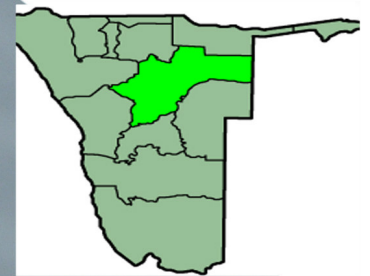




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

REGIONAL COUNCIL OF THE OTJOZONDJUPA REGION

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2006 AND 2007

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REPUBLIC OF NAMIBIA



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Regional Council of the Otjozondjupa region for the financial years ended 31 March 2006 and 2007, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, November 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

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

1. INTRODUCTION

The Regional Council of the Otjozondjupa region was established under Section 2(1) of the Regional Councils Act, 1992 (Act 22 of 1992).

The financial powers, duties and functions of the Council are stipulated in Article 108 of the Namibian Constitution and Section 28 of the Regional Councils Act. Sections 39 and 40 of the Act require that accounting records of the Council shall be kept and its financial statements shall be prepared by its Chief Regional Officer.

Figures in the report are rounded off to the nearest Namibian dollar.

2. FINANCIAL STATEMENTS

The Regional Council's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 40(1) of the Regional Councils Act, 1992, **except that these were only submitted on 22 August 2007. The Act allows a period of three months after year end.** The abridged balance sheets, Annexure A, are a true reflection of the original.

The following annexures are also attached to this report:

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

* The Council did not prepare cash flow statements for the years under review. These have been compiled by the auditors.

3. DELAY OF THE REPORT

The Office of the Auditor-General experienced a lack of capacity which contributed to the delay.

4. SCOPE OF THE AUDIT

The Chief Regional Officer of the Regional Council is responsible for the preparation of the financial statements and of ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit as carried out by staff of the Office of the Auditor-General, included:

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

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that:

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respects, expenditure and income have been applied to the purposes intended by the Regional Councils Act; and
- the financial transactions conform to the authorities which govern them.

5. AUDIT OBSERVATIONS AND COMMENTS

At the time of finalizing the report, the audit observations were communicated to the Chief Regional Officer by way of a management letter. The reply to the issues has not yet been received.

At the time of the audit, these issues were also communicated to the staff of the Council by way of debriefing. The following observations were made:

5.1 Investments (2006 & 2007)

5.1.1 The Council has three investments with an insurance company of which the surrender value totals N\$ 6 374 611: 2007 and N\$ 5 170 666: 2006 (2005: N\$ 4 037 716) while the financial statements reflect N\$ 6 957 225: 2007 and N\$ 5 398 114: 2006. Investments are thus overstated by N\$ 582 614: 2007 and N\$ 227 448: 2006.

5.1.2 The above-mentioned three (3) investments consist of life insurance policies on the life of the Chief Regional Officer, for a period of 15 years, 10 years and 15 years respectively. As it was reported in the previous financial years, the Council could not provide proof that the investments were approved by the Minister as required per Section 33(3) of the Regional Councils Act.

5.2 Income

5.2.1 Contributions from the Ministry (2006 & 2007)

At the time of the audit, supporting documents for the following transactions were not provided for audit purposes for both financial years:

2007

Date	Amount
	N\$
04/04/2006	1 500 000
05/06/2006	2 435 800
20/10/2006	3 935 800
12/01/2007	3 935 800
10/03/2007	1 790 000
12/03/2007	441 796
20/03/2007	301 128
27/03/2007	7 532
Total	14 347 859

2006

Date	Amount
	N\$
19/04/2005	4 166 616
13/04/2005	700 000
10/05/2005	15 000
03/10/2005	5 800 000
20/12/2005	6 983 784
16/03/2006	28 548
28/03/2006	1 300
Total	17 695 248

The amount of N\$ 28 548 received on 16/03/2006 could not be traced to the cash-book.

5.2.2 Government transfers from other ministries (2006 & 2007)

At the time of the audit, supporting documents for the following transactions/transfers from other ministries were not provided for audit purposes:

2007

Date	Amount
	N\$
12/05/2006	11 466
28/09/2006	850
03/10/2006	10 035
11/09/2006	10 000
03/10/2006	7 000
Total	39 351

2006

Date	Amount
	N\$
15/06/2005	2 100.00
28/09/2005	1 200.00
07/10/2005	7 000.00
01/12/2005	5 000.00
02/12/2005	500.00
08/12/2005	1 500.00
23/01/2006	600.00
31/01/2006	1 200.00
Total	19 100.00

5.2.3 Income from petrol sales (2006 & 2007)

At the time of the audit, receipts and deposit slips to the value of N\$ 603 244 could not be provided for audit purposes. Details of the deposits are contained in the management letter.

