



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE**

# **REGIONAL COUNCIL OF THE OSHANA REGION**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

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**REPUBLIC OF NAMIBIA**



**TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY**

I have the honour to submit herewith my report on the accounts of the Regional Council of the Oshana Region for the financial year ended 31 March 2015, 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, August 2016**

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  
OSHANA REGIONAL COUNCIL FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2015**

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**1. REPORT ON THE FINANCIAL STATEMENTS**

**1.1 INTRODUCTION**

The accounts of the Oshana Regional Council for the financial year ended 31 March 2015 are being reported on in accordance with the provision set out in the Regional Council Act, 1992 (Act 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 Oshana Regional Council for the financial year ended 31 March 2015. These financial statements comprise of the following:

Annexure A: Balance Sheet  
Annexure B: Income Statement  
Annexure C: Cash flow statement  
Annexure D: Statement of Changes in Accumulated Funds  
Annexure E: 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's Act of 1992.

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A-E

**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 determines 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 sufficient and appropriate to provide a basis for the audit opinion.

## **4. ACKNOWLEDGEMENT**

The courtesy and assistance extended to the Auditor-General staff members by the Oshana Regional Council during the audit is appreciated.

## **5. KEY AUDIT FINDINGS**

### **5.1 PROVISION FOR LEAVE GRATUITY**

It was observed that no provision for leave gratuity was made for the year under review.

#### **Recommendation**

It is recommended that the Council should make provision for leave gratuity and disclose it in the Council's annual financial statement.

#### **Management comment**

*Yes it is true, we have taken note of the omission and correction measures are taken from 2015/16 financial year.*

### **5.2 INSURANCE POLICY**

It was observed that the Councils assets were not insured. This is seen as a high business risk considering the net value of the total assets of the Council and the fact that the Council lacks effective risk assessment and business continuity plan.

#### **Recommendation**

It is recommended that the Council insure all its assets as a matter of urgency to avoid/mitigate any risks the Council might be exposed to.

#### **Management comment**

*Yes it is true this was the case during the period under review, however this situation was rectified during the 2015/16 financial year.*

### **5.3 INVENTORY**

Although a closing inventory of N\$ 221 540 was reflected in the balance sheet, the auditors could not verify the existence of such inventory at year end.

#### **Recommendation**

It is recommended that the Council should always invite the Auditor-General staff members to observe the stock-take count.

#### **Management comment**

*The Council has taken note of the recommendation*

#### **5.4 THIRD PARTY CONFIRMATION (SUPPLIERS)**

A difference of (N\$ 277 341) was observed between the amount as per age analysis (N\$ 328 591) and the amount as per the supplier statement of Namwater (N\$ 51 250). Furthermore, it was observed that no confirmation could be made for the amount of N\$ 836 352 as no supplier statements were submitted for the audit purpose.

##### **Recommendation**

It is recommended that the Council perform creditor's reconciliation so that trade payables reflect the true balance at year end.

##### **Management comment**

*Yes is true that the supplier did not provide a statement to prove the outstanding balance as at 31st March 2015.*

#### **5.5 CREDITOR'S WITH DEBIT BALANCES**

Accounts payable age analysis for the year under review included debit balances amounting to N\$ 457 201 for suppliers that were overpaid for the year ended 31 March 2015.

Furthermore, from the sample of post year end payments selected for testing it was observed that trade payables amounting to N\$ 490 246 were not recorded as outstanding at year end.

##### **Recommendation**

It is recommended that the Council should clear all the debt balances on accounts payable at year end and overpaid suppliers are disclosed under trade and other receivables as prepayments in the financial statements.

##### **Management comment**

*Management has taken note of this error and precautionary measures are taken to avoid recurring of similar errors.*

#### **5.6 CASH AND BANK**

The total on two bank accounts amounting to N\$ 37 306 377 held in the name of the Regional Council were not disclosed in the Council's annual financial statements.

##### **Recommendation**

It is recommended that the Council should ensure that all banks accounts held in its name are disclosed in its financial statements.



### **Management comment**

*Yes it is true, however in terms of the decentralisation manual the Council is only required to disclose the income received, expenditures incurred as well as the surplus/deficit for the decentralised function.*

*We took note of the advice and we will disclose those accounts from now on.*

*Please take note that this disclosure will only be done on the notes because under the delegation face, this money belong to the Ministry of Education and they are required to report on this money when they prepare their year-end financial report.*

### **5.7 REVENUE**

The Council accounted for capital development subsidy of N\$ 27 594 966 as revenue.

