



REPUBLIC OF NAMIBIA



**AUDIT REPORT ON THE ACCOUNTS OF THE
REGIONAL COUNCIL OF THE KUNENE
REGION**

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2016

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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 Kunene Regional Council for the financial year ended 31 March 2016, 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.

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

WINDHOEK, September 2018

**REPORT OF THE AUDITOR-GENERAL ON THE
ACCOUNTS OF THE REGIONAL COUNCIL OF THE KUNENE REGION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

1. Report on the Financial Statements

1.1 INTRODUCTION

The accounts of the Kunene Regional Council for the financial year ended 31 March 2016 are being reported on in accordance with provisions set out in the Regional Council Act, 1992 (Act No. 22 of 1992).

Figures in the report are rounded to the nearest Namibia dollar and deficits are indicated in (brackets).

I certify that I have audited the accompanying financial statements of the Kunene Regional Council for the financial year ended 31 March 2016. These financial statements comprise of the following:

Annexure A: Balance sheet;
Annexure B: Income statement;
Annexure C: Cash flow statement; and
Annexure D: Notes to the financial statements

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 on 22 August 2017 instead of three months (3 months) after the year end as required by the Act.

The financial statements, and general information provided by the Accounting Officer are attached as Annexure A-D.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 39 of the Regional Council Act, 1992 and relevant legislation, and for such internal control as management deemed it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

3. AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Powers and duties

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- (a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- (b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- (c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26 (1) (b) (iv) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is not sufficient and appropriate to provide a basis for the audit opinion.

4. ACKNOWLEDGMENT

The assistance and co-operation given by the management and staff of the Regional Council during the audit is appreciated.

5. KEY AUDIT FINDINGS

5.1 BUILD TOGETHER STOCK

The auditors were unable to confirm the existence of the opening stock amounting to N\$ 5 988 339 due to unavailability of supporting documents such as build together stock report.

Recommendation

It is recommended that the Council should ensure that stock taking for build together is done and the reports are produced on a yearly basis.

Management Comments

We agree with the Auditor's opinion; however the council is in process of creating a database for build together clients.

5.2 GRANTS AND DONATIONS

Grants and donations amounting to N\$ 700 478 could not be verified as the auditors were not provided with supporting documentation.

Recommendation

It is recommended that the Council should provide all the requested documents for audit purposes.

Management Comments

We agree with the Auditor's opinion, the council will make sure that supporting documents are filed correctly and submitted to auditors

5.3 GENERAL LEDGER VERSUS VIP PAYROLL REPORT

The auditor observed a difference amounting to N\$ 1 114 838 between general ledger and VIP payroll report for the year ending 31 March 2016.

Recommendation

It is recommended that all transactions reflected in the general ledger should correspond to the VIP payroll report.

Management Comments

The Council agrees with the auditors, however the differences was explained as overtimes paid after the salary was processed in October 2015 and in November 2015, and the double processing of transactions in March 2016. The double processing will be rectified with journals. After that incident the Council make sure that no overtime is paid after the salary and will ensure that VIP amount deducted will be corresponding to general ledger.

5.4 GENERAL EXPENDITURES

Supporting documents amounting to N\$ 2 386 011 in respect of general expenditures were not provided for audit purposes.

Recommendation

It is recommended that the Council provides supporting documentation to the auditors for auditing purposes

Management Comments

The Council will provide needed documents for auditing purposes when auditors are on site to avoid non submission audit queries.

5.4 TRANSPORT EXPENSES: FUEL

The Standard Bank fleet statements shows balances amounting to N\$ 582 792 relating to fuel costs for the months of October 2015, January 2016, February 2016 and March 2016 and this balances were not disclosed in the financial statements for the year under review.

Recommendation

It is recommended that the Council ensures that all expenses incurred for the year are disclosed in the annual financial statements.

Management Comments

The Council agrees with the auditors that balances amounting to N\$ 582 792 relating to fuel cost for the month of October 2015, January 2016, February 2016 and March 2016 were not disclosed in the financial statements for the year under review. As per auditors recommendations all expenditures will be captured not to misstate the transport account.

5.5 BANK RECONCILIATIONS

The auditors observed a difference of N\$ 4 982 5288 between the balances disclosed in the financial statement and the bank confirmation. An amount of N\$ 193 166 was confirmed by the bank, however the account was not disclosed in the financial statement. Furthermore bank reconciliations are not done on a monthly basis.

Recommendation

It is recommended that the Council should perform monthly bank reconciliations and all bank accounts should be duly disclosed in the financial statements.