5.2.4 Overall conclusion (2006)

As also reported in the previous financial year, the revenue cycle of the Council was tested and the controls in place were found to be ineffective, due to the following reasons:

- i) Revenue/income is decentralized to the settlement areas but a proper reporting structure and accounting format has not been put in place to control revenue.

- ii) There were no reconciliations made between electricity cards issued to and sold by the settlement areas.
- iii) There were no reconciliations made between fuel received from the supplier, fuel sold to consumers and fuel on hand.
- iv) There were no checks and balances by supervisors and management on revenue transactions.

5.3 Fixed assets

5.3.1 Fixed assets register (2006 & 2007)

At the time of the audit it was found that the Regional Council does not have an updated fixed assets register in place for assets owned by the Regional Council for the years under review.

The Council does not have a control register for all the assets transferred from the parent ministry at the time of establishment of the Regional Council. These assets are not recorded anywhere in the control register of the Council.

Assets under construction are not specified under individual accounts.

5.3.2 Tender procedures

2007

At the time of the audit it was observed that no proper tender procedures were followed for the purchase of two Toyota Drifters to the amount of N\$ 397 058 made with cheque number 110028 dated 30 March 2007.

2006

During the year under review the Council purchased a Nissan High Rider to the value of N\$ 162 532 with cheque number 108142 dated 2 March 2006. No proper tender procedures related to the procurement were adhered to.

5.4 Salaries and wages and other expenses (2006 & 2007)

2007

The non taxable portion on the transport allowances for management was not calculated correctly resulting in wrong tax calculations. The capital portion should be taxed with 75% of the allowance whereas Council calculated the amount on 66.6%. No maintenance allowances were paid.

Not all management staff members provided the Council with proof of payments made on the hire purchase agreements for their vehicles to support the receipt of allowances. No allowances can be paid if an official is not paying for a vehicle.

No salary variance reports were printed/ prepared during the year under review.

2006

During the year under review the Hon. Governor was staying in official accommodation and yet was receiving housing allowances of N\$ 7 500 since 2004 up to 31 March 2007 and N\$ 8 100 per month as from 1 April 2007. According to an audit calculation an overpayment of N\$ 270 000 up to 31 March 2007 plus rent owed of N\$ 108 000 took place.

The payment is contrary to PSM Circular 15 of 2001, paragraph 5.1.3 which states that "In order for a member to qualify for participation in the housing benefit he/she: May not occupy official quarters in Namibia or abroad".

Council should calculate the total overpayment up to date and make the necessary recoveries.

The taxable portion on the fringe benefit on the vehicle allowance for the Honourable Governor was not considered.

During the year under review there was no documentary proof as to how the Council arrived at the arrear (Retrospective) salaries for the Director: Admin and the Deputy Director: HR of N\$ 39 607 and N\$ 32 696 respectively paid in September and October 2005. This incident also contributed to a wrong notch (overpayment) used for the salary of the Deputy Director and the Deputy Director: Finance since September and October 2005 and 1 July 2006 respectively. Retrospective car allowances of N\$ 61 538 and N\$ 43 838 were also paid during the same months to the respective individuals. No proof that they possessed vehicles on which they paid instalments was submitted.

The non taxable portion on the transport allowances for management was not calculated correctly resulting in wrong tax calculations. The capital portion should be taxed with 75% of the allowance whereas Council calculated the amount on 66.6%. No maintenance allowances were paid.

Not all management staff provided the Council with records of hire purchases in order to qualify for car allowances.

No salary variance reports were printed/ prepared during the year under review.

During the year under review the Council had an agreement with a staff member to perform official duties using his private vehicle. The agreement was not provided to the audit team at the time of the audit to verify the arithmetic correctness of payments made to the staff member.

