



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
OSHIKOTO REGIONAL COUNCIL
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2019, 2020 AND 2021

Published by authority

Price (Vat excluded) N\$ 52.00

Report no: 77/2022



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Oshikoto Regional Council for the financial years ended 31 March 2019; 2020 and 2021 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, August 2022

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
OSHIKOTO REGIONAL COUNCIL
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2019; 2020 AND 2021**

1. ADVERSE OPINION

I have audited the financial statements of the Oshikoto Regional Council for the financial years ended 31 March 2019, 2020 and 2021 provided by the Accounting Officer as attached in Annexure A – G. These financial statements comprise the Opening statement of financial position, statement of financial position, statement of financial performance, statement of changes in net assets, statement of cash flow, and notes to the annual financial statements for the years then ended.

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, the financial position of the Oshikoto Regional Council as at 31 March 2019, 2020 and 2021 and its financial performance and their cash flow for the years then ended in accordance with International Public Sector Accounting Standards (IPSAS).

2. BASIS OF 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 in Namibia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. The Adverse Audit opinion is being expressed due to the following:

2.1 Segmented Reporting IPSAS 18

An entity shall identify its separate segments in accordance with Par 9 IPSAS 18 and shall present information about those segments as required by paragraph 51-75 of this standard. It was observed that the Council upon adoption of IPSAS implemented segmented chart of reporting based on departmental segments, instead of taking into account Par 17 (a-b) type of segment reporting which states that "the types of segments reported to the governing body and senior manager of an entity are frequently referred to as service segments or geographical segments".

2.2 Statement of Cash Flow IPSAS 2

An entity that prepares and presents financial statements under accrual basis of accounting shall prepare a cash flow statement in accordance with the requirements of IPSAS 2 and shall present it as an integral part of its financial statements presented. For the financial years under review it was observed that the Council did not reconcile its surplus/deficit from ordinary activities and non-cash items as required by Par 28 (a-b) and Par 29.

2.3 Variances from Budget Information

The auditors noted that the Council did not provide the explanations on variances for the statement of comparisons of budget and actual amount as per IPSAS 24 Par 14(c) which states that an entity shall disclose by way of a note an explanations of material differences between the budget and actual amounts for which the entity is held publicly accountable.

2.4 Accounting Policy

The auditors observed that the Council does not have an accounting policy in place for the financial years under review.

2.5 Property, Plant and Equipment

The auditors observed that the opening net book values of property, plant and equipment were incorrectly brought forward from the prior year, resulting in the following differences:

	2021	2020
	N\$	N\$
Closing carrying amount as at 31 March	118 876 881	126 658 943
Opening net book value	98 713 399	128 799 121
Difference	20 163 482	(2 140 178)

The fixed asset schedule for the year ended 31 March 2019 as per note 3 reflects plant, machinery and vehicles to the value of N\$ 3 411 098 transferred to Oniipa. The auditors could not verify this amount due to non-submission of supporting documents.

For the financial year ended 31 March 2020, the following adjustments reflected in note 3 amounting to N\$ 7 173 686 could not be explained:

Land and Buildings	(N\$ 11 151 491)
Capital Infrastructure	N\$ 16 013 607
Plant, Machinery and Vehicles	(N\$ 4 792 304)
Office Furniture, Equipment and Computers	N\$ 7 103 874

The auditors could not ascertain themselves with the validity of an adjustments pertaining to property, plant and equipment amounting to N\$ 3 249 087 for the 2019 financial year as disclosed in the fixed asset register.

2.6 Inventory

The auditors found that inventory transactions amounting to N\$ 190 359 were wrongly posted to the expenses account in the 2021 financial year.

2.7 Fuel expenditure

Unexplained differences amounting to N\$ 26 308 (2021), N\$ 180 497 (2020) and N\$ 274 275 (2019), were found between the fuel reports and the reconciliation.

2.8 Journal/Corrective entries

The auditors were unable to confirm adjustments amounting to N\$ 29 273 370 made on the Retained Earnings for the financial year ended 31 March 2019, due to non-submission of supporting documents.

2.9 Statement of Financial Position

The auditors observed that the Statement of Financial Position for the year ended 31 March 2021 did not balance resulting in a difference of N\$ 84 890 between assets and liabilities.

