590</b>

**KHOMAS REGIONAL COUNCIL  
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED  
31 MARCH**

	Note	2020 N\$	2019 N\$
<b>Revenue from non - exchange transaction</b>			
Subsidies from Government		41 252 562	44 308 384
Grants Income		5 897 436	41 161 402
5% Levies on rates and taxes		31 547 746	26 499 411
Transfers from other Offices and Ministries		14 614 029	257 997
	11.1	<b>93 311 773</b>	<b>112 227 194</b>
<b>Revenue from exchange transaction</b>			
Rental income		1 059 353	1 320 377
Other income		420 294	334 252
Interest received from bank		581 750	289 422
	11.2	<b>2 061 397</b>	<b>1 944 051</b>
<b>Subtotal</b>		<b>95 373 170</b>	<b>114 171 245</b>
Delegated functions		-	192 487 811
<b>Total income</b>		<b>95 373 170</b>	<b>306 659 056</b>
<b>Expenditure</b>			
Personnel expenditure: Staff	12.1	30 010 263	33 653 700
Council remuneration	12.2	4 079 748	4 146 892
Other condition of services	13	1 635 947	213 567
Subsistence and travelling expenses	14	528 889	645 764
Material and supplies	15	480 984	1 058 180
Transport expenses	16	1 146 798	920 810
Utilities	17	5 573 575	5 172 546
Bank Charges		70 870	71 730
Maintenance	18	807 439	1 470 346
Properties and other related expenses	19	530 384	426 237
Other related expenses	20	7 336 639	13 866 035
Membership fees and subscription	21	257 320	313 595
Grants and transfer	22	3 185 912	37 469
Current transfer	23	7 370 241	2 308 551
Depreciation expense	24	2 498 501	2 268 913
<b>Subtotal</b>		<b>65 513 510</b>	<b>66 574 335</b>
Delegated functions	27	-	171 674 789
<b>Total expenditure</b>		<b>65 513 510</b>	<b>238 249 124</b>
<b>Surplus(deficit) for the year</b>		<b>29 859 660</b>	<b>68 409 932</b>

## ANNEXURE C

**KHOMAS REGIONAL COUNCIL  
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH**

	2020	2019
	N\$	N\$
<b>Cash Flow From Operating Activities</b>		
<b>Receipts</b>		
Government subsidies	41 252 562	44 308 384
Local authority 5% levy	30 616 373	16 671 399
Transfer from Other OMAs	14 614 029	1 660 689
Interest received	581 750	289 422
Rent Receivable	1 583 824	1 123 627
Grant income	5 897 436	-
Other receipts	990 773	185 829
Delegated Functions	-	191 085 119
	<b>95 536 747</b>	<b>255 324 469</b>
<b>Payments</b>		
Personnel expenditure	35 365 094	34 764 903
Goods and Other services	28 684 156	12 384 981
Interest and Bank charges	70 261	71 730
Subsidies and Other current transfer	5 085 114	1 524 609
Other Payments	493 544	1 137 124
Delegated Functions	-	171 674 789
	<b>69 698 169</b>	<b>221 558 136</b>
Net Cash flow from operating activities	<b>25 838 578</b>	<b>33 766 333</b>
<b>Cash flow from investing activities</b>		
Purchases of Property Plant and Equipment	*(4 889 284)	(50 851 598)
Net cash used in investing activities	<b>(4 889 284)</b>	<b>(50 851 598)</b>
<b>Cash flow from financing activities</b>	-	-
Net increase/(decrease) in cash and cash equivalents	<b>20 949 294</b>	<b>(17 085 265)</b>
Cash and cash equivalent at 01 April 2019	46 961 577	64 046 842
Less Delegated functions (opening balances)	(31 866 739)	-
Cash and cash equivalent at 31 March 2020	<b>36 044 132</b>	<b>46 961 577</b>

\* Additions to property, plant and equipment does not agree with additions as per Note 3 (N\$ 2 896 627). Unexplained difference of N\$ 1 992 657.

**KHOMAS REGIONAL COUNCIL  
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 31  
MARCH**

	<b>2020</b>	<b>2019</b>
	N\$	N\$
<b>Net asset at the beginning of the period</b>	<b>163 112 535</b>	<b>176 205 570</b>
Internal reserve	-	(47 661 402)
Adjustment from prior year	(42 023 726)	(33 841 565)
Surplus for the year	29 859 662	68 409 932
<b>Net asset at the end of the period</b>	<b>150 948 471</b>	<b>163 112 535</b>

## ANNEXURE E

**KHOMAS REGIONAL COUNCIL  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 31 MARCH**

Subdivision descriptions	Original Budget	Final Budget	Actual	Differences	%
	N\$	N\$	N\$	N\$	
<b>INCOME</b>					
Government Subsidies:					
Opening Bank Balance	41 252 558	41 252 558	41 252 562	(4)	-
5% Levy Rates and Taxes	3 249 606	3 249 606	3 249 606	-	-
Rental Income	19 942 000	19 942 000	19 942 000	-	-
Rural Development Fund	1 695 422	1 695 422	1 746 309	(50 887)	3
Interest	1 500 000	1 500 000	1 574 461	(74 461)	5
Other Incomes:	105 452	105 452	581 073	(475 621)	451
TOTAL INCOME	145 445	145 445	404 184	(258 739)	178
	<b>67 890 483</b>	<b>67 890 483</b>	<b>68 750 195</b>	<b>(859 712)</b>	<b>637</b>
Remuneration	34 921 631	34 921 631	30 237 897	4 683 734	(13)
Employers Contribution to Pension and Political Office Bearer	4 628 609	4 628 609	3 852 114	776 495	(17)
Other Conditions of Service	1 630 800	1 630 800	1 635 947	(5 147)	-
<b>PERSONNEL EXPENDITURE-SUBTOTAL</b>	<b>41 181 040</b>	<b>41 181 040</b>	<b>35 725 958</b>	<b>5 455 082</b>	<b>(30)</b>
Travel and Subsistence Allowance	606 000	606 000	528 889	77 111	(13)
Materials and Supplies	1 070 000	1 070 000	480 984	589 016	(55)
Transport	1 200 000	1 200 000	1 146 798	53 202	(4)
Utilities	5 250 000	5 250 000	4 149 523	1 100 477	(21)
Maintenance Expenses	620 000	620 000	767 319	(147 319)	24
Property Rental and Related Charges	600 000	600 000	530 383	69 617	(12)
Other Services and Expenses	6 008 938	6 008 938	3 947 367	2 061 571	(34)
<b>GOODS AND OTHER SERVICES-SUBTOTAL</b>	<b>15 354 938</b>	<b>15 354 938</b>	<b>11 551 263</b>	<b>3 803 675</b>	<b>(115)</b>