Management Comments

The Council agrees with auditors, Bank reconcliations will be done monthly and the Standard bank account was omitted but the situation will be rectified. The Council is experiencing challenges in addressing un- reconciled amounts from the previous financial year.

5.6 CASH BOOK AND GENERAL LEDGER COMPARISONS

The auditors observed a difference amounting to N\$ 21 633 656 between the Cash book and the general ledger for the year under review. Further more it was also noted that cash balances in cashflow and statement of financial position do not agree.

Recommendation

It is recommended that information disclosed in the Cash book should agree with the general ledger.

Management Comments

We agree with the Auditor's Opinion, the Council will put in measures on how to address the differences.

5.7 PAYABLES

It was observed that payables amounting to N\$ 1 537 431 has a debit balances. In addition the supplier detailed ledger was not provided during the audit.

Recommendation

It is recommended that the Council adhere to the accrual basis of accounting by entering transactions when they occur and not when payments are made.

Management Comments

The Council agrees with the auditors, all invoices will be processed to avoid similar cases in future. We agree with the Auditor's Opinion; however the situation will be rectified.

5.8 UNRECORDED LIABILITIES

The auditors observed that account payable were understated with an amount of N\$ 1 085 147 due to transactions which was not accrued for under accounts payable.

Recommendation

It is recommended that the Council should process all transactions with regard to accounts payable within the correct account in the correct financial period.

Management Comments

The Council agrees with auditors; therefore all suppliers will be updated on the system as they occur not when they are paid.

5.9 VAT RECONCILIATION

The auditors observed that the Council disclosed a balance amounting to N\$ 3 126 974.86 as a VAT payable instead of a VAT receivable amounting to N\$ 2 221 460 that was not disclosed due to non-performance of VAT reconciliations during the year under review.

Recommendation

It is recommended that the Council should perform reconciliation on a monthly basis in order to determine the correct balance for disclosure purposes.

Management Comments

We are agreeing with the Auditor's Opinion, the situation will be rectified.

5.10 SUSPENSE ACCOUNT

The auditors observed that a Suspense Account balance of N\$ 12 703 757 was not cleared at the end of the financial year under review.

Recommendation

It is recommended that the Council should follow the financial accounting policies and procedures manual for Regional Councils with regard to suspense accounts and clear such account prior to the year-end.

Management Comments

We agree with the Auditor's opinion; however the Council will rectify the situation.

6. BASIS OF ADVERSE AUDIT OPINION

- Unconfirmed opening balance of stock amounting to N\$ 5 988 339;
- No supporting documents on Grants and donations amounting to N\$ 700 478;
- Unexplained difference amounting to N\$ 1 114 838 payroll and ledger;
- No supporting documents for expenditure amounting to N\$ 2 386 011;
- Difference on bank amounting to N\$ 4 982 528;
- N\$ 193 166 was not disclosed in the financial statement;
- Difference amounting to N\$ 21 633 656 between the Cash book and the general ledger;
- Payables in debit balance amounting to N\$ 1 537 431;
- Unrecorded liabilities amounting to N\$ 1 085 147;
- VAT receivables amounting to. N\$ 2 221 461 was not disclosed; and
- Non-clearance of a suspense account amounting to N\$ 12 703 757.

7. ADVERSE OPINION

The accounts of the Kunene Regional Council for the financial year ended 31 March 2016 have been audited in terms of Section 40 (1) of Regional Council Act, 1992 (Act No, 22 of 1992).

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Audit Opinion paragraph, the financial statements do not present fairly the financial position of the Kunene Regional Council and as at 31 March 2016 and cash flows, receipts and payments for the years then ended in accordance with the relevant accounting framework or legislation.

WINDHOEK, September 2018



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REGIONAL COUNCIL OF THE KUNENE REGION
BALANCE SHEET AS AT 31 MARCH**

	Note	2016 N\$	2015 N\$
ASSETS			
Non-Current Assets		101 948 014	80 166 774
Property, Plant and equipment	4	8 036 008	9 750 866
Work in Progress	11	93 912 005	70 415 908
Current Assets		78 362 403	66 832 652
Cash on hand and Bank	8	71 686 422	58 054 008
Accounts Receivable		-	3 505 561
Consumable stock		631 562	-
Stock: Build together Materials		6 044 419	5 273 083
Total Assets		180 310 417	146 999 426
EQUITY AND LIABILITIES			
Accumulated Funds	14	172 044 998	138 739 919
Development Fund: Capital project		148 213 345	135 373 989
Development Fund: Build Together		10 378 576	10 378 576
Retained income		13 453 077	(7 012 646)
Current Liabilities		8 265 419	8 259 507
Bank overdraft		-	7 289 407
Sundry and Other current liabilities	12	8 570 463	-
Accounts payable	13	(305 044)	970 100
Total Equity and Liabilities		180 310 417	146 999 426