3. KEY AUDIT MATTERS

Key audit matters are those matters that, in my professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the audit opinion thereon, and I do not provide a separate opinion on these matters. I have nothing to report in this regard.

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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

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 auditor's 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 to the Auditor-General by the Accounting Officer in compliance with Section 40 (1) of the Regional Council Act, 1992 (Act 22 of 1992).

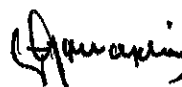
8. KEY PERFORMANCE INDICATORS

The Council has a strategic and an annual plan, however, evidence of reviewing these plans could not be submitted. Consequently, the auditors could not conclude whether targets were achieved as set out in the strategic and annual plans.

9. ACKNOWLEDGEMENT

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

WINDHOEK, August 2022



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

**OSHIKOTO REGIONAL COUNCIL
OPENING STATEMENT OF FINANCIAL POSITION AS OF 1 APRIL**

	2018
	N\$
ASSETS	
Current Assets	38 204 067
Cash and Cash Equivalents	28 385 147
Receivables from exchange transactions	6 862 502
Taxation (VAT)	2 817 637
Inventories	138 781
Non-Current Assets	142 978 325
Property, Plant and Equipment	127 774 020
Intangible Assets	69 256
Work in Progress capital Project	9 555 845
Investments in Associates	5 579 204
TOTAL ASSETS	<u>181 182 392</u>
Current Liabilities	7 074 140
Trade and other payables from exchange transactions	3 275 134
Refundable deposits from customers	27 359
Deferred income	1 036 668
Trade and other payables from Non-exchange transactions	2 734 979
Non-Current Liabilities	
Non-Current employee benefit obligation	9 880 6
Total liabilities	16 954 785
Net Assets	
Accumulated surplus	164 227 607
TOTAL NET ASSETS AND LIABILITIES	<u>181 182 392</u>

ANNEXURE B

OSHIKOTO REGIONAL COUNCIL

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH

		2021	2020	2019
	Note	N\$	N\$	N\$
ASSETS				
Current Assets		27 735 661	23 814 376	35 887 394
Cash and Cash Equivalents	8	12 646 346	10 965 251	25 691 350
Receivables from exchange transactions	6	5 764 527	6 479 615	8 586 725
Refundable Deposit to Suppliers		-	84 487	-
Receivables from non-exchange transactions	6	4 576 462	3 912 348	1 801
Taxation (VAT)		3 530 750	1 653 470	1 522 557
Inventories	4	1 217 576	719 205	84 961
Non-Current Assets		133 046 210	126 507 452	124 480 331
Property Plant and Equipment	3	95 372 811	98 713 399	102 145 938
Intangible Assets	3	123 969	21 162	44 247
Work in Progress capital Project	3	31 990 226	22 213 687	16 730 942
Investments in Associates	5	5 559 204	5 559 204	5 559 204
TOTAL ASSETS		160 781 871	150 321 829	160 367 725
Current Liabilities		14 806 737	8 233 920	15 645 438
Trade and other payables from exchange transactions	7	4 937 002	687 343	3 070 743
Refundable deposits from customers		84 378	57 678	45 320
Deferred income	7	5 097 270	3 140 581	9 858 864
GRV Accrual Control		204 496	-	-
Employee Benefit obligation	7	2 174 281	2 286 693	1 592 980
Trade and other payables from Non-exchange transaction	7	2 309 310	2 061 625	1 077 531
Non-Current Liabilities				
Employee benefit obligation		8 847 773	8 916 692	9 296 370
Total liabilities		23 654 510	17 150 612	24 941 808
NET ASSETS				
Accumulated surplus	9	137 212 251	133 171 216	135 425 918
TOTAL NET ASSETS AND LIABILITIES		160 866 761	150 321 828	160 367 726

ANNEXURE C

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

	Note	2021 N\$	2020 N\$	2019 N\$
REVENUE				
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
		59 055 796	65 444 467	61,594,430
Government Subsidy		49 860 645	47 860 647	54 072 096
Government Grants		8 296 805	16 712 775	6 650 453
5% Rates Contribution from Local Authorities	10.1	898 346	871 045	870 881
Public Contributions and Donations			-	1 000
REVENUE FROM EXCHANGE TRANSACTIONS				
		3 591 461	4 689 400	6 206 860
Income from Municipal Services	10.2	2 576 360	3 243 797	4 519 967
Finance Income- External investments	10.4	400 350	413 231	556 401
Finance Income- Bank Interest Received	10.3	399 147	706 665	939 615
Rental revenue from facilities and equipment	10.5	135 651	241 753	107 719
Agency fees 2.5% Commission		79 954	83 954	83 158
OTHER INCOME	10.6	577 366	153 525	420 806
TOTAL REVENUE		63 224 623	70 287 392	68 222 096
OPERATING EXPENDITURE	11	(59 266 645)	(71 446 682)	(69 763 548)
SURPLUS(DEFICIT) FOR THE YEAR		3 957 978	(1 159 290)	(1 541 452)