The Council did not provide rental contracts for all properties leased.

### **Recommendation**

It is recommended that the Council should ensure that transactions are correctly recorded and that all rental contracts are submitted for audit purpose.

### **Management comment**

*Management has taken note of this error and it will be rectified.*

### **5.8 PROVISION FOR DOUBTFUL DEBTS**

Although the amount for debtors has been increasing from year to year, it was noted that the Council doesn't provide for bad debts in the annual financial statements.

### **Recommendation**

It is recommended that the Council come up with a credit policy on how to provide for bad debts.

### **Management comment**

*The auditors' observation is indeed correct, management has taken note of this error and it will be rectified*

### **5.9 S&T CLAIM**

It was observed that the Council age analysis had S&T for Councillors advance amounting to N\$ 221 486 outstanding for 120 days as at 31 March 2015.

**Recommendation**

It is recommended that the Council ensure that all S&T claims are submitted before any subsequent S&T advance is made.

**Management comment**

*The auditors' observation cannot be confirmed because there are no facts to substantiate the statement made by the auditors. The statement need to be qualified in order for the Council to know what the auditors are referring to.*

**5.10 5% RATES AND TAXES**

Unrecorded debtors of 5% rates and taxes assessment from Local Authorities are not correctly accounted for.

**Recommendation**

It is recommended that the Council should ensure that amounts are correctly reflected in the annual financial statements.

**Management comment**

*The auditors' observation is indeed correct, however this was just an error of omission and precautionary measures are in place to avoid this omission in future.*

**5.11 VAT RECEIVABLES**

A difference amounting to N\$ 163 704 was noted between the VAT control account and Tax Report. This resulted in VAT receivables being overstated.

**Recommendation**

It is recommended that the Council should perform VAT reconciliations on a regular basis.

**Management comment**

*Management has taken note of this error and it will be rectified.*

## 6. BASIS FOR ADVERSE AUDIT OPINION

- No provision for leave gratuity was provided;
- Assets are not insured;
- Inventory amounting to N\$ 221 540 could not be verified;
- A difference of N\$ 277 341 on age analysis;
- No supporting documents amounting to N\$ 836 352 on supplier statement;
- Overpayment of suppliers amounting to N\$ 457 201;
- Trade payables amounting to N\$ 490 246 were not recorded as outstanding at year end;
- Two bank accounts amounting to N\$ 37 306 377 were not disclosed in the Council's annual financial statements;
- Capital development subsidy of N\$ 27 594 966 were incorrectly classified;
- Provision for doubtful debts was not raised;
- The Council did not have a good recovery system for Councillors S&T claim;
- 5% rates and taxes assessment from Local Authorities are not correctly accounted for; and
- Overstatement of VAT with N\$ 163 704.

## 8. ADVERSE AUDIT OPINION

The accounts of the Regional Council of the Oshana Region for the financial year ended 31 March 2015 summarised in Annexure A to E, were audited by me in terms of Section 38 of the Regional Councils Act, 1992 (Act 22 of 1992) and Section 25(1)(b) of the State Finance Act, 1991 (Act 31 of 1991).

In my opinion because of the significance of the matters discussed and listed in the Basis for Adverse Opinion paragraph, these annual financial statements do not present fairly the financial position of the Oshana Regional Council as at 31 March 2015 and its financial performance and cash flows for the year then ended in accordance with basis of accounting applicable to the GAAP and Regional Council Act, Section 34.