## ANNEXURE E

**KHOMAS REGIONAL COUNCIL  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 31 MARCH (CONTINUED)**

Subdivision descriptions	Original Budget	Final Budget	Actual	Differences	%
	N\$	N\$	N\$	N\$	
Membership Fees and Subscriptions: Domestic	300 000	300 000	257 320	42 680	(14)
Government Organization	6 145 547	6 145 547	29 886	6 115 661	(100)
Individuals and Non-Profit Organizations	3 392 359	3 392 359	1 472 418	1 919 941	(57)
<b>SUBSIDIES &amp; OTHER CURRENT TRANSFERS-SUBTOTAL</b>	<b>9 837 906</b>	<b>9 837 906</b>	<b>1 759 624</b>	<b>8 078 282</b>	<b>(171)</b>
Furniture and Office Equipment	341 600	366 600	64 747	301 853	(82)
Vehicles	1 120 000	1 120 000	1 110 611	9 389	(1)
Operational Equipment Machinery and Plants	30 000	30 000	-	30 000	(100)
<b>ACQUISITION OF ASSETS-SUBTOTAL</b>	<b>1 491 600</b>	<b>1 516 600</b>	<b>1 175 358</b>	<b>341 242</b>	<b>(183)</b>
<b>TOTAL OPERATIONAL EXPENDITURE</b>	<b>67 865 484</b>	<b>67 890 484</b>	<b>50 212 203</b>	<b>17 678 281</b>	<b>(399)</b>

## ANNEXURE E

**KHOMAS REGIONAL COUNCIL  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 31 MARCH (CONTINUED)**

**Development/Capital Budget**

Subdivision descriptions	Original	Final Budget	Actual	Differences	%
	Budget				
	N\$	N\$	N\$	N\$	
<b>INCOME</b>					
Opening Balance (Cash in the Bank)	10 450 000	10 450 000	10 450 000	-	-
NPC Subsidy	7 000 000	7 000 000	-	7 000 000	100
5% Levy Rates and Taxes	12 000 000	12 000 000	10 674 374	1 325 626	(11)
Other Income	-	-	-	-	-
<b>TOTAL INCOME</b>	<b>29 450 000</b>	<b>29 450 000</b>	<b>21 124 374</b>	<b>8 325 626</b>	<b>89</b>
<b>EXPENDITURE</b>					
Renovation Samora Machel	500 000	500 000	393 054	106 946	(21)
Katutura Central Constituency: Office Construction	3 000 000	3 000 000	-	3 000 000	(100)
Sanitation Facilities in Urban and Rural	3 000 000	3 000 000	1 458 670	1 541 330	(51)
Rehabilitation of Park Foods Shopping Complex (Phase IV)	-	-	-	-	-
Contribution to Income Generating Activities/ECD	2 500 000	2 500 000	1 189 849	1 310 151	(52)
Rural Electrification	1 000 000	1 700 000	1 494 992	205 008	(12)
Security Alterations Constituency Offices-Tobias Haiyeko	250 000	250 000	387 460	(137 460)	55
Khomasdal North Constituency Office Phase III	-	-	-	-	-
Maintenance of Infrastructure: Windhoek Rural	-	-	-	-	-
Constituency	-	-	-	-	-
Renovation of Constituency Office: Windhoek West	3 000 000	3 000 000	-	3 000 000	(100)
Farm Versailes No.67 Settlement	-	-	-	-	-
Purchase of Seven Plots.	300 000	300 000	-	300 000	(100)

## ANNEXURE E

**KHOMAS REGIONAL COUNCIL  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL FOR THE YEAR ENDED 31 MARCH (CONTINUED)**

**Development/Capital Budget**

Subdivision descriptions	Original Budget	Final Budget	Actual	Differences	%
	N\$	N\$	N\$	N\$	
<b>INCOME</b>					
Capacity Building and Impact Assessment on IGAs	-	-	-	-	-
Project Formulation	-	-	-	-	-
Construction of office complex: Decentralized Functions	7 000 000	7 000 000	6 623 404	376 596	(5)
Private Public Partnerships	-	-	-	-	-
Construction and Renovation of Staff housing	100 000	100 000	40 120	59 880	(60)
Renovation of Constituency Office: Windhoek East	-	-	-	-	-
Renovation of Constituency Office: Katutura East	500 000	500 000	192 084	307 916	(62)
Minor Capital Projects	7 500 000	6 800 000	1 697 357	5 102 643	(75)
Renovation of Constituency Office: Moses Garoeb	300 000	300 000	-	300 000	(100)
Renovation of Constituency Office: John Pandeni	200 000	200 000	-	200 000	(100)
<b>TOTAL EXPENDITURE</b>	<b>29 150 000</b>	<b>29 150 000</b>	<b>13 476 990</b>	<b>15 673 010</b>	<b>(783)</b>

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

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**1. Statement of Compliance and Basis of Preparation**

The Council's financial statements have been prepared in accordance with accrual basis International Public Sector Accounting Standards (IPSASs) as from 01 April 2018. IPSAS 33 allows a first-time adopter a period of up to three years to recognise and/or measure certain assets and/or liabilities. The Council took advantage of this transitional exemption and to measure its land and building and investment property. As a result of adopting these transitional exemptions and provisions it is unable to make an explicit and unreserved statement of compliance with accrual basis IPSASs in preparing transitional IPSAS financial statements for this period.