ANNEXURE D

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

	Note	Build- together fund N\$	Accumulated surplus N\$	Total Funds N\$
Opening Balance as of 1st April 2018	9	1 365 000	174 660 445	176 025 445
Deficit for the year		-	(1 541 452)	(1 541 452)
Adjustment in accumulated funds		-	(29 273 369)	(29 273 369)
Adjustments (Bank Balances 2019) on Delegated Function		-	(9 797 837)	(9 797 837)
Surplus difference for Delegated Function 2018 and 2019		-	13 131	13 131
Total Changes		-	(40 599 527)	(40 599 527)
Balance at 31 March 2019		1 365 000	134 060 918	135 425 918
Opening Balance as of 1st April 2019		1 365 000	134 060 918	135 425 918
Deficit for the year		-	(1 159 290)	(1 159 290)
Adjustment in accumulated funds		-	(4 633 322)	(4 633 322)
Accumulated Profit		-	4 273 747	4 273 747
Total Changes		-	(1 518 865)	(1 518 865)
Balance as at 31 March 2020		1 365 000	132 542 053	133 907 053
Opening Balance as of 1st April 2020		1 365 000	132 542 053	133 907 053
Surplus for the year		-	3 959 978	3 959 978
Adjustment in accumulated funds		-	(4 633 322)	(4 633 322)
Accumulated Profit		-	3 122 432	3 122 432
		-	2 449 087	2 449 087
Balance as at 31 March 2021		1 365 000	134 991 140	136 356 140

ANNEXURE E

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

	2021	2020	2019
	N\$	N\$	N\$
Cash flows from operating activities			
Receipts	137 682 429	71 595 888	76 650 994
Property Taxes	317 071	524 153	-
Public Contribution and Donation	-	-	1 000
Interbank transfer	66 244 003	-	-
Fines, Penalties and Levies	483 697	1 627 954	-
Government. Grants and Subsidies	64 676 923	64 647 951	69 405 420
Rendering Services	4 393 328	2 737 556	2 732 090
Finance Income	603 572	560 702	821 578
Other Income, rentals and agency fees	963 835	1 497 572	3 690 906
Payments	131 978 100	86 261 067	61 378 434
Compensation of employees	42 609 771	41 447 958	38 274 404
Goods and Services	11 919 000	16 636 409	6 182 728
Finance Cost	287 520	161 014	162 290
Rent Paid	25 596	68 640	68 080
Other payments	10 846 906	27 947 046	16 690 932
Interbank Transfer	66 289 307	-	-
Net Cash Flow from Operating Activities	5 704 329	(14 665 179)	15 272 560
Cash Flow from Investing Activities			
Purchase of PPE and Intangible	-	(655 055)	(2 191 259)
Purchase of PPE (WIP)	(3 972 885)	(5 482 745)	(15 775 097)
Net Cash flow used in Investing Activities	(3 972 885)	(6 137 800)	(17 966 356)
Net Increase (Decrease) in cash and cash equivalent	1 731 444	(20 802 979)	(2 693 796)
Cash and Cash Equivalent as of 1st April 2020	11 023 498	25 589 097	28 385 147
Cash and Cash Equivalent as of 31st March 2021	12 754 941	4 786 117	25 691 350