WINDHOEK, August 2016



**JUNIAS ETUNA KANDJEKE**  
**AUDITOR-GENERAL**

## ANNEXURE A

**REGIONAL COUNCIL FOR THE OSHANA REGION  
BALANCE SHEET AS AT 31 MARCH 2015**

|                                     | Notes | 2015<br>N\$        | 2014<br>N\$        |
|-------------------------------------|-------|--------------------|--------------------|
| <b>Non-current assets</b>           |       | <b>111 739 624</b> | <b>85 040 821</b>  |
| Property plant and equipment        | 5+6   | 106 739 624        | 80 040 821         |
| Investments (Shares in Nored)       | 7     | 5 000 000          | 5 000 000          |
| <b>Current assets</b>               |       | <b>63 505 816</b>  | <b>60 206 875</b>  |
| Trade and Other receivables         | 9     | 2 941 758          | 5 703 703          |
| Bank and cash on hand               | 8     | 60 342 518         | 54 305 971         |
| Stock on hand                       |       | 221 540            | 197 201            |
| <b>Total assets</b>                 |       | <b>175 245 440</b> | <b>145 247 696</b> |
| <b>Equity</b>                       |       | <b>172 404 358</b> | <b>143 473 613</b> |
| Accumulated Fund                    | 12    | 172 404 358        | 143 473 613        |
| <b>Current Liabilities</b>          |       | <b>2 841 082</b>   | <b>1 774 082</b>   |
| Trade and other payables            | 10    | 2 841 082          | 1 774 082          |
| <b>Total equity and liabilities</b> |       | <b>175 245 440</b> | <b>145 247 695</b> |

## ANNEXURE B

**REGIONAL COUNCIL FOR THE OSHANA REGION**  
**INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015**

|                                     | Notes | 2015       | 2014       |
|-------------------------------------|-------|------------|------------|
|                                     |       | N\$        | N\$        |
| <b>Income</b>                       | 4.1   | 85 014 098 | 58 788 769 |
| <b>Less: Expenditure</b>            | 4.2   | 58 112 803 | 49 509 252 |
| <b>Net operating surplus/(loss)</b> |       | 26 901 295 | 9 279 517  |
| Interest on current account         |       | 2 273 499  | 1 927 257  |
| <b>Accumulated income/(deficit)</b> |       | 29 174 794 | 11 206 774 |

## ANNEXURE C

**REGIONAL COUNCIL FOR THE OSHANA REGION  
CASHFLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

|  | Notes | 2015<br>N\$       | 2014<br>N\$        |
|--|-------|-------------------|--------------------|
| <b>Cash flow from operating activities</b>                 |       |                   |                    |
| Cash receipt from customers                                |       | 85 014 098        | 58 788 769         |
| Cash paid to supplier                                      |       | (54 552 247)      | (53 927 598)       |
| <b>Cash generated by operations</b>                        | 11    | <b>30 461 851</b> | <b>4 861 171</b>   |
| Interest/ dividends received                               |       | 2 273 499         | 1 927 257          |
| Increase/(decrease) in Funds                               |       | -                 | (1 307 520)        |
| Property plant and equipment acquired value adjustments    |       | (26 698 803)      | (9 500 413)        |
| <b>Net (decrease)/increase in cash and cash equivalent</b> |       | <b>6 036 547</b>  | <b>(4 019 505)</b> |
| <b>CASH AND CASH EQUIVALENTS</b>                           |       |                   |                    |
| -Beginning of the year                                     |       | 54 305 971        | 58 325 476         |
| <b>- End of the year</b>                                   |       | <b>60 342 518</b> | <b>54 305 971</b>  |

ANNEXURE D

**REGIONAL COUNCIL FOR THE OSHANA REGION  
STATEMENTS OF CHANGES IN ACCUMULATED FUNDS FOR THE YEAR ENDED  
31 MARCH 2015**

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|   | N\$                              |
|---|----------------------------------|
| Retain Earnings Balance as at 31 March 2013     | 132 266 839                      |
| Surplus for the year 2014                       | 11 206 774                       |
| Total Retain Earnings as at 31 March 2014       | <u>143 473 613</u>               |
| Adjustment to Retain Earning                    | (244 049)                        |
|   | <u>143 229 564</u>               |
| Surplus for the year 2015                       | 29 174 794                       |
| <b>Total Retain Earning as at 31 March 2015</b> | <b><u><u>172 404 358</u></u></b> |

**REGIONAL COUNCIL FOR THE OSHANA REGION  
NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

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**1. ACCOUNTING POLICIES**

The annual financial statements are in compliance with the historical cost convention modified by the restatement of the financial instruments to fair value, except where otherwise stated.

The annual financial statements are prepared in line with the accrual concept. It should be noted, however, that income and expenditure in relation to Delegated functions is accounted for during the year on cash accounting concept, in line with the State Finance Act, 1992, however, since all liabilities to Delegated functions remains with the line Ministry and all unexpended Delegated Funds are returned to the State Account as at 31 March, this does not materially affect the Regional Council financial statements.