The Council intended to measure its properties plant and equipment and investment properties by 31 March 2020 but due to the pandemic (COVID-19) the Council could not complete the process by 31 March 2020. However, an Appraiser has been appointed to value the land and buildings and Investment property. Since the Council is on its second year period of transition will take advantage of three-year transitional exemption to complete the measurement process. The financial statements are presented in Namibian dollar, which is the functional and reporting currency of the Council.

The financial statements have been prepared on the basis of historical cost unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

**Financial Statements**

In accordance with IPSAS 1 a complete set of financial statements has been prepared as follows:

- Statement of Financial Position
- Statement of Financial Performance
- Statement of Cash Flow
- Statements of Changes in Net Assets
- Statement of Comparison of Budget and Actual Amounts
- Notes to the financial statements comprising a description of the basis of preparation and presentation of the statements summary of significant accounting policies and other relevant information.

**Delegated Functions**

Income and expenditure in relation to Delegated Functions is accounted for during the year on a cash accounting basis in line with the state Finance Act 1991. However, since all liability in relation to Delegated Functions remains with the relevant Line Ministry and all unexpended

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31  
MARCH (CONTINUED)**

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Delegated Funds are returned to the state Account as at 31 March except Department of Education

Ministry of Gender and Ministry of Information and this does not materially affect the Regional Council's Financial Statements.

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (CONTINUED)**

Summary of the transitional exemptions and provisions included in IPSASs 33 accrual basis		Transitional exemption provided						
IPSAS	No	Yes					Elimination of transactions balances revenue and expenses	Other
		Deemed cost	3 year transitional relief for recognition	3 year transitional relief for measurement	3 year transitional relief for recognition and measurement	3 year transitional relief for disclosure		
IPSAS 1 Presentation of Financial Statements						X To extent that 3 year relief was adopted		
IPSAS 2 Cash Flow Statements	X							
IPSAS 3 Accounting Policies Changes in Accounting Estimates and Errors	X					X To extent that 3 years relief period was adopted for assets and/or liabilities		
IPSAS 9 Revenue from Exchange Transactions	X							

ANNEXURE F

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (CONTINUED)**

IPSAS	Transitional exemption provided							Elimination of transactions balances revenue and expenses	Other
	No	Yes	3 year transitional relief for recognition	3 year transitional relief for measurement	3 year transitional relief for recognition and measurement	3 year transitional relief for disclosure			
IPSAS Inventories	X								
IPSAS13 Leases									
IPSAS 16 Investment Property		X			X				
IPSAS 17 Property Plant and Equipment		X							
Intangible Asset					X		X		
IPSAS 20 Related Party Disclosures	X								
IPSAS 23 Revenue from Non-Exchange Transactions	X								
IPSAS 24 Presentation of Budget Information in Financial Statements	X								
IPSAS 39 Employee Benefits	X								
Inventory									

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

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## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **Revenue recognition**

Revenue comprises of gross inflow of economic benefits or service potential received and receivable during the year. The Council recognise revenue as per established criteria of IPSAS 9 (revenue from exchange transactions) and IPSAS 23(revenue from non-exchange transactions).

#### **2.1.1 Revenue from non-exchange transactions**

##### **Fees Levies and Subsidies**

The Council recognizes revenues from fees levies and taxes when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Council and the fair value of the asset can be measured reliably.

##### **Transfers from other government entities**

Revenues from non-exchange transactions with government transfer are measured at fair value and recognized on obtaining control of the asset (cash) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Council and can be measured reliably.

##### **5% Contribution from Local authorities**

The Council received contribution from local authorities as per the provision of section 77(1) of the Local Authority Act.

#### **2.1.2 Revenue from exchange transactions**

##### **Interest income**

The Council recognise interest income from commercial banks



**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

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### **Rental income**

A lease is an agreement whereby the lessor conveys to the leasee in return for a payment or series of payments the right to use an asset for an agreed period of time.

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue. All costs associated with the asset incurred in earning the lease revenue including depreciation are recognised as an expense. The Council recognises revenue from renting out Parkfoods Properties and Council's halls.

#### **2.1 Value Added Tax (VAT)**

VAT charged on a purchase of assets or services and services which is not recoverable from the Receiver of Revenue such amount is realised as part of the cost of acquisition of the asset or such amount is expensed.

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.

#### **2.2 Investment Property**

Investment properties are measured initially at cost including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition investment properties are measured using the cost model.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition. Transfers are made to or from investment property only when there is a change in use. The Council held Parkfood property for rental income and Land for capital appreciation and use the cash generated to finance its activities. The investment property with a useful life of fifty (50) years is measured at cost model and depreciated using straight line method.

#### **2.4 Property Plant and Equipment**

All property plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. All other repair and maintenance costs are recognized in surplus or deficit as incurred.

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

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**2.4 Property Plant and Equipment (continued)**

Where an asset is acquired through a non-exchange transaction is recognised at fair value at the date of acquisition.

Depreciation is calculated using the straight-line method to write down the cost less estimated residual value over the useful life of the asset except for land which is not subject to depreciation.