REGIONAL COUNCIL OF THE KUNENE REGION
INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH

	Note	2016	2015
		N\$	N\$
Income	9	52 713 353	44 237 392
Expenditure	10	48 211 274	41 128 249
		4 502 079	3 109 143
Interest earned	9.4	1 652 752	1 776 342
Net operating surplus/ (Deficit)		6 154 831	4 885 485
Accumulated income/(deficit)			
At the beginning of the year		(7 012 646)	(11 898 131)
End of the year	15	(857 815)	(7 012 646)

REGIONAL COUNCIL FOR THE KUNENE REGION
CASHFLOW STATEMENT FOR THE YEARS ENDED 31 MARCH

	2016	2015
	N\$	N\$
Cash flow from operating activities		
Cash receipt from customers	52 713 353	92 897 263
Cash paid to suppliers	(48 211 274)	(37 114 552)
Cash (utilised) by operations	4 502 079	55 782 711
Plus: Interest received	1 652 752	1 776 342
Net cash flow from operating activities	6 154 831	57 559 053
Cash flow from investing activities		
Capital Projects expenditure	(23 496 097)	(25 161 551)
Build Together loan disbursement	(56 080)	-
Purchase of motor vehicles	(744 445)	(2 214 676)
	(24 296 622)	(27 376 227)
Cash flow from financing activities		
Transfer of capital projects	12 839 356	12 527 546
	12 839 356	12 527 546
Net increase/ (decrease) in cash and cash equivalents	13 632 414	42 710 372
Cash and cash equivalent beginning of the year	50 764 601	8 054 229
Cash and cash equivalent end of the year	64 397 015	50 764 601

*Cash balances at year end do not agree to the balances in the financial position.

REGIONAL COUNCIL OF THE KUNENE REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2016

1. ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with and comply with Namibia statements of Generally Accepted Accounting Practices. 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 accruals 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 funds remains with the relevant Line Ministry, and all unspent delegated funds are returned to the State Account as of 31st March, 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

Depreciation is provided for on all Property, Plant and Equipment assets with a determinable finite life, by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- i. Buildings – straight line allocation over the remaining life of the property (or its components), as estimated by an authorised evaluator; and
- ii. Vehicles, plant, furniture and equipment and Infrastructure – straight line allocation over the estimated useful life of each class of assets in the Balance Sheet.

The estimated useful lives of the assets are as follows:-

Buildings	50 years
Machinery & Equipment	5 years
Vehicles	5 years
Office Furniture & Equipment	3 years
Computer Equipment	3 years

REGIONAL COUNCIL OF THE KUNENE REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continue)

2. GOVERNEMENT GRANTS /SUBSIDIES

Government grants and other contributions are accounted for on an accruals basis and recognised in the accounting statements when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. Specific revenue grants and contributions are credited to the relevant service to match the expenditure to which they relate. In the event that the revenue grant is not utilised to match expenditure, the unused grant is transferred into earmarked reserves for future use. General revenue grants are provided to finance the general operational activities of the Council.

Government grants /subsidies received by the Regional Council throughout the period are summarized as follows:

	<u>2016</u>	<u>2015</u>
	N\$	N\$
Grants /Subsidies		
Government Transfers : MURD	48 337 503	43 200 000
	48 337 503	43 200 000

3. DELEGATED FUNCTIONS

The Regional Council is currently performing functions delegated by central government 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 for performance of the function, and also retains the responsibility or approve related budget. This budget allocation is transferred to the Regional Council via monthly cash transfers; however, any unspent amounts as of the 31st March are accounted for, declared and paid back to the State Account, via the related Line Ministry. In the event that it is not paid back, it forms part of the declared continuity funds for the following year.