The Principal accounting policies of the Regional Council, which are set out below have been consistent and comply with the Namibian Statement of Generally Accepted Accounting Practices. The Financial Statements have been prepared in accordance with the requirements of the Namibian Regional Council's Act.

**1.1 Fixed Assets and Depreciation**

Fixed Assets are stated at cost or at valuation where assets have been acquired by grant or donation, less depreciation written off over the expected useful lives as determined by the Regional Council from time to time.

Fixed Assets acquired with loan funds are not depreciated until the loan is repaid, unless the expected lifetime of the asset is less than the repayment period of the loan in which case the depreciation is calculated on the shortfall.

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

|                                |          |
|--------------------------------|----------|
| Capital Infrastructures        | 50 years |
| Buildings                      | 50 years |
| Machinery and Equipment        | 5 years  |
| Motor vehicles                 | 5 years  |
| Office Furniture and Equipment | 3 years  |
| Computer equipment             | 3 years  |



**REGIONAL COUNCIL FOR THE OSHANA REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (Continued)**

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**1.2 Inventories**

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

**1.3 Trade receivables**

Trade receivables are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at the year-end. Bad debts are written off during the year in which they are identified.

**1.4 Cash and cash equivalents**

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 and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

**2. Revenue**

Revenue consist of the following:

**2.1 Government Transfers: MRLGH&RD**

The Regional Council receives administrative grants from the Ministry of Regional and Local Government, Housing and Rural Development. The grants are for the day-to-day operations of the Regional Council.

**2.2 Rates levy from Local Authorities**

The Regional Council, levies an amount equal to 5% of the rates levied on all ratable property situated in Local Authority areas as stipulated in Section 77(1) of the Local Authorities Act, 1992 ( Act 23 of 1992).

**2.3 Royalties and surcharges**

The Regional Council receives royalties in respect of surcharges levied on its behalf by NORED Electricity (Pty) Ltd.

## ANNEXURE E

**REGIONAL COUNCIL FOR THE OSHANA REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (Continued)**

**3. Delegated functions**

The Regional Council is currently performing the following functions delegated by Central Government Ministries, in accordance with the Decentralization Enabling Act 2000 (Act 33 of 2000).

When under delegated, the Regional Council only acts as an agent for a particular line Ministry, while the latter retains full control and overall responsibility to approve the related budget. After approval, the approved budget is transferred to the Regional Council via cash tranches.

| <b>Line Ministries</b>               | <b>Delegated function</b>   | <b>2015</b>      | <b>2014</b>      |
|--------------------------------------|-----------------------------|------------------|------------------|
|                                      |                             | N\$              | N\$              |
| <b>Income</b>                        |                             | <b>1 412 723</b> | <b>2 320 571</b> |
| Min of Gender                        | Early Childhood Development | 1 412 723        | 2 320 571        |
| <b>Expenditure</b>                   |                             | <b>1 306 694</b> | <b>1 699 430</b> |
| Min of Gender                        | Early Childhood Development | 1 306 694        | 1 699 430        |
| <b>Surplus/ Deficit for the year</b> |                             | <b>106 029</b>   | <b>621 141</b>   |