Property plant and equipment are reviewed annually for impairment to ensure that the carrying amount is still recoverable. The estimated useful lives of the asset classes that make up the property plant and equipment are provided below:

<b>Asset class</b>	<b>Depreciation method and estimated useful life (in years)</b>	
Land	non depreciable	
Buildings	straight line	50
Machinery and equipment	straight line	5
Motor Vehicles	straight line	5
Office furniture and equipment	straight line	3-5
Computer equipment	straight line	3-5
Work in progress	not depreciated	

Improvements are capitalised when the improvement results in an increase in the useful life of the asset and adds usable space. Normal repair and maintenance costs are expensed in the year the costs are incurred.

A transitional provision which will end on 31 March 2022 has been applied for the initial recognition and measurement of property plant and equipment. There was no disposal of assets during the year ended 31 March 2020.

**2.5 Trade and other receivable**

Trade receivables are carried at estimated net realizable value.

An allowance for doubtful account receivable is recognised when there is a risk that the receivable may be impaired. All outstanding amounts at year end which are older than 120 days are provided as provision for doubtful debts. Bad debts are written off during the year in which they are identified. Changes in the allowance for doubtful accounts receivable are recognised in the Statement of Financial Performance.

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

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**2.6 Inventories**

Inventory items in stock are kept for internal consumption only; therefore, inventories are measured at cost at acquisition. However, where inventory was received through non-exchange transactions (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 conversion and other cost incurred in bringing item to its present location and condition. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Council.

**2.7 Provisions**

Provisions are recognised when the 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.

**2.8 Employee benefits**

The Council recognises the following categories of employee benefits:

- Short-term employee benefits that falls due wholly within 12 months following the end of the accounting in which the employee renders the related service.
- Post-employment benefits

**Retirement benefit plans**

The Council staffs and Councillors are members of Government Institution Fund which is a statutory pension fund created by the Namibian Government to provide pension and other related benefits to civil servants as well as employees of some institution established by the Acts of parliament.

The Council provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

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**2.9 Related parties**

The entity regards a related party as a person or an entity with the ability to exercise control individually or jointly or to exercise significant influence over the entity or vice versa. The Council regards the key management members as related parties and comprises the Councillors the Chief Regional Officer and Senior Managers.

**2.10 Cash and cash equivalent**

Cash and cash equivalents comprise cash on hand and cash at bank short-term deposits on call and highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

**2.11 Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**2.12 Significant judgements and sources of estimation uncertainty**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgements estimates and assumptions that affect the reported amounts of revenues expenses assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**2.13 Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statement for the year ended 31 March 2020.

**2.14 Segment reporting**

As required by IPSAS the Council did not report on segments exemption as per IPSAS 33 is applied.

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

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**2.15 Statement of Cash flow**

The statement of cash flow is prepared using the direct method.

**2.16 Budget information**

The annual budget is prepared on the cash basis that is all planned costs and income are presented in a single statement to determine the needs of the entity. As required under IPSAS 24, the actual amounts presented on a comparable basis to the budget shall be reconciled to the actual amount in the financial statements where the budget and the financial statements are not prepared on the comparable basis, identifying separately any basis, timing, presentation and entity differences.

## ANNEXURE F

**KHOMAS REGIONAL COUNCIL**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (CONTINUED)**

**3. PROPERTY, PLANT AND EQUIPMENT**

	Work-in-progress	Land	Buildings	Machinery	Furniture and fixtures	Motor Vehicles	Computer equipment	Office Equipment	Totals
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
1-Apr-19									
Cost	54 702 258	4 116 335	81 130 690	7 398	3 451 050	5 886 010	2 798 340	1 003 824	153 095 905
Accumulated Depreciation	-	-	(14 336 552)	(7 398)	(3 108 468)	(5 105 905)	(2 608 683)	(911 630)	(26 078 636)
Carrying amount	54 702 258	4 116 335	66 794 138	-	342 582	780 105	189 657	92 194	127 017 269
Movement									
Additions	437 004	-	1 238 140	-	56 565	1 108 446	22 884	33 588	*2 896 627
Disposals	-	-	-	-	-	-	-	-	-
Depreciation 31-Mar-20	-	-	(1 622 614)	-	(151 169)	(607 943)	(74 791)	(41 984)	(2 498 501)
Cost	55 139 262	4 116 335	82 368 830	7 398	3 507 615	6 994 456	2 821 224	1 037 412	155 992 532
Accumulated Depreciation	-	-	(15 959 166)	(7 398)	(3 259 637)	(5 713 848)	(2 683 474)	(953 614)	(28 577 137)
Carrying amount	55 139 262	4 116 335	66 409 664	-	247 978	1 280 608	137 750	83 798	127 415 395

\*Does not agree to additions reflected in cash flow statement (N\$ 4 889 284). Unexplained difference of N\$ 1 992 657.

ANNEXURE F

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH (CONTINUED)**

**3. PROPERTY, PLANT AND EQUIPMENT (continued)**

	Work-in-progress	Land	Buildings	Machinery	Furniture and Fixtures	Motor Vehicles	Computer equipment	Office Equipment	Totals
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
1-Apr-18									
Cost	40 917 592	4 020 310	80 792 773	7 398	3 377 650	6 499 422	2 602 828	916 602	139 134 575
Accumulated Depreciation	-	-	(12 715 064)	(7 398)	(2 958 710)	(4 856 974)	(2 566 897)	(888 704)	(23 993 747)
<b>Carrying amount</b>	<b>40 917 592</b>	<b>4 020 310</b>	<b>68 077 709</b>	<b>-</b>	<b>418 940</b>	<b>1 642 448</b>	<b>35 931</b>	<b>27 898</b>	<b>115 140 828</b>
<b>Movement</b>									
Additions	13 784 666	96 025	337 917	-	73 400	-	195 512	87 222	14 574 742
De-recognition (Written off)	-	-	-	-	-	(613 412)	-	-	(613 412)
De-recognition depreciation	-	-	-	-	-	-	-	-	-
Depreciation 31-Mar-19	-	-	(1 621 487)	-	(149 758)	(248 930)	(41 786)	(22 928)	(2 084 889)
Cost	54 702 258	4 116 335	81 130 690	7 398	3 451 050	5 886 010	2 798 340	1 003 824	153 095 905
Accumulated Depreciation	-	-	(14 336 551)	(7 398)	(3 108 468)	(5 105 904)	(2 608 683)	(911 632)	(26 078 636)
<b>Carrying amount</b>	<b>54 702 258</b>	<b>4 116 335</b>	<b>66 794 139</b>	<b>-</b>	<b>342 582</b>	<b>780 106</b>	<b>189 657</b>	<b>92 192</b>	<b>127 017 269</b>