5.5 Cash and bank

At the time of the audit differences were found between the cash-book, general ledger and bank reconciliation for the following accounts:

2007

Account name	Difference
	N\$
GRN Subsidy	2 385 851.97
Otjzondjupa Regional Council	41 172.96

Furthermore, it was observed that stale cheques to the amount of N\$ 13 863.09 for the Otjzondjupa Regional Council Account were not written back at the end of the financial year.

2006

Account name	Difference
	N\$
Revolving Housing	(2 427.95)
Early Childhood Development	135 089.85
GRN Subsidy	4 923.01
Otjzondjupa Regional Council	(23 176.81)

5.6 Debtors

5.6.1 Trade debtors (2007)

At the time of the audit an amount of N\$ 2 492 505 was confirmed. However, the annual financial statements reflect a different amount of N\$ 1 757 513, which resulted in an understatement of N\$ 734 992.

5.6.2 Debtors from petrol (2007)

At the time of the audit an amount of N\$ 2 772 346 was verified. However, the annual financial statements reflected a different amount of N\$ 2 702 447, which resulted in an understatement of N\$ 69 899.

5.6.3 Staff loan (2007)

At the time of the audit an amount of N\$ 327 907 was verified. However the annual financial statements reflected a different amount of N\$ 397 805, which resulted in an overstatement of N\$ 69 898. This amount represents the recovery of salary advances.

5.6.4 Build Together (2007)

Beneficiaries of individual accounts are not maintained, hence no proper reconciliations are done between loan disbursements and recoveries to determine outstanding balances plus interest for each beneficiary.

Increasing amounts of debtors is a matter of concern and the Council should improve the situation as a matter of urgency.

5.7 Non-submission of supporting vouchers (2007)

Expenditure vouchers to the value of N\$ 31 087 could not be provided at the time of the audit. Details of the expenditure transactions are contained in the management letter.

5.8 Trade and other payables (2007)

Accounts payable are understated by N\$ 300 630 due to non-payment of invoices from Nampower for the year under review. It was further observed that the balance of N\$ 306 274 as at 31 March 2006 was carried forward unchanged to 31 March 2007. Creditors have as such not been cleared, analysed and reconciled.

6. ACKNOWLEDGEMENT

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

7. QUALIFIED AUDIT OPINION

The accounts of the Regional Council of the Otjozondjupa region for the financial years ended 31 March 2006 and 2007 have been audited in terms of Section 38 of the Regional Councils Act, 1992 (Act 22 of 1992) and Section 25(1)(b) of the State Finance Act, 1991 (Act 31 of 1991).

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

- No updated fixed asset register was available. Existence and values of assets as reflected in the balance sheets could as such not be confirmed.
- *Income*: Supporting vouchers related to income amounting to N\$ 14 347 859: 2007 and N\$ 17 695 248: 2006 were not submitted for audit purposes. The completeness and validity of income could as such not be relied on.
- *Investments*: Investments have been overstated by N\$ 582 614: 2007 and N\$ 227 448: 2006.
- *Revenue/income* – Settlements areas: The completeness and correctness of revenue received from settlement areas could not be confirmed due to lack of record-keeping.

- *Cash and bank*: Differences were found between the cash-book, general ledger and bank reconciliations amounts totalling N\$ 2 427 025. (2007)
- Creditors have not been analysed, cleared nor reconciled.

Except for the above-mentioned issues, in my opinion, the accounts fairly present the financial position of the Council for the years ended 31 March 2006 and 2007 and the results of its operations and cash flow for the years then ended.

WINDHOEK, November 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

REGIONAL COUNCIL OF THE OTJOZONDJUPA REGION

BALANCE SHEETS AS AT 31 MARCH

	Notes	2007	2006	2005
		N\$	N\$	N\$
ASSETS				
Non-current assets		29 885 214	25 390 394	21 912 520
Fixed assets	2	22 927 989	19 992 280	18 245 338
Investments	3	6 957 225	5 398 114	3 667 182
Current assets		17 395 118	17 234 499	10 699 833
Accounts receivable and prepayments	4	8 063 269	7 106 040	4 614 839
Cash and bank	5	9 331 849	10 128 459	6 084 994
		47 280 332	42 624 893	32 612 353
EQUITY AND LIABILITIES				
Liabilities		812 888	651 489	887 667
Creditors	6	812 287	651 489	634 330
Bank overdraft	5.1	601	-	253 337
Accumulated funds	7	46 467 444	41 973 404	31 724 686
		47 280 332	42 624 893	32 612 353