## ANNEXURE E

**REGIONAL COUNCIL FOR THE OSHANA REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015(Continued)**

| 4. INCOME AND EXPENDITURE               | Notes | 2015              | 2014              |
|---|-------|-------------------|-------------------|
|   |       | N\$               | N\$               |
| <b>4.1 Income</b>                       |       |                   |                   |
| Government Transfers MRLGH              |       | 79 722 657        | 53 345 619        |
| Rates Levy (5 %) from Local Authorities |       | 1 852 030         | 1 581 096         |
| Other income                            | 4.3   | 2 026 688         | 1 541 483         |
| <b>Sub-total</b>                        |       | <b>83 601 375</b> | <b>56 468 198</b> |
| Delegated Functions                     | 3     | 1 412 723         | 2 320 571         |
| <b>TOTAL INCOME</b>                     |       | <b>85 014 098</b> | <b>58 788 769</b> |
| <b>4.2 Expenditure</b>                  |       |                   |                   |
| Remuneration                            |       | 31 867 424        | 26 544 479        |
| Subsistence & travel                    |       | 848 063           | 886 849           |
| Materials and supplies                  |       | 285 504           | 257 685           |
| Transport expenses                      |       | 1 056 616         | 1 136 781         |
| Utilities                               |       | 2 636 735         | 1 801 016         |
| Maintenance expenses                    |       | 1 001 088         | 695 489           |
| Property rental & related charges       |       | 322 187           | 298 963           |
| Other services & expenses               |       | 3 239 784         | 3 132 120         |
| Membership fees & sub domestic          |       | 785 392           | 1 021 788         |
| Depreciation expenses                   |       | 2 384 373         | 2 076 973         |
| Rural Development expenses              |       | 12 378 943        | 9 957 679         |
| <b>Sub-total</b>                        |       | <b>56 806 109</b> | <b>47 809 822</b> |
| Delegated Functions                     | 3     | 1 306 694         | 1 699 430         |
| <b>LESS TOTAL EXPENDITURE</b>           |       | <b>58 112 803</b> | <b>49 509 252</b> |
| <b>NET OPERATING SURPLUS/(DEFICIT)</b>  |       |                   |                   |
| <b>FOR THE YEAR</b>                     |       | <b>26 901 295</b> | <b>9 279 517</b>  |

## ANNEXURE E

**REGIONAL COUNCIL FOR THE OSHANA REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015(Continued)**

|   | Notes | 2015              | 2014              |
|---|-------|-------------------|-------------------|
| NET FINANCIAL INCOME                              |       | N\$               | N\$               |
| <b>Interest received</b>                          |       | 2 273 499         | 1 927 257         |
| <b>ACCUMULATED SURPLUS/(DEFICIT) FOR THE YEAR</b> |       | <b>29 174 794</b> | <b>11 206 774</b> |

**4.3 Other Income**

| Income                            | 2 026 688 | 1 541 483 |
|-----------------------------------|-----------|-----------|
| Property rentals & equipment hire | 292 031   | 213 410   |
| Settlement area Income            | 593 320   | 248 849   |
| Dividends and royalties (NORED)   | 500 787   | 544 340   |
| Other income                      | 480 476   | 488 667   |
| Donations                         | 13 840    | 34 084    |
| Sundry Income                     | 146 233   | 12 133    |

**REGIONAL COUNCIL FOR THE OSHANA REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015(Continued)**

**5 PROPERTY, PLANT AND EQUIPMENT**

| <b>31 March 2015</b>                              | <b>Capital<br/>Infrastructure</b> | <b>Land<br/>&amp; Buildings</b> | <b>Machinery<br/>&amp; Vehicles</b> | <b>Equipment<br/>&amp;<br/>Computers</b> | <b>Total</b>        |
|---|-----------------------------------|---------------------------------|-------------------------------------|--|---------------------|
|   | N\$                               | N\$                             | N\$                                 | N\$                                      | N\$                 |
| Cost as at 1<br>April 2014                        | 35 694 402                        | 35 183 179                      | 6 981 451                           | 3 559 526                                | 81 418 558          |
| Additions   | -                                 | -                               | 1 140 947                           | 351 962                                  | 1 492 909           |
| Adjustment  | -                                 | -                               | -                                   | 24 932                                   | 24 932              |
| <b>Cost as at 31<br/>March 2015</b>               | <b>35 694 402</b>                 | <b>35 183 179</b>               | <b>8 122 398</b>                    | <b>3 936 420</b>                         | <b>82 936 399</b>   |
| Depreciation as<br>at 1 April 2014                | (1 283 110)                       | (3 917 229)                     | (6 154 603)                         | (2 494 739)                              | (13 849 680)        |
| Charge for the<br>year                            | (713 888)                         | (703 664)                       | (430 910)                           | (535 911)                                | (2 384 373)         |
| Adjustment  | (34 038)                          | -                               | 21 103                              | 189 862                                  | 176 927             |
| <b>Depreciation<br/>as at 31 March<br/>2015</b>   | <b>(2 031 036)</b>                | <b>(4 620 893)</b>              | <b>(6 564 410)</b>                  | <b>(2 840 788)</b>                       | <b>(16 057 126)</b> |
| <b>Net book value<br/>as at 31 March<br/>2015</b> | <b>33 663 366</b>                 | <b>30 562 286</b>               | <b>1 557 988</b>                    | <b>1 095 632</b>                         | <b>66 879 273</b>   |