## ANNEXURE F

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

	<b>2020</b>	<b>2019</b>
	N\$	N\$
<b>4. Investment Property – IPSAS 16</b>		
Cost (Parkfood)	13 576 662	13 576 662
Accumulated dep	(1 919 723)	(1 648 189)
Net book value	11 656 939	11 928 473
Land	4 116 355	4 116 335
	<b>15 773 294</b>	<b>16 044 808</b>
<b>5. Work In Progress</b>		
Renovation Katutura East	192 085	-
Renovation: Samora Machel	-	845 086
Construction: Katutura Central Constituency	1 510 541	1 510 541
Security Alteration: Tobias Hainyeko	387 460	-
Extension of Khomas RC: Head Office	52 264 068	51 561 522
Construction: Windhoek West	785 109	785 109
	<b>55 139 263</b>	<b>54 702 258</b>
<b>6. Trade and Other Receivable</b>		
<b>6.1 Receivable from non-exchange transaction</b>		
S & T Advance	319 334	451 807
Salaries Advance	6 997	15 317
Salaries overpayment	27 282	21 783
Other Receivable(City of Windhoek)	38 859 511	37 928 138
Provision for doubtful debts	(31 054 979)	(28 932 387)
S&T Control	76 340	66 422
Salaries & Wages-Insurance	-	536
Salaries & Wages-Social club	100	-
Salaries & Wages- Loans	17 022	2 368
	<b>8 251 607</b>	<b>9 553 984</b>



## ANNEXURE F

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

	<b>2020</b>	<b>2019</b>
	N\$	N\$
<b>6. Trade and Other Receivable (continued)</b>		
<b>6.2 Receivable from exchange transaction</b>		
Rental receivable	1 999 325	2 209 656
Provision for Doubtful	(2 119 941)	(1 983 308)
	<u>(120 616)</u>	<u>226 348</u>
<b>7. Trade Payable and Other payable</b>		
<b>7.1 Employee Benefits</b>		
Leave days	8 291 410	8 706 125
Accrued Bonus	775 580	800 551
Salaries and Wages - PAYE	-	493 544
	<u>9 066 990</u>	<u>10 000 220</u>
7.2 Payable form non-exchanges transaction	-	11 900
<b>7.3 Payable for exchange transaction</b>		
Trade payables	724 164	10 394 251
Sundry Creditors-Rental Deposit	200 741	77 541
	<u>924 905</u>	<u>10 471 792</u>
VAT Control Account	<b>10 894 364</b>	<b>398 143</b>

## ANNEXURE F

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

	2020	2019
	N\$	N\$
<b>8. INVENTORY – IPSAS 12</b>		
Stationaries	171 804	187 972
Cleaning	64 551	43 155
Accessories	7 358	2 299
Groceries	499	1 986
	<b>244 212</b>	<b>235 412</b>
<b>9. Cash and Cash Equivalent</b>		
Standard Bank Current Account	888 932	148 947
Standard Bank Call account 004	11 669 504	13 143 052
Standard Bank Call account 005	718 390	367 370
Standard Bank Call account 006	11 609 400	826 854
Standard Bank Drought Relief Account	8 957 008	1 887
Bank Windhoek Khomas Rural Development Project	2 116 214	522 613
Standard Bank DOE Call	84 684	84 114
Bank Windhoek-Works Maintenance	-	335 676
Bank Windhoek - MICT	-	46 263
Directorate of Education - Current Account	-	21 289 697
Directorate of Education - Capital	-	49 897
Directorate of Education - Interest	-	8 992 613
Directorate of Education - Teachers Award	-	779
Bank Windhoek - Land	-	117 266
Bank Windhoek - Gender	-	1 034 549
	<b>36 044 132</b>	<b>46 961 577</b>

## ANNEXURE F

**KHOMAS REGIONAL COUNCIL  
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
 31 MARCH (CONTINUED)**

	<u>2020</u>
	N\$
<b>10. Adjustment from prior year</b>	
<b>Opening Balance</b>	7 546 137
Bank Balance	31 866 739
VAT penalty and Interest not recognized in prior year	10 109 207
Disallowed amount on VAT returns	73 726
Subsistence and Travel Allowances (DSA)	141 068
Invoice adjustment	1 637
Suspense account	(12 669)
Interest not recognized during the prior year	(155 982)
Total Adjustment	<u>42 023 726</u>
Closing Balance	<u><u>33 522 411</u></u>

## ANNEXURE F

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

	<b>2020</b>	<b>2019</b>
	N\$	N\$
<b>11. REVENUE RECOGNITION</b>		
<b>11.1 Revenue from non-exchange transaction IPSAS23</b>		
Government subsidies	41 252 562	44 308 384
Grant Income	5 897 436	41 161 402
5% Levies on rates	31 547 746	26 499 411
Transfer from O/M/As OPM	13 039 568	-
Rural Services	1 574 461	257 997
	<b>93 311 773</b>	<b>112 227 194</b>
<b>11.2 Revenue from exchange transactions</b>		
Rental income	1 059 353	1 320 377
Other Income:		
Tender Fees	18 135	137 900
Miscellaneous other	347 998	47 929
Commission:2.5%	54 160	54 762
Profit on Disposal	-	93 660
Interest Income	581 750	289 422
	<b>2 061 396</b>	<b>1 944 050</b>