	<u>2016</u>	<u>2015</u>
	N\$	N\$
Line Ministry: Delegated Functions		
INCOME	2 739 626	-
Office of The Prime Minister: Drought Relief distribution and logistics	1 952 634	-
Ministry of Gender: Income generating activities	786 992	-
EXPENDITURE	4 404 348	-
Office of The Prime Minister	2 501 656	-
Ministry of Gender	1 902 692	-
SURPLUS/DEFICIT	(1 664 722)	-

REGIONAL COUNCIL OF THE KUNENE REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continue)

4. PROPERTY, PLANT AND EQUIPMENT

Capital spending includes expenditure on such things as the acquisition of land and buildings, the acquisition of vehicles, plant and equipment and the construction and enhancement of roads, buildings and other structures.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefit or service potential, i.e. repairs and maintenance, is charged as an expense to revenue when it is incurred.

The Council maintains a detailed asset register of all assets that it owns, however the regional council has not completed an evaluation and transferring of new office buildings and new office properties that has been procured in this financial year as result many assets are on the asset register with no purchase price input affecting depreciation calculations and declarations. Rectification is underway so that the reconstructed asset register can be duly presented in the next financial year. The basis of valuation and depreciation for each category of asset is included in a policy note to the Statement of Accounts.

	2016	2015
	N\$	N\$
Property, plant and equipment		
Building/Building @ Cost	7 979 150	7 979 150
Building/Building - Accum Dep	(1 698 554)	(1 698 553)
Motor Vehicle /Motor Vehicle @ cost	6 817 966	8 044 790
Motor Vehicle /Motor Vehicle Accm Depre	(5 627 525)	(4 858 788)
Furniture & Fitting /Office Furniture @ Cost	744 445	1 321 105
Office Equipment @ cost	367 510	-
Office Equipment - Accm Depr	(740 786)	(1 036 838)
Computer Equipment-Net Book Value	391 345	-
Computer Equipment-Accum Depre	(197 542)	-
Total	8 036 009	9 750 866

REGIONAL COUNCIL OF THE KUNENE REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH
(Continue)

5. INVESTMENTS

The Regional Council, for the year under review did not commit any funds to any long term investment.

6. LOANS

The Regional Council for the year under review did not undertake any loans or signed any financial loan agreement with any institution or persons.

7. INVENTORIES

Inventories are measured at lower cost and net realised value. The cost of inventories should comprise all cost of purchases, cost of conversion and cost incurred in bringing the inventories to their present location and condition.

	2016	2015
	N\$	N\$
Inventories		
Stock : Consumables	631 562	-
Total	634 562	-

REGIONAL COUNCIL OF THE KUNENE REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continue)

8. CASH AND CASH EQUIVALENCES

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash.

	2016	2015
	N\$	N\$
Current Assets		
FNB Cheque Account	(3 857 210)	1 301 914
FNB Nacoma Account	2 041 357	-
FNB Build Together	1 009 941	835 339
FNB Build Together Revolving Account	5 470 302	4 851 025
FNB Build Together Call Account	187 890	245 072
FNB Capital Project Account	9 351 303	1 420 456
FNB Disaster Fund Cheque	(79 131)	-
FNB Hiv/Aids Cheque Account	(134 776)	106 345
FNB Gender Equality Cheque	589 521	382 417
FNB Call Account	2 231 232	1 550 184
KRC Dev Trust Fund	7 389	-
FNB Call Account-700	8 280 015	1 985 605
FNB Capital Project Call Account	44 460 826	38 538 024
BWK Cash for Work Call Account	1 899 028	5 266 846
Bank Windhoek Rural Dev	514 150	1 550 184
Build Together Receipts Control Account	(285 417)	-
Total	71 686 420	51 761 930

9. INCOME (GRANTS AND REVENUE)

The Regional Council receives administration grants from the Ministry of Rural and Urban Development (MURD). The grants are for the day to day operations of the Regional Council. Government grants are recognised as and when received. The regional council also generates revenue from services rendered to the community, the total of the revenue generated and the subsidies from the Ministry of Rural and Urban Development completes the total income.

	2016	2015
	N\$	N\$
Income		
Government Subsidy	48 337 503	43 200 000
5% Local Authority	-	107 550
Water & Rates Charges	6 718	27 644
2.5% Commission Received	39 078	-
Grants HIV or AIDS	758 522	-

**REGIONAL COUNCIL OF THE KUNENE REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (Continue)**

9. INCOME (GRANTS AND REVENUE) (Continue)	2016	2015
	N\$	N\$
Delegated Functions	2 739 626	-
Other Income Surcharges	566 453	902 198
Other Income Tender Documents	100 415	-
Other Income Trade Fair	-	-
Other Income Property Rentals	152 842	-
Photo Copy Income	12 196	-
Total Income	52 713 353	44 237 392

**9.1. 5% RATES AND LEVIES FROM LOCAL
AUTHORITIES**

The Regional Council levies an amount equal to 5% of the rates levied to all rateable property situated in local Authority areas as stipulated in Section 77 (1) of the local authority Act, 1992 (Act 23 of 1992).The Regional council did not receive or collect any revenue from the Local Authorities.