**OSHIKOTO REGIONAL COUNCIL
STATEMENT OF COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH**

	2021			2020			2019		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Operational Revenue	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Government Subsidy	49 860 646	49 860 645	1	47 860 646	47 860 647	(1)	53 988 320	53 988 318	2
Revenue from Settlement	4 000 000	2 576 360	1 423 640	3 500 000	2 701 555	798 445	3 000 000	2 808 617	191 383
Interest Received	50 000	399 147	(349 147)	150 000	204 775	(54 775)	300 000	472 244	(172 244)
Others (Tenders, Copies)	100 000	577 366	(477 366)	121 000	317 520	(196 520)	110 000	399 752	(289 752)
Properties Rental	98 400	61 269	37 131	98 400	71 520	26 880	98 400	44 020	54 380
Lease of Land	350 000	74 383	275 617	400 000	44 173	355 827	361 800	61 629	300 171
VAT Refund (Operation)	2 000 000	1 170 968	829 032	800 000	1 170 968	(370 968)	700 000	578 973	121 027
Investment(Etosha Safari Lodge)	-	-	-	-	-	-	20 000	20 000	-
2.5% Third Parties Commission	-	79 954	(79 954)	-	-	-	-	-	-
Balance as of 1st April 2020	2 226 723	2 226 723	-	10 621 503	10 621 503	-	12 785 751	12 785 751	-
Total Operational Revenue	58 685 769	57 026 815	1 658 954	63 551 549	62 992 662	558 888	71 364 271	71 159 304	204 967

**OSHIKOTO REGIONAL COUNCIL
STATEMENT OF COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH (Continued)**

	2021			2020			2019		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
Operational Expenditure	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Remuneration	36 797 039	36 305 624	491 415	37 905 557	36 305 624	1 599 933	39 293 277	36 747 716	2 545 561
Contribution (GIPF and MOPPOBPF)	4 623 559	4 553 030	70 529	4 753 542	4 553 030	200 512	4 795 987	4 606 196	189 791
Other									
Condition of Services	2 024 200	2 535 402	(511 202)	1 596 765	1 390 392	206 373	1 713 209	1 111 806	601 403
Travelling and Subsistence									
Allowances	558 043	1 071 006	(512 963)	989 108	1 071 006	(81 898)	1 953 515	1 234 308	719 207
Material and Supplies	1 426 500	698 820	727 680	740 000	698 820	41 180	1 205 100	1 008 393	196 707
Transport	1 630 000	1 926 131	(296 131)	2 259 552	1 926 131	333 421	3 030 000	2 599 649	430 351
Utilities	5 970 000	8 184 478	(2 214 478)	8 424 000	8 184 478	239 522	6 284 000	5 274 375	1 009 625
Maintenance Expenses	1 075 000	1 755 049	(680 049)	1 797 024	1 755 049	41 975	2 573 000	1 324 945	1 248 055
Property Rental	38 900	72 795	(33 895)	82 000	72 795	9 205	80 824	73 780	7 044
Other Services and Expenses	3 110 600	3 382 697	(272 097)	3 560 000	3 382 697	177 303	6 386 000	3 885 037	2 500 963
Membership Fees and Subscription									
Domestic	394 000	803 239	(409 239)	808 000	803 239	4 761	949 000	583 905	365 095

**OSHIKOTO REGIONAL COUNCIL
STATEMENT OF COMPARISON OF BUDGET VERSUS ACTUAL AMOUNTS FOR THE YEAR ENDED 31 MARCH (Continued)**

	2021			2020			2019		
	Budget	Actual	Variance	Budget	Actual	Variance	Budget	Actual	Variance
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
Operational Expenditure									
Furniture and Office Equipment	784 928	571 475	213 453	511 000	508 718	2 282	1 444 000	800 155	643 845
Vehicles	-	-	-	-	-	-	1 201 358	976 983	224 375
Operational Equip, Machinery	253 000	86 942	166 058	125 000	114 437	10 563	455 000	422 318	32 682
Total Operational Expenditure	58 685 769	61 946 688	(3 260 919)	63 551 548	60 766 416	2 785 132	71 364 270	60 649 566	10 714 704

**OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH**

1 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Regional Council Annual Financial Statements have been prepared in accordance with and comply with International Public Sector Accounting Standards (IPSAS). The Annual Financial Statements are presented in Namibian Dollars, which is the functional and reporting currency of the Regional Council and all values are rounded to the nearest dollar. The Accounting policies have been consistently applied to all the years presented.

The Annual Financial Statements have been prepared on the basis of historical cost, unless stated otherwise. The statement of cash flow is prepared using direct method. The Annual Financial Statements are prepared on accrual basis. It should be noted, however, that income and expenditure in relation to Delegated Functions is accounted for during the year under review on a cash accounting basis, in line with the State Finance Act, 1992; and since all liabilities relating to the Delegated Funds remains with the relevant Ministries and all unexpended Delegated Funds are returned to the State Account, it does not materially affect the Regional Council's Financial Statements.