## ANNEXURE F

**KHOMAS REGIONAL COUNCIL**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH (CONTINUED)**

	<b>2020</b>	<b>2019</b>
	N\$	N\$
<b>12. Personnel Expenditure</b>		
<b>12.1 Staff Members Remuneration</b>		
Salaries and wages	20 643 998	21 152 713
Contributions to pensions	3 313 878	3 396 493
Transport/Car allowances	1 367 535	1 558 919
Service Bonuses and other bonuses	-	2 588 349
Housing benefits and allowances	2 679 946	2 796 340
Overtime payments	462 663	450 029
Leave Gratuity	-	65 339
Provision for leave days	(414 715)	-
Acting Allowances	-	395 588
Service bonuses	1 956 958	1 126 019
Remote Allowances	-	33 750
	<b>30 010 263</b>	<b>33 563 539</b>
<b>12.2 Councilor's Remuneration</b>		
Basic Salary	2 141 591	2 172 572
Transport Allowance	461 902	472 200
Housing	652 148	663 848
Contribution to SSC	-	3 888
Water & Electricity	280 925	286 200
Telephone	4 946	5 040
GIPF	538 236	543 144
	<b>4 079 748</b>	<b>4 146 892</b>

## ANNEXURE F

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

	<b>2020</b>	<b>2019</b>
	N\$	N\$
<b>13. Other Condition of Service</b>		
Protective Clothing	22 770	17 585
Leave Gratuity	1 309 705	-
Social Security	91 813	-
KM Claims	180 168	190 733
Councilor's furniture	31 491	5 249
	<b>1 635 947</b>	<b>213 567</b>
<b>14. Subsistence and Travel Allowances</b>		
General Services	186 150	306 113
Planning	75 596	97 153
Internal Audit	3 287	17 264
Office of CRO & Councilors	204 619	162 206
Foreign Travel	6 856	-
Ticket costs	42 066	63 028
Invited Panelist	10 314	-
	<b>528 888</b>	<b>645 764</b>
<b>15. Material and Supplies</b>		
Stationeries	401 349	769 003
Cleaning Materials	83 206	246 247
Computer Software	-	17 136
General Office	(3 571)	25 794
	<b>480 984</b>	<b>1 058 180</b>

## ANNEXURE F

**KHOMAS REGIONAL COUNCIL**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH (CONTINUED)**

	<b>2020</b>	<b>2019</b>
	N\$	N\$
<b>16. Transport Expenses</b>		
Fuel & Lubricants	729 672	553 147
Tyres	30 101	60 980
Batteries	8 931	2 074
Spare Parts	73 816	13 328
Service Fees	109 318	39 057
Repairs	155 726	149 295
Tools	-	419
Licenses	39 234	39 327
Fleet Management	-	63 183
	<b>1 146 798</b>	<b>920 810</b>
Electricity-Nampower	1 554 922	136 454
Water & Sewerage	2 933 745	3 807 756
Telephone & Fax	1 040 184	1 014 078
Courier Charges	3 054	2 342
Internet Charges	41 670	211 917
	<b>5 573 575</b>	<b>5 172 547</b>
<b>Bank Charges</b>	<b>70 870</b>	<b>71 730</b>
<b>18. Maintenance</b>		
Repair & Maint Office equipment	71 735	-
Repair & Maint. Computers	-	1 369
Repair & Maint. Air-conditioning	101 061	15 831
(Repair- Water & Sewerage Network	1 990	739
Repair & maintenance Buildings	465 159	794 469
Server Maintenance	30 415	13 999
Garden Maintenance	95 449	86 470
Repair & Maint. - Electricity	1 640	1 310
Repair & Maintenance-Parkfood	39 990	556 159
	<b>807 439</b>	<b>1 470 346</b>

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

	<b>2020</b>	<b>2019</b>
	N\$	N\$
<b>19. Properties and other related expenses</b>		
Office rental (Katutura Central)	141 543	144 000
Insurance of Council Properties	269 048	158 575
Rent of Office equipment	118 293	110 089
Rental: Tents	1 500	13 573
	<b>530 384</b>	<b>426 237</b>
<b>20. Other related expenses</b>		
Training Courses	447 731	627 555
Symposium & workshop	113 861	45 348
Printing	9 775	77 685
Security Contracts	1 107 180	1 260 192
Entertainment: politician	54 915	71 042
Official Entertainment	165 808	164 590
Committee Boards	9 229	11 528
Advertisements	73 016	41 448
Professional Fees	1 070 671	1 379 414
National Days	176 276	36 061
Emergencies Fire	158 641	134 038
Internet Connections	110 289	243 312
Casual Labourers	77 744	89 391
Marketing Strategy	(14 976)	58 194
TV License	-	440
Constituency Development Committee	71 427	62 802
Provision for doubtful debt	2 259 266	8 422 399
Interest Paid	315 779	1 140 596
VAT Payable Penalties and Interest	1 130 007	-
	<b>7 336 639</b>	<b>13 866 035</b>



## ANNEXURE F

**KHOMAS REGIONAL COUNCIL**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 MARCH (CONTINUED)**

	<b>2020</b>	<b>2019</b>
	N\$	N\$
<b>21. Membership Fees and subscription</b>		
Association of Regional Council	243 321	303 475
Subscription Fees	-	2 680
Membership Fees	13 999	7 440
	<b>257 320</b>	<b>313 595</b>
<b>22. Grants and transfer</b>		
	29 886	29 169
Grants to Old Age	3 156 027	8 300
Grants & Donations	<b>3 185 913</b>	<b>37 469</b>
<b>23. Current transfer</b>		
HIV /AIDS- RACOC	135 582	252 472
Work place Wellness	292 768	14 691
Cash/Food for work)	87 810	17 628
Micro-Finance	4 058	58 805
One Region one	-	118 862
Rural Sanitations	952 200	711 087
Income Generating Activities	1 189 849	1 135 007
OPM-Emergencies(Drought )	4 707 974	-
	<b>7 370 241</b>	<b>2 308 552</b>
<b>24. Depreciation Expense</b>		
Property, plant and equipment	1 622 614	1 621 487
Motor Vehicles	607 943	432 954
Computer Equipment's	74 791	41 786
Furniture, Fixture and Fittings	151 169	149 758
Office Equipment	41 984	22 928
Total	<b>2 498 501</b>	<b>2 268 913</b>