## ANNEXURE E

**REGIONAL COUNCIL FOR THE OSHANA REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015(Continued)**

| <b>31March 2014</b>                               | <b>Capital<br/>Infrastructure</b> | <b>Land<br/>&amp;Buildings</b> | <b>Machinery<br/>&amp; Vehicles</b> | <b>Equipment<br/>&amp;<br/>Computers</b> | <b>Total</b>        |
|---|-----------------------------------|--------------------------------|-------------------------------------|--|---------------------|
|   | N\$                               | N\$                            | N\$                                 | N\$                                      | N\$                 |
| Cost as at 1<br>April 2013                        | 26 919 973                        | 34 356 554                     | 6 780 148                           | 2 754 235                                | 70 810 910          |
| Additions   | 8 774 429                         | 826 625                        | 201 303                             | 805 291                                  | 10 607 648          |
| <b>Cost as at 31<br/>March 2014</b>               | <b>35 694 402</b>                 | <b>35 183 179</b>              | <b>6 981 451</b>                    | <b>3 559 526</b>                         | <b>81 418 558</b>   |
| Depreciation as<br>at 1 April 2014                | (716 141)                         | (3 214 943)                    | (5 765 003)                         | (2 075 737)                              | (11 771 824)        |
| Charge for the<br>year                            | (566 969)                         | (702 286)                      | (389 600)                           | (419 002)                                | (2 077 856)         |
| <b>Depreciation<br/>as at 31 March<br/>2014</b>   | <b>(1 283 110)</b>                | <b>(3 917 229)</b>             | <b>(6 154 603)</b>                  | <b>(2 494 739)</b>                       | <b>(13 849 680)</b> |
| <b>Net book value<br/>as at 31 March<br/>2014</b> | <b>34 411 292</b>                 | <b>31 265 950</b>              | <b>826 848</b>                      | <b>1 064 787</b>                         | <b>67 568 878</b>   |

## ANNEXURE E

**REGIONAL COUNCIL FOR THE OSHANA REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)**

| <b>6. WORK IN PROGRESS</b>                             | <b>Notes</b> | <b>2015</b>       | <b>2014</b>       |
|--|--------------|-------------------|-------------------|
|  |              | N\$               | N\$               |
|  |              | <b>39 860 351</b> | <b>12 471 943</b> |
| W.I.P-Eheke gravel roads PII + PIII                    |              | 2 912 143         | 2 314 064         |
| WIP- Uuvudhiya   |              | 270 527           | -                 |
| W.I.P. Construction of Elect Eheke PII                 |              | 4 477 645         | 1 996 642         |
| W.I.P. Elect Eheke                                     |              | 63 330            | -                 |
| W.I.P. Elect   |              | 20 727            | -                 |
| W.I.P. Eheke Road                                      |              | 185 542           | -                 |
| W.I.P Construction of Gravel Road Uukwangul PII + PIII |              | 8 388 818         | 2 722 928         |
| Construction of Road & Storm Water Eheke PIII          |              | 7 223 975         | 2 898 471         |
| Construction additional Offices ONARC                  |              | 14 134 340        | 2 539 838         |
| W.I.P. Storeroom                                       |              | 859 527           | -                 |
| W.I.P. Quard House                                     |              | 198 692           | -                 |
| W.I.P. Staff   |              | 349 334           | -                 |
| Work in Progress                                       |              | 267 424           | -                 |
| W.I.P. Guard House                                     |              | 103 725           | -                 |
| W.I.P. Municipal Billing                               |              | 192 650           | -                 |
| W.I.P. Quard House                                     |              | 211 952           | -                 |
| <b>7. INVESTMENTS</b>                                  |              |                   |                   |
| Shares in Nored  |              | 5 000 000         | 5 000 000         |
|  |              | <b>5 000 000</b>  | <b>5 000 000</b>  |