1.1 FIXED ASSETS AND DEPRECIATION

All property, plant and equipment are stated at cost, less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant part of property, plant, and equipment are required to be replaced at intervals 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 depreciation is calculated on the shortfall.

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

Investment Property

Land	
Buildings	50 Years
Capital Infrastructure	50 Years
Machinery and Equipment	5 and 3 Years
Motor vehicles	5 Years
Furniture, Fittings and Fixtures	3 Years
Computer Equipment	3 Years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

ANNEXURE G
OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (continued)

2 REVENUE

2.1 Contributions, Grants and Financial Aid from MURD

The Oshikoto Regional Council receives administrative grants from the Ministry of Urban and Rural Development. These grants are for the day-to-day operations of the Regional Council and capital projects.

2.2 Rates Levies from Local Authorities

The Oshikoto Regional Council as per Regional Councils' Act of 1992, receives an amount equal to 5% of the rates levied on all ratable property in local authority areas in Oshikoto Regional Council.

2.3 Royalties and surcharges

The Oshikoto Regional Council receives royalties in respect of surcharges levied on its behalf by Nored and Cenored. These rates are based on approved tariffs by the Electricity Control Board and may vary from time to time.

ANNEXURE G

OSHIKOTO REGIONAL COUNCIL
 NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH (continued)

3	Property, plant and equipment	Assets under construction							Total
		Land and Buildings	Capital Infrastructure	Plant & Machinery and vehicles	Office Furniture, Equipment and Computers				
		N\$	N\$	N\$	N\$	N\$	N\$	N\$	
31 March 2021									
	Opening net book value	22 213 687	78 813 103	15 252 540	3 659 165	988 592	98 713 399		
	Additions	9 776 540	-	-	130 192	424 443	554 635		
	Accum. depreciation/Amortization	-	(1 949 020)	(320 272)	(1 155 810)	(470 121)	(3 895 224)		
	Closing carrying amount	31 990 227	76 864 083	14 932 268	2 633 547	942 914	95 372 810		
31 March 2020									
	Opening net book value	955 845	108 305 769	-	18 620 215	917 292	128 799 121		
	Additions	15 775 097	188 725	-	1 316 983	685 551	17 966 356		
	Adjustments	-	(11 151 491)	16 013 607	(4 792 304)	7 103 874	7 173 686		
	Accum. depreciation/Amortization	-	(16 690 499)	(440 794)	(10 292 875)	(7 638 113)	(35 062 281)		
	Closing carrying amount	16 730 942	80 652 504	15 572 813	4 852 019	1 068 604	118 876 882		

OSHIKOTO REGIONAL COUNCIL

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

3 Property, plant and equipment (continued)

	Assets under construction	Land and Buildings	Capital Infrastructure	Plant & Machinery and vehicles	Office Furniture, Equipment and Computers	Total
	N\$	N\$	N\$	N\$	N\$	N\$
31 March 2019						
Opening net book value	51 881 061	99 050 901	-	8 361 672	1 292 655	160 586 288
Opening cost	51 881 061	114 276 175	-	16 002 308	8 480 570	190 640 114
Accumulated depreciation	-	(15 225 274)	-	(7 640 636)	(7 187 915)	(30 053 825)
Additions	-	11 320 131	-	-	488 837	11 808 968
Transfer to Oniipa	-	-	-	(3 411 098)	-	(3 411 098)
WIP movement for the year	(42 325 215)	-	-	-	-	(42 325 215)
Closing carrying amount	9 555 846	110 371 032	-	4 950 574	1 781 492	126 658 944
01 March 2018						
Opening net book value	22 316 786	94 640 188	-	7 357 797	1 719 536	126 034 307
Opening cost	22 316 786	107 834 497	-	13 685 270	7 034 256	150 870 809
Accumulated depreciation	-	(13 194 309)	-	(6 327 473)	(5 314 720)	(24 836 502)
Additions	29 564 275	6 441 678	-	2 317 038	1 446 314	39 769 305
Depreciation charge	-	(2 030 965)	-	(1 313 163)	(1 873 195)	(5 217 323)
Closing carrying amount	51 881 061	99 050 901	-	8 361 672	1 292 655	160 586 289

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (continued)

3 Property, plant and equipment (continued)

	2021	2020	2019
	N\$	N\$	N\$
Intangible Assets			
Additions	140 905	-	-
Intangible asset	-	69 256	69 256
Accumulated Amortization	(16 937)	(48 094)	(25 009)
Closing carrying amount	123 968	21 162	44 247

3 Property, plant and equipment under construction

Capital expenditure for the year

The following expenditure was incurred during the year and balances from prior years for capital projects or acquisitions.