REGIONAL COUNCIL OF THE OTJOZONDJUPA REGION

INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH

	<u>Notes</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
		N\$	N\$	N\$
Income		24 149 335	29 210 498	27 053 662
Expenditure		20 142 805	19 382 971	18 488 119
Net operating surplus/(loss)		4 006 530	9 827 527	8 565 543
Interest		487 510	421 191	91 620
NET (DEFICIT)/SURPLUS FOR THE YEAR		4 494 040	10 248 718	8 657 163
Accumulated income/(deficit)				
~ at the beginning of the year		41 973 404	31 724 686	21 956 477
Adjustment on opening balance		-	-	1 111 046
~ at the end of the year		46 467 444	41 973 404	31 724 686

REGIONAL COUNCIL OF THE OTJOZONDJUPA REGION

CASH FLOW STATEMENTS FOR THE YEARS ENDED 31 MARCH

	Notes	2007	2006	2005
		N\$	N\$	N\$
Cash flows from operating activities		4 006 530	9 827 527	8 565 543
Surplus over-expenditure for the year adjusted for non-cash items:				
Adjustments to opening balance of accumulated funds		-	-	1 111 046
Depreciation for the year	2	1 182 675	1 086 011	899 311
Movement in current assets and liabilities – (Increase)/decrease	9	(796 431)	(1 003 887)	(2 685 876)
Net cash inflow from operations		4 392 774	9 909 651	7 890 024
Net cash flow of investing activities –				
Interest received		487 510	421 191	91 620
Investments – Decrease/(increase)	3	(1 559 111)	(1 730 932)	(700 005)
Property, plant and equipment acquired, value adjustments	2	(4 118 384)	(2 832 953)	(5 697 569)
Net cash outflow from investing activities		(5 189 985)	(4 142 694)	(6 305 954)
Net change in cash and cash equivalents		(797 211)	5 766 957	1 584 070
CASH AND CASH EQUIVALENTS				
– Beginning of the year		10 128 459	4 361 502	2 777 432
– End of the year		9 331 248	10 128 459	4 361 502

REGIONAL COUNCIL OF THE OTJOZONDJUPA REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

1. ACCOUNTING POLICIES

The annual statements are prepared under the historical cost convention. The following accounting policies are consistent, in all material respects, with those of the previous year:

- 1.1** The annual statements are prepared in line with the accrual concept. It should be noted, however, that income and expenditure in relation to delegated functions are accounted for during the year on a cash accounting concept, in line with the State Finance Act, 1992.
- 1.2** 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 over their estimated useful lives as follows:

	<u>2007</u>	<u>2006</u>
Office furniture and equipment	3 years	3 years
Computer equipment	3 years	3 years
Assets under construction	50 years	50 years
Motor vehicles	5 years	5 years

2. FIXED ASSETS

31 March 2007	Assets under construction	Computer equipment	Office furniture & equipment	Motor vehicles	Total
	N\$	N\$	N\$	N\$	N\$
Opening net book value as at 1 April 2005	20 318 082	332 186	1 755 780	1 112 021	23 518 069
Additions	3 410 569	161 838	148 919	397 058	4 118 384
Cost as at 31 March 2006	23 728 651	494 024	1 904 699	1 509 079	27 636 453
Accumulated depreciation					
Opening balance	1 293 653	289 663	1 444 594	497 879	3 525 789
Depreciation charge for the year	474 573	82 897	323 389	301 816	1 182 675
Accumulated depreciation as at 31 March 2007	1 768 226	372 560	1 767 983	799 695	4 708 464
Carrying value at 31 March 2007	21 960 425	121 464	136 716	709 384	22 927 989