## ANNEXURE E

**REGIONAL COUNCIL FOR THE OSHANA REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015 (Continued)**

| 8. CASH ON HAND AND BANK                         | Notes | 2015              | 2014              |
|--|-------|-------------------|-------------------|
|  |       | N\$               | N\$               |
| Standard Bank- Current account                   |       | 261 215           | 815 533           |
| Standard Bank- Call account                      |       | 8 035 242         | 5 264 894         |
| Standard Bank- Equity Provision Fund             |       | 542 691           | 1 743 615         |
| Standard Bank - Drought Relief                   |       | 19 473            | 36 963            |
| Standard Bank - Ombuga Tree Planting Project     |       | 29 121            | 29 017            |
| Standard Bank- Oshana Community                  |       | 1 380 347         | 1 348 479         |
| Standard Bank- Emergency Fund                    |       | 59 789            | 59 831            |
| First National Bank- Capital Projects            |       | 197 516           | 96 531            |
| First National Bank- Call account                |       | 37 969 434        | 29 799 871        |
| First National Bank- Uukwangula Sports Complex   |       | 1 562 647         | 1 511 855         |
| First National Bank- 32 days notice account      |       | 186 099           | 178 482           |
| Bank Windhoek- Revenue account                   |       | 5 616 923         | 7 543 903         |
| Bank Windhoek- Christmas Fund                    |       | -                 | 19 834            |
| Bank Windhoek - Oshana Rural Development Project |       | 81 147            | 5 857 163         |
| Oshana Rural Development                         |       | 4 400 872         | -                 |
|  |       | <b>60 342 516</b> | <b>54 305 971</b> |



## ANNEXURE E

**REGIONAL COUNCIL FOR THE OSHANA REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015(Continued)**

| <b>9. TRADE AND OTHER RECEIVABLES</b> | <b>Notes</b> | <b>2015</b>      | <b>2014</b>      |
|---------------------------------------|--------------|------------------|------------------|
|                                       |              | N\$              | N\$              |
| Trade debtors                         |              | 286 448          | 200 244          |
| Subsistence and travel advances       |              | 437 387          | 324 182          |
| Deposits on property rentals          |              | 6 050            | 5 500            |
| Suspense account                      |              | -                | 3 988 505        |
| Receiver of Revenue VAT               |              | 2 177 816        | 1 185 272        |
| OPM Drought Fund                      |              | 34 057           | -                |
|                                       |              | <b>2 941 758</b> | <b>5 703 703</b> |

**10. TRADE AND OTHER PAYABLES**

|                          |  |                  |                  |
|--------------------------|--|------------------|------------------|
| Trade Creditors          |  | 2 152 077        | 1 139 397        |
| Ministry of Education    |  | 5 597            | 5 597            |
| Customer deposits        |  | 1 800            | 1 800            |
| Salary and wages control |  | 371 835          | 622 108          |
| Ministry AWF             |  | 301 778          | -                |
| OPM Drought fund         |  | -                | 5 180            |
| Suspense Account         |  | 7 994            | -                |
|                          |  | <b>2 841 082</b> | <b>1 774 082</b> |

## ANNEXURE E

**REGIONAL COUNCIL FOR THE OSHANA REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015(Continued)**

| 11. CASH (UTILIZED)/GENERATED BY OPERATIONS                           | Notes | 2015               | 2014               |
|---|-------|--------------------|--------------------|
|   |       | N\$                | N\$                |
| Net (deficit)/surplus before adjustments and before interest received |       | 26 901 295         | 9 279 517          |
| Adjustments   |       | (244 049)          | -                  |
| Operating income before changes in working capital                    |       | 26 657 246         | 9 279 517          |
| <b>CHANGES IN WORKING CAPITAL</b>                                     |       |                    |                    |
| (Increase)/decrease in stock  |       | (24 339)           | 9 480              |
| (Increase)/decrease in accounts receivable                            |       | 2 761 944          | (2 724 581)        |
| Increase/(decrease) in accounts payable                               |       | 1 067 000          | (1 703 245)        |
|   |       | 3 804 605          | (4 418 346)        |
| <b>Cash generated/utilized by operations</b>                          |       | <b>30 461 851</b>  | <b>4 861 171</b>   |
| <b>12. ACCUMULATED FUND</b>   |       |                    |                    |
| Income/(deficit) for the year   |       | 29 174 794         | 11 206 774         |
| at the beginning of the year  |       | 143 473 613        | 132 266 839        |
| Adjustment  |       | (244 049)          | -                  |
| at the end of the year  |       | <b>172 404 358</b> | <b>143 473 613</b> |