	2021	2020	2019
	N\$	N\$	N\$
WIP			
WIP Onyuulaye	763 761	416 211	339 931
WIP Oshivelo	3 467 505	1 798 462	355 589
WIP Onayena	8 928 173	7 158 906	6 023 820
WIP Street lights	2 537 786	2 503 868	1 698 425
WIP Gravel roads	5 915 580	5 739 002	4 039 990
WIP Surveying	1 811 212	1 811 212	1 676 894
WIP Electrification	1 385 339	380 854	355 955
WIP Town and Regional Planning	1 368 285	1 368 285	769 530
WIP MSME Shelter	686 460	616 482	228 115
Solar Power Plant	430 316	-	503 094
Build Together (BTP)	675 987	420 405	357 562
Land Compensation	3 298 042	-	382 035
WIP Guinas Office	700 259		
WIP Staff house-	21 522		
	31 990 227	22 213 687	16 730 940
WIP-Additions	9 776 540	5 482 745	-

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (continued)

4 Inventory

Inventory is measured at cost upon initial recognition. In the case 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. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

	2021	2020	2019
	N\$	N\$	N\$
Inventory Category	1 217 576	719 205	84 962
Stationeries	-	150 652	43 744
Cleaning Materials	-	196 072	13 213
Cartridges	-	372 481	18 140
Electrical and Others	-	-	151
Water Materials	-	-	9 714

5 Investments in joint Venture

	5 559 204	5 559 204	5 559 204
Nored Electricity	5 000 000	5 000 000	5 000 000
Cenored	559 204	559 204	559 204

6 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 year-end excluding that of Subsistence and Travelling Allowance. Bad debts are written off during the year in which they are identified.

ANNEXURE G

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
MARCH (continued)

	2021	2020	2019
	N\$	N\$	N\$
6 Trade and other receivables			
Receivables from exchange transactions	5 764 526	6 564 101	8 586 725
Trade and other Receivables	-	-	6 291 588
Settlement customers	-	-	2 932 498
Onayena	1 058 100	1 435 629	-
Oshivelo	2 511 949	2 884 972	-
Customer - Others	51 227	-	-
Surcharges	-	-	123 692
Nored	102 844	135 199	-
Cenored	11 306	1 875	-
Provision for doubtful debts	(1 155 412)	(1 154 308)	(949 274)
Advance payments to suppliers	4 748	84 487	43 257
Build - Together debtors	3 179 764	3 176 247	144 964
Receivables from non-exchange transactions	4 576 462	3 912 348	1 801
Subsistence and Travelling Allowance(S&T)	1 734	3 190	1 801
Staff Members	1 667	3 067	-
Politician	67	123	-
5% Rates and Taxes from Local Authorities	4 574 727	3 909 158	-
Omuthiya Town Council	234 232	184 970	-
Oniipa Town Council	8 248	1 432	-
Tsumeb Municipality	4 332 247	3 722 756	-

ANNEXURE G

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (continued)

	2021	2020	2019
	N\$	N\$	N\$
7 Trade and other Payables			
Payables from exchange transactions	4 937 002	686 873	3 070 743
Trade and other payables	3 915 738	321 286	2 997 409
Advance payments from customers	994 212	338 535	46 282
Retention fee	27 052	27 052	27 052
Deferred Income	5 097 269	3 140 582	9 858 864
Opening Balance	3 140 581	9 858 864	1 036 668
Adjustments	(1 039 530)	(7 757 812)	-
Capital Project	1 473 883	-	7 424 045
Rural Development Project	1 522 335	1 039 530	1 398 151
Employee Benefit obligation	2 174 282	2 286 693	1 592 980
Leave provision Short term	1 262 252	1 398 941	753 403
Accrued Bonus Provision	912 030	887 752	839 577
Total Salary Control Account	-	5 312	-
Salary Control Account/Bond Repayment	-	-	-
Build Together Program	-	877	-
Salary Control Account/Arrears	-	4 435	-
Unallocated Deposits	-	470	-
Trade and other payables from Non-exchange transactions	2 309 309	2 056 312	1 077 531
Dry-land Crop Production Program-Agriculture Control Account	1 877 032	1 614 393	623 603
Ministry of Gender (Early Child Development - FNB) Control Account	-	2 672	102 651
Ministry Health Control Account	358 184	358 184	343 896
Drought Control Account	74 093	81 063	7 381