REGIONAL COUNCIL OF THE OTJOZONDJUPA REGION

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

31 March 2006	Assets under construction	Computer equipment	Office furniture & equipment	Motor vehicles	Total
	N\$	N\$	N\$	N\$	N\$
Opening net book value as at 1 April 2005	18 223 091	291 471	1 643 463	527 090	20 685 115
Additions	2 094 991	40 715	112 317	584 931	2 832 954
Cost as at 31 March 2006	20 318 082	332 186	1 755 780	1 112 021	23 518 069
Accumulated depreciation					
Opening balance	887 291	243 039	1 033 973	275 475	2 439 778
Depreciation charge for the year	406 362	46 624	410 621	222 404	1 086 011
Accumulated depreciation as at 31 March 2006	1 293 653	289 663	1 444 594	497 879	3 525 789
Carrying value at 31 March 2006	19 024 429	42 523	311 186	614 142	19 992 280
31 March 2005	Assets under construction	Computer equipment	Office furniture & equipment	Motor vehicles	Total
	N\$	N\$	N\$	N\$	N\$
Opening net book value as at 1 April 2004	13 280 591	245 331	934 534	527 090	14 987 546
Additions	4 942 500	46 140	708 929	-	5 697 569
Cost as at 31 March 2005	18 223 091	291 471	1 643 463	527 090	20 685 115
Accumulated depreciation					
Opening balance	522 829	207 238	640 343	170 057	1 540 467
Depreciation charge for the year	364 462	35 801	393 630	105 418	899 311
Accumulated depreciation as at 31 March 2005	887 291	243 039	1 033 973	275 475	2 439 778
Carrying value at 31 March 2005	17 335 800	48 432	609 490	251 615	18 245 337

REGIONAL COUNCIL OF THE OTJOZONDJUPA REGION

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

	2007	2006	2005
	N\$	N\$	N\$
2.1 Additions of office furniture and equipment comprise of:			
Office furniture and equipment			
- Regional Council's office	145 318	106 818	654 715
Furniture – Regional Governor's house	3 601	5 496	54 214
	148 919	112 314	708 929

3. INVESTMENTS

Channel Life	6 957 225	5 398 114	3 667 182
	6 957 225	5 398 114	3 667 182

The Regional Council has three investment policies, namely two Saturn Revamped Fedstyle Endowment and a Chequemate with Metropolitan Life on the life of the Chief Regional Officer. The total surrender value is N\$ 6 374 611 for the 2006/07 financial year and N\$ 5 170 666 for the 2005/06 financial year.

4. ACCOUNTS RECEIVABLE

Trade debtors	1 757 511	2 125 008	1 779 814
Build Together Housing Programme	2 518 108	1 803 246	1 799 796
Permission to Occupy	687 398	645 436	388 837
Staff loans/salary advances	397 805	374 156	327 444
Nampower (account in credit)	-	-	3 435
Debtors (fuel supplied)	2 702 447	2 158 194	1 715 668
	8 063 269	7 106 040	6 084 994

REGIONAL COUNCIL OF THE OTJOZONDJUPA REGION

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

	2007	2006	2005
	N\$	N\$	N\$
5. BANK AND CASH			
Kalkfeld settlement area	-	-	63 906
Revolving Housing Fund	-	-	502 831
Build Together receipts	30 599	14 097	4 425
Early Childhood Development	207 591	193 498	65 994
Otjozondjupa Regional Council GRN cheque account	3 787 070	16 352	-
Otjozondjupa regional aids	106 161	14 040	-
Otjozondjupa regional main account	338 582	282 362	-
Revenue for settlement areas	311 773	625 130	586 725
Otjozondjupa transport account	65 530	96 205	88 489
Tiered rate call deposit	3 684 351	7 277 092	3 302 469
OVC programme	-	75 286	-
Revolving housing funds	116 823	774 283	-
San Empowerment Project	15 860	-	-
Otjozondjupa Regional Council			
- Social housing	634 768	717 108	-
Otjozondjupa Regional - Traditional Authority	32 741	43 006	-
	9 331 849	10 128 459	4 614 839
5.1 Bank overdraft			
Standard Bank -	(154)	-	-
Standard Bank – OVC cheque account	(447)	-	-
Otjozondjupa Regional Council – Cheque account	-	-	(252 797)
OVC Programme – Cheque account	-	-	(320)
Otjozondjupa Regional Aids – Cheque account	-	-	(220)
	(601)	-	(253 337)
	9 331 248	10 128 459	4 361 502
6. ACCOUNTS PAYABLE			
Nampower	306 274	306 274	595 224
Namwater	466 907	306 109	-
Trade creditors	39 106	39 106	39 106
	812 287	651 489	634 330