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

**25. Notes to the Cash Flow Statement**

**Cash and Cash Equivalent**

Cash and cash equivalents consist of cash on hand balances with banks and investments in money market instruments. Cash and cash equivalents included in the cash flow statement comprise the following statement of financial position amounts:

	<u>2020</u>	<u>2019</u>
	N\$	N\$
Cash on hand and balances with banks	36 044 132	46 961 577

**Property, Plant and Equipment**

During the period the Council acquired property plant and equipment with an aggregate cost of N\$2 459 624 of which N\$1 221 484 was acquired using cash and N\$1 238 140 is transferred (capitalization) from Work In Progress.

	<u>2020</u>
	N\$
Surplus/deficit	29 859 661
<b>Non-cash movements</b>	
Depreciation	2 498 501
Increase in provision for doubtful debts	2 259 266
Increase/Decrease in provisions relating to employee costs	(890 105)
<b>Movement in working capital</b>	
Increase/Decrease in receivable	1 302 377
Increase/Decrease in Inventory	(8 800)
Increase in other current assets	(346 964)
Increase/Decrease in Trade Payable	(9 546 886)
Net cash flows from operating activities	<u><u>25 838 578</u></u>

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

**26. Extract of Budget Note**

The Khomas Regional Council presents its budget on a cash basis and the functional statements on the accrual basis

1. The budget was approved on a cash basis by functional classification. The approved budget covers the fiscal period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020.

2. The Government budget was approved in May 2019; the Regional Council budget was approved in June 2019 by the Ministry of Urban and Rural Development and endorsed by the Council in June 2019.

3. The budget and the accounting bases differ. The financial statements for the Regional Councils are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance.

4. Reconciliation between the actual amounts on a comparable basis as presented in the Statement of Comparison of Budget and Actual Amounts and the actual amounts in the Statement of Cash Flows for the year ended 31<sup>st</sup> March 2020 is presented below. The financial statements and budget documents are prepared for the same period. There is a basis difference: the budget is prepared on a cash basis and the financial statements on the accrual basis.

	<b>Operating</b>	<b>Financing</b>	<b>Investing</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Actual Amount on Comparable Basis as presented in Budget	33 532 425	-	-	33 532 425
<b>Basis Differences</b>				
Depreciation	2 498 501	-	-	2 498 501
Provision for Doubtful Debts	2 259 266	-	-	2 259 266
Leave Days	(414 715)	-	-	(414 715)
Interest Paid	315 779	-	-	315 779
		-	-	-
<b>Timing Differences</b>				
<b>Entity Differences</b>				
Office of the Prime Minister	13 039 568	-	-	13 039 568
Office of the Prime Minister	4 707 974	-	-	4 707 974
		-	-	-
Actual Amount in the Statement of Financial Performance	29 859 662	-	-	29 859 662

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

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**27. ANALYSIS OF COMPARISON OF BUDGET AND ACTUAL (variance) (continued)  
OPERATIONAL BUDGET**

**INCOME**

**Rental Income:** The Council collected more funds on rental income with 3% due to payment received from one (1) debtor who was taken to court for non-payment.

**Rural Development Fund:** An amount of N\$ 74 461 was received and was not communicated at the time of budgeting.

**Interest:** The Council had received part of the outstanding payments of 5% levy on rates from the City of Windhoek which led to the Council earning more interest on the bank balances.

**Other Income:** An increase on other income was due to an amount of N\$ 310 444.24 received from Treasury. The said amount was a closing bank balance as at 31<sup>st</sup> March 2019 transferred to State account from the Works Maintenance bank account.

The money was initially transferred by the Ministry of Urban and Rural Development meant for re-imbusement of Ms Veronica Ekandjo's salaries who was seconded to Omusati Regional Council but was wrongly transferred to Khomas Regional Council: Works Maintenance Bank Windhoek Account toward the end of 2018/2019 financial year instead of Khomas Regional Council Standard bank account.

**PERSONNEL EXPENDITURE**

**Remuneration and Employers Contribution to Pension and Political Office Bearer:**

The saving of 11% on remuneration was caused by some staff members who had left the Council due to various reasons such as retirement promotion and resignation and these positions could not be filled on time or within the same financial year. This had equally led to a saving/underspend on Employers Contribution to Pension and Political Offer Bearer.

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

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**27. ANALYSIS OF COMPARISON OF BUDGET AND ACTUAL (variance) (continued)**

**GOODS AND OTHER SERVICES**

**Daily Subsistence Allowance:** The 13% underspend caused by official trips which were suspended due to COVID-19 pandemic regulations.

**Material and supplies:** under spending of 55%: the Council anticipated to procure GIS Software however procurement of the software could not take place because the Company where the service was to be sourced (the sole supplier) and could not provide the mandatory documents required as per the Procurement Act

**Transports:** An underspend of 4% due to a reduction on vehicle repair and non-spending on Fleet Management System

**Utilities:** The under spending of 21% on utilities the budget was based on the previous financial year's actual that was high due to Park Food complex Municipal bills. The complex had more than 20 tenants renting on the premise; however, Council changed the rental to one tenant occupying the whole complex resulting in the reduction on the monthly municipal bill.