ANNEXURE G

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR YEAR ENDED 31
MARCH (continued)

	2021	2020	2019
	N\$	N\$	N\$
8 Cash and cash equivalents			
Current accounts and call accounts on hand	12 646 346	10 965 251	25 691 351
GE - Cheque	924 080	809 307	209 849
GE - Call	1 403 230	629 394	2 275 417
Capital Project - Cheque	2 862 053	375 939	657 469
Capital Project - Call	1 441 677	3 437 976	9 061 568
Build Together Program Call	355 463	352 078	343 343
Build Together Program Cheque	139 599	141 360	142 992
Settlement - Call	755 065	550 861	7 865 201
Transport - Cheque	176 284	237 161	271 036
Oshikoto Rural Development Project - Call	1 838 265	1 612 055	3 147 162
Drought Aid Fund - Cheque	28 889	81 063	7 381
Early Childhood Development	-	2 672	102 253
Build Together Program Inventory Cheque	309 524	273 020	201 512
Rural Development Project	222 509	491 217	379 822
Trust Fund Call	59 810	59 489	58 847
Ministry of Health Capital Project	361 461	358 184	343 896
Dry-land Crop Production Program	1 877 032	1 614 393	623 603
Cash Control/Municipal Services/Finance Division/Onayena Settlement)	6 773	(5 059)	-
FIN/Osh (Cash Control/Municipal Services/Finance Division/Oshivelo Settlement)	(71 612)	(12 604)	-
FIN (Cash Control/Build together Program/Finance Division)	2 064	2 064	-
Cash Control/Water Deposit/Finance Division	(45 320)	(45 320)	-
FIN/ (Cash Control/Lease Customers Receipt Book/Finance Division/Oshivelo Settlement)	(500)	-	-

ANNEXURE G

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (continued)

	2021	2020	2019
	N\$	N\$	N\$
9 Accumulated funds	137 212 251	133 171 216	135 425 918
Opening Balance	-	-	174 660 445
Build Together Revolving Fund	1 365 000	1 365 000	1 365 000
Adjustments in Accumulated Fund	-	-	(29 273 369)
Bank Balances Delegated Fund 2018	-	-	(9 797 837)
Surplus difference for delegated function	-	-	13 131
Accumulated Profit	3 122 432	4 273 747	-
Retained Earning	128 766 841	128 691 759	-
Net Profit/loss	3 957 978	(1 159 290)	-
10 Revenue			
Revenue from non-exchange transactions			
5% Rate and Taxes from Local			
10.1 Authorities	898 345	871 045	870 882
Omuthiya Town Council	318 406	276 406	270 749
Tsumeb Municipality	574 012	593 394	600 133
Oniipa Town Council	5 927	1 245	-

ANNEXURE G

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (continued)

	2021	2020	2019
	N\$	N\$	N\$
Revenue from exchange transactions			
10.2 Income from Municipal Services	2 576 360	3 243 797	4 519 966
Onayena Settlement	1 013 011	1 482 280	1 567 694
Oshivelo Settlement	1 563 349	1 761 517	2 952 272
10.3 Interest Income	399 148	706 665	939 616
Interest received from Rural Development Projects	23 056	145 856	172 931
Interest received - Build Together Program	233 826	202 438	154 548
Interest received for Operational	38 575	204 775	472 244
Interest received for Capital Projects	100 414	153 596	139 893
Interest Received from Ministry of Health	3 277	-	-
10.4 Royalties/Surcharges	400 349	400 349	556 401
Nored Electricity	334 724	334 724	524 022
Cenored Electricity	65 625	65 625	32 379
Dividends Received	-	10 471	-
Cenored	-	10 471	-
Nored	-	-	-
10.5 Rental Income	135 652	241 754	107 719
Leasehold Income (Onayena and Oshivelo Settlements)	74 383	131 607	107 246
Property Rentals	49 637	98 842	473
Official Accommodation	11 632	11 305	-
10.6 Other Income	577 365	153 525	420 806
Copies and Faxes	4 964	6 829	8 641
Tender Fees	545 860	95 448	393 900
Building plan	11 876	12 194	7 543
Discount Received	-	32 054	8 778
Sundry Income	11 665	-	1 944
Bill Boards - Oshivelo Settlement	3 000	7 000	-