	2016	2015
	N\$	N\$
5% Local Authourity		
Kamanjab Village Council	-	-
Khorixas T/Council	-	107 550
	-	107 550

9.2. GRANTS AND DONATIONS RECEIVED

The Regional Council within same financial period, intermittently and on a non- regular basis receives donations from local and foreign donors for specific programs and initiatives or functions. These funds are channelled to the allocated beneficiary communities for the identified developmental projects.

	2016	2015
	N\$	N\$
Grants and Donations		
Grants or Donations	41 960	-
Grants HIV & AIDS	606 610	-
Grants and Donations - Outjo	51 908	-
	700 478	-

REGIONAL COUNCIL OF THE KUNENE REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (Continue)

9.3 RATES AND CHARGES FEES INCOME FROM SETTLEMENT

The Regional Council receives income from settlements that receive services through the council. The charges are billed on a monthly basis as per customer's usage and services provision agreement. All the settlements that are within the Regional Council's administration are subject to these charges and fees.

	2016	2015
	N\$	N\$
Income-Rates and Charges		
Fransfotein Settlement	6 718	-
Khorixas Constituency	-	-
	6 718	-

9.4. INTEREST RECEIVED

The Regional Council also earns interest from funds that are transferred into the several call accounts. Interest is recognised on a time proportion basis which takes into account the effective yield on the assets over a period it is expected to be held.

	2016	2015
	N\$	N\$
FNB Cheque Account	4 302	744
FNB Build Together	2 440	1 562
FNB Build Together Call	996	108
FNB Traditional Authority	-	-
FNB Revenue Account	-	-
BWK Cash for Work Call	132 182	332 009
FNB Capital ProjecAccount	3 299	-
FNB Disaster Fund Cheque	932	-
FNB Hiv/Aids Cheque	6 688	323
FNB Gender Equality Cheque	5 123	4 538
Governor's Social Club	-	-
FNB Call Account	31 226	65 883
KRC Dev Trust Fund	7 457	5 600
FNB Call Account	121 006	107 553
FNB Capital Proj Call	1 180 677	1 178 336
KRC BT Rev	119 322	79 686
Nacoma	37 103	-
TOTAL	1 652 753	1 776 342

REGIONAL COUNCIL OF THE KUNENE REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (Continue)

9.5. OTHER INCOME

The Regional Council receives royalties in respect of surcharges levied on its behalf by **CENORED**. The rates are based on approved rates tariffs by the Electricity Control Board. The Regional Council receives incomes from the sale and administration of tender documents, rental from Regional Council properties and related sundry incomes.

	2016	2015
	N\$	N\$
Other Income		
Surcharges - NORED	566 453	-
Tender Documents	100 415	-
Trade Fair	-	-
Property Rentals	152 842	-
Photo Copy	12 196	-
	831 906	-

10. EXPENDITURE

The Regional Council, as guided by the relevant statutory regulations, manages the day to day activities committing the funds that are allocated for several functions and administrative activities.

	2016	2015
	N\$	N\$
EXPENDITURE		
Personal Expenditure	24 568 017	19 328 218
Trasport Charges	1 865 173	3 949 373
Subsitence and Travel	5 419 408	4 235 412
Propety Rentals	136 058	258 152
Utilities	4 129 869	2 836 000
Maintanace and Repairs	273 397	438 096
Grants and Cotnributions	41 960	308 374
Materials and Supplies	1 252 617	-
General Expense	-	99 808
Depreciation Expense	-	1 033 177
Other Expenditure	5 431 590	5 852 788
Delegated Functions	4 404 348	2 788 851
Membership fees and Subscriptions:Domestic	30 320	-
Grants and Donations	51 908	-
CDC Meeting and HIV/AIDS Expenses	606 610	-
Total Expenditure	48 211 275	41 128 249

REGIONAL COUNCIL OF THE KUNENE REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (Continue)

11. WORK IN PROGRESS (WIP) - CAPITAL PROJECTS

The Regional Council carries out capital development projects in identified settlement areas. The projects may be short term or long term and may not be completed with one financial year. The buildings which are erected but are still under construction are classified as Work In Progress (**WIP**) and are not depreciated until the work is completed and commissioned. The stage of completion is based on the inspection performed taking into account the application of funds thus far. Once commission the constructed asset is transferred to fixed assets for the Regional Council.