REGIONAL COUNCIL OF THE OTJOZONDJUPA REGION

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

	2007	2006	2005
	N\$	N\$	N\$
7. ACCUMULATED FUNDS			
At the beginning of the year	41 973 404	31 724 686	21 956 477
Adjustments on opening balance			*1 111 046
Net surplus/(deficit) for the year	4 494 040	10 248 718	8 657 163
	46 467 444	41 973 404	31 724 686
Trial balance: Income World Food day	-	-	1 136 158
Less: Allocated to World Food day	-	-	(16 730)
Allocated to Rates, charges and fees	-	-	(8 382)
	-	-	1 111 046
8. DELEGATED FUNCTIONS			
Income			
Early Childhood Development	123 311	105 400	171 670
Drought relief programme	-	-	51 360
World Food Day celebrations	-	-	16 730
Orphans and vulnerable children's funds	59 257	489 111	215 827
Regional aids activities	15 000	5 000	15 930
YHDP activities	-	-	-
	197 568	599 511	471 517
Expenditure			
5% Assessment rates	181 768	-	-
Early Childhood Development	156 117	113 046	115 940
Food for work and San project	38 978	-	-
Ministry of Agriculture	-	25 478	217 398
Social Housing Scheme	204 605	373 727	308 371
World Habitat Day celebrations	10 000	10 000	10 000
Regional aids activities	-	127 772	45 332
Small scale projects – World Food day	-	-	6 000
Orphans and vulnerable children activities	88 090	413 505	230 239
San Empowerment Project	12 138	-	-
Traditional Authority	2 644	422	-
World Food day	7 000	6 490	-
Remu expenditure	388	-	-
	701 729	1 070 439	933 280
DEFICIT FOR THE YEAR	(504 161)	(470 928)	(461 763)
At the beginning of the year	(1 916 710)	(1 445 782)	(984 019)
Deficit for the year	(504 161)	(470 928)	(461 763)
At the end of the year	(2 420 871)	(1 916 710)	(1 445 782)

REGIONAL COUNCIL OF THE OTJOZONDJUPA REGION

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

	2007	2006	2005
	N\$	N\$	N\$
9. MOVEMENT IN CURRENT ASSETS AND LIABILITIES			
Increase in accounts receivable	(957 229)	(1 021 046)	(2 946 267)
(Decrease)/Increase in accounts payable	160 798	17 159	260 391
	(796 431)	(1 003 887)	(2 685 876)
10. INCOME			
Government transfers: MRLGHRD	21 983 658	24 679 031	21 938 738
Government transfers: Other ministries	45 551	29 100	377 688
Permission to occupy	41 962	257 885	512 240
Rates, charges and fees (Settlement areas)	443 800	1 806 121	2 192 787
Repayment from Build Together loan	18 068	24 051	269 740
Delegated functions	197 568	599 511	471 517
Income from telephone	85 738	33 904	22 523
Income from rent	2 921	35 384	8 111
Income from tenders	-	950	3 250
Petrol sales	1 330 069	1 744 561	1 257 068
	24 149 335	29 210 498	27 053 662

REGIONAL COUNCIL OF THE OTJOZONDJUPA REGION

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

	2007	2006	2005
	N\$	N\$	N\$
11. EXPENDITURE			
Bank charges	69 644	62 983	89 585
Depreciation	1 182 675	1 086 011	899 310
Interest paid	-	-	-
Personnel expenditure	7 829 877	7 543 567	6 080 842
Travel and subsistence	954 606	624 155	1 110 345
Materials and supplies	238 581	137 976	254 163
Transport expenditure	2 447 773	1 737 111	661 429
Utilities	4 605 373	5 263 741	6 093 436
Maintenance expenditure	1 011 329	1 079 363	1 628 467
Other services and expenditure	700 404	611 515	520 786
Property rental and related charges	4 860	35 995	18 977
Membership fees and subscriptions	362 754	118 116	119 811
Subsidies and other current transfers	33 200	11 998	77 687
Delegated functions	701 729	1 070 439	933 281
Total expenditure	20 142 805	19 382 971	18 488 119
NET SURPLUS/(DEFICIT) FOR THE YEAR	4 006 530	9 827 527	8 565 543
NET FINANCIAL INCOME			
Interest and dividends received	487 510	421 191	91 620
NET SURPLUS FOR THE YEAR	4 494 040	10 248 718	8 657 163