ANNEXURE G

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (continued)

	2021	2020	2019
	N\$	N\$	N\$
11 OPERATING EXPENDITURE	59 266 646	71 446 683	69 763 548
Remuneration Staff members	31 443 612	32 103 805	33 472 586
Remuneration of Councilors	4 062 731	4 062 011	4 676 176
Employer Contribution to GIPF	3 286 133	3 936 730	-
Employer Contribution to MPOOBPF	572 918	606 390	-
Non Pensionable Benefits-Councilors	133 888	-	-
Other Condition of Service	2 543 178	1 897 329	5 305 009
Subsistence and Travelling Allowance	535 105	1 069 215	1 229 622
Material and supplies	1 019 135	790 113	1 095 794
Transport and Related expenses	1 146 387	1 734 484	2 268 267
Utilities Expenses	5 827 632	5 732 984	5 788 856
Maintenance Expenses	435 226	1 199 835	1 070 945
Rental Expenses	183 030	315 925	78 587
Other Expenses	1 922 700	3 199 459	4 206 562
Depreciation and Amortization	3 912 160	4 633 473	4 623 091
Finance Cost: Bank Charges	-	-	155 345
Membership Fee and License Renewal	360 669	558 656	490 256
Rural Development	1 663 321	4 659 241	5 302 452
Small Scales	71 729	273 921	-
Land Compensation	147 092	5 392 317	-
045/04501/ADM(Inventory Adjustment/Inventory Variance/Administration Division	-	(719 205)	-

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (continued)

12. DELEGATED FUNCTIONS

The Oshikoto Regional Council is currently performing the following functions as delegated by central governmental ministries, in accordance with the Decentralization Enabling Act, 2000 (Act 33 of 2000).

Under delegation, the Regional Council acts as an agent on behalf of the relevant ministry, however, retains overall responsibility for performance for a particular line Ministry, while the latter retains full control and overall responsibility to approve the related budget. This budget allocation transferred to the Regional Council via monthly cash transfers.

The transactions for DCCP, Ministry of Health and Social Services, Early Childhood Development and Drought accounts are part of the Regional Council operations, because they are not delegated yet, however, the Council is taking care of the financial transactions at the Regional level.

	2021	2020	2019
	N\$	N\$	N\$
INCOME	190 718 205	170 639 444	168 421 314
Ministry of Work (Maintenance)	1 841 353	1 254 343	1 196 541
Ministry of Information, Communication and technology	158 354	309 122	241 731
Ministry of land	449 106	321 961	290 230
Oshikoto Regional Council Education	176 951 229	139 959 549	163 932 816
Rural Water Supply and Sanitation Coordination	7 176 302	20 777 909	-
Ministry of Gender, Equality and Child Welfare	4 141 861	8 016 560	2 759 996
	158 966 560	176 003 397	162 621 199
EXPENDITURES			
Ministry of works	1 848 415	1 248 099	281 627
Ministry of Information, Communication and Technology	124 690	403 922	171 796
Ministry of Land	381 078	446 204	1 197 124
Ministry of education	153 066 576	153 470 796	159 412 908
Rural Water Supply and Sanitation Coordination	4 452 400	13 601 607	388
Ministry of Gender, Equality and Child Welfare	941 816	6 832 769	1 557 356

OSHIKOTO REGIONAL COUNCIL
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (continued)

12 DELEGATED FUNCTIONS (continued)	2019	2020	2021
	N\$	N\$	N\$
BANK BALANCES	31 996 411	9 018 229	15 584 819
Ministry of Works	551	7 613	1 368
Ministry of Gender, Equality and Child Welfare	2 386 451	1 183 791	1 202 640
Ministry of Education	24 417 706	533 053	14 044 299
Ministry of Information Communication and Technology	91 494	57 829	152 629
Land	128 056	60 028	184 271
Rural Water Supply and Sanitation Coordination	4 972 153	7 175 915	(388)