	2016	2015
	N\$	N\$
Work Progress Capital Projects		
WIP - Capital Projects:Asset Under Construction - Sesfontein	4 147 145	-
WIP -Capital Projects:Opuwo Constituency Office:	2 979 072	-
WIP - Capital Projects:Construction Sesfontein Settle Office	863 998	-
WIP -Capital Projects:Otuzemba Sewerage Phase 1:	7 382 437	-
WIP - Capital Projects:Fransfontein Water Reticulation	1 739 715	-
WIP - Capital Projects:Electrification of Okangwati Borehole	5 348 065	-
WIP - Capital Projects:Okangwati Water Pipeline : (Okangwati)	757 076	-
WIP - Capital Projects:Opuwo Pipelines-Opuwo Constituency)	2 307 846	-
WIP - Capital Projects:Kamanjab Const-Tsumamas	276 211	-
WIP - Capital Projects:Rural Dev Projects-Amaloo Toilets	10 491 937	-
WIP - Capital Projects:Interlock at Khorixas Constituency	1 285 198	-
WIP - Capital Projects:Construction of Swarbooi T/A Offices)	1 443 703	-
WIP - Capital Projects:Upgrading & Exten KRC Head Q PH1	26 778 782	-
WIP -- Capital Projects:Cap-Construction Hai/Hom	3 446 016	-
WIP - Capital Projects:Construction of Okangwati Sett	369 968	-
WIP -Capital Projects:Construction Frans Settle Office	637 297	-
WIP -Capital Projects: Construction of Kakurukouje	1 263 234	-
WIP - Capital Projects:Construction of Sesfontein Sewer Reti	10 926 072	-
WIP - Capital Projects :Retification of Existing Faulty Services	2 055 118	-

**REGIONAL COUNCIL OF THE KUNENE REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (Continue)**

11. WORK IN PROGRESS (WIP) - CAPITAL PROJECTS (Continue)

	2016	2015
	N\$	N\$
WIP - Capital Projects:Constructions of Khorixas Cultural H	67 702	-
WIP -Capital Projects:Fencing & Guard House for R/ Dev	3 414 416	-
WIP - Capital Projects:Opuwo Rular Constituency Office	1 585 072	-
WIP - Capital Projects:Construction of Gaidaman	2 543 677	-
WIP - Capital Projects:WML	437 206	-
WIP - Capital Projects:Construction & Upgrading of KRC	1 280 742	-
WIP - Capital Projects:Construction of Okanguati	20 000	-
WIP - Capital Projects:Zebra Rest Camp	64 299	-
Total Work In progress	93 912 004	-

12. CURRENT LIABILITY

	2016	2015
	N\$	N\$
Current Liabilities		
Grants or Donations	216 455	-
Sundry Payables: GRN Control Account	10 613	-
Sundry Payables:OROI	(121 148)	-
Sundry Payables:Khorixas Cultural Village	(657 118)	(657 118)
Sundry Payables:Micro Finance- Rural Community Projects	(445 010)	-
Sundry Payables: Councillors Small Capital Projects	(10 110)	-
VAT Control	(3 126 975)	(1 627 218)
Suspense Account	12 703 757	-
Total Current Liabilities	8 570 464	(2 284 336)

13. ACCOUNTS PAYABLE

	2016	2015
	N\$	N\$
Vat Control Account	-	1 627 218
Khorixas Cultural Village	-	(657 118)
Payables Control Account	305 044	-
	305 044	970 100

REGIONAL COUNCIL OF THE KUNENE REGION
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(Continue)

14.EQUITY

	2016	2015
	N\$	N\$
Equity		
Accumulated Fund or Retained Income	5 960 499	(7 012 646)
Development Fund Capital Projects:Development Fund Capital Projects	148 213 345	135 373 989
Development Fund Capital Projects:Build Together Capital Funds	10 378 576	10 378 576
Net Profit (Accumulated)	1 337 747	
Net Profit (Current Year)	6 154 831	-
Total Equity	172 044 998	138 739 919

15. ACCUMULATED FUND

	2016	2015
	N\$	N\$
Surplus for the year	6 154 831	4 885 485
~ at the beginning of the year	(7 012 646)	(11 898 131)
~ at the end of the year	(857 815)	(7 012 646)