**Maintenance Expenses:** The underspend of 24% on Maintenance expenses the budget was based on the previous financial year's actual that was high due to Park Food complex maintenance. The complex had more than 20 tenants renting on the premise; however, Council changed the rental to one tenant occupying the whole complex resulting in the reduction on the maintenance expenses.

**Property Rental and Related Charges:** The under spending of 12% on office accommodation and rental of photocopy machines as well as on rental of tents and plastic canvas.

**Other Services and Expenses:** There is an under spend of 34% Council had budgeted for the connection of VPN to the constituency offices however the connection was not completed during the 2019/2020 and hence no payment was made.

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

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**27. ANALYSIS OF COMPARISON OF BUDGET AND ACTUAL (variance) (continued)**

**SUBSIDIES AND OTHER CURRENT TRANSFERS**

**Membership Fees and Subscription:** An underspend of 14% the Council did spend on Microsoft Office and Zoom License.

**Government Organizations:** The Council had budgeted to pay or subsidies N\$ 6 000 000.00 for Social responsibilities to the City of Windhoek however; the payment could not be made due to the Memorandum of Understanding which was not signed on time.

**Individual and Non-Profit Organisation:** an under spend of 59% was caused by the constructions of Rural Toilets which could not be completed by the end of March 2020.

**ACQUISITION OF ASSETS**

**Furniture and Office Equipment:** an under spend 82%. The Council obtained quotations from suppliers; however, furniture's could not be delivered on time as suppliers did not have required items in stock.

**Operational Equipment Machinery and Plant:** N\$30 000 was budgeted to procure a vacuum cleaner for the Head office which not purchased.

**DEVELOPMENT BUDGET**

**INCOME**

**NPC Subsidy:** N\$7 000 000 for the Capital project that was budgeted for the financial year 2019/2020 was not received from the National Planning Commission.

**5% Levy Rates and Taxes:** the Council collected less with 5% rates due to part payment by the City of Windhoek.

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

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**27. ANALYSIS OF COMPARISON OF BUDGET AND ACTUAL (variance) (continued)**

**DEVELOPMENT BUDGET**

**EXPENDITURE**

**Renovation of Samora Machel Constituency Office:** a saving of 21% the Council changed the scope of work due to lack of cash flow.

**Katutura Central Constituency: Office Construction:** the construction did not take place due to lack of funds resulted from late payment of 5% on rates received from City of Windhoek towards the end of the financial year.

**Sanitation Facilities in Urban and Rural:** the projects could not be completed within the current financial year due to delays from the City of Windhoek with regards to changes in specifications and changes in site by the beneficiaries.

**Contribution to Income Generating Activities:** some Constituency opted to fund projects budgeted under Minor Capital Projects.

**Rural Electrification:** there is an under spending of 12% on Nampower bill due to a reduction on the electricity usage.

**Security Alterations at Tobias Hainyeko Constituency Office:** an over spend with 55% the Council budgeted for renovation of the community hall however there was an urgent need to build boundary wall and the electricity fence to protect the property.

**Renovation of Windhoek West Constituency Office:** Renovation did not take place due to lack of cash flow.

**Purchase of Seven Plots:** there was no spending due to lack of cash flow

**Construction of the Office Complex: Decentralized Functions:** 5 % saving the Council paid the outstanding interest earlier.

**Construction and Renovation of Staff Housing Windhoek Rural:** a saving of 60 % the Council partly renovated some houses due to lack of cash flow.

**Renovation of Katutura East Constituency Office:** an under spend of 62% project was partly implemented due to insufficient cash flow.

**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

**27. ANALYSIS OF COMPARISON OF BUDGET AND ACTUAL (variance) (continued)**

**Minor Capital Project: an under spending of 75%** some payments were paid in the next financial year (2020/2021).

**Renovation of Constituency Office: Moses Garoeb and John Pandeni:** Projects were not implemented due to lack cash flow.

**28. DELEGATED FUNCTIONS**

The Council is performing the functions delegated by central governmental ministries in accordance with the Decentralization Enabling Act 2000 (Act 33 of 2000).

**Delegated Functions Income and Expenditure**

	<b>2020</b>	<b>2019</b>
	N\$	N\$
<b>Income</b>		
Ministry of Gender	7 182 200	1 402 692
Directorate of Education	166 905 838	185 992 005
Works maintenance	5 492 426	4 708 612
Ministry of Lands	234 510	221 230
Ministry of Information	308 939	163 272
	<u>180 123 913</u>	<u>192 487 811</u>
<b>Expenditure</b>		
Ministry of Gender	2 343 687	1 834 031
Directorate of Education	213 223 812	165 097 702
Works Maintenance	4 788 322	4 381 103
Ministry of Lands	164 260	110 908
Ministry of Information	343 803	248 928
Office of the Prime Minister	-	2 117
	<u>220 863 884</u>	<u>171 674 789</u>
<b>Surplus</b>	<u><b>(40 739 971)</b></u>	<u><b>20 813 022</b></u>



**KHOMAS REGIONAL COUNCIL  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (CONTINUED)**

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**28. DELEGATED FUNCTIONS (CONTINUED)**

**Delegated Functions Cash and Cash Equivalent**

	<b>31 March 2020</b>	<b>01 April 2019</b>
	N\$	N\$
Works Maintenance current account	31 493	335 676
MICT account	11 399	46 263
Directorate of Education current account	28 837	21 289 697
Directorate of Education Capital account	3 883	49 897
Directorate of Education Interest account	77 723	8 992 613
Directorate of Education Teachers award	-	779
Land current account	74 578	117 266
Gender current account	5 897 481	1 034 549

The Regional Council is required to pay back the unspent funds to the State revenue. The opening bank balances of 01 April 2019 were return to Treasury on the 29<sup>th</sup> April 2019 and 09 May 2019 except Ministry of Gender and Directorate of Education.

