



**REPUBLIC OF NAMIBIA**



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

# **REGIONAL COUNCIL OF THE ZAMBEZI REGION**

**FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011 AND 2012**

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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 Zambezi Region for the financial years ended 31 March 2011 and 2012 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'.

**WINDHOEK September 2016**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
ZAMBEZI REGIONAL COUNCIL  
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2011 AND 2012**

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**1. Report on the Financial Statements**

**1.1 INTRODUCTION**

This report on the accounts of the Zambezi Regional Council for the financial years ended 31 March 2011 and 2012 is presented to the National Assembly in accordance with the Regional Councils 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 Zambezi Regional Council for the financial years ended 31 March 2011 and 2012. These financial statements comprise of the following :

Annexure A: Balance Sheet  
Annexure B: Income Statement  
Annexure C: Cash flow statement  
Annexure D: Notes to the Financial Statement

The financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 40(1) of the Regional Councils Act 22 of 1992 except that they were only submitted on 15 March 2015 instead of three months after the year end as required by the Act.

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

**2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 39 of the Regional Councils 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 insufficient and inappropriate to provide a basis for the audit opinion.

## **4. ACKNOWLEDGEMENT**

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

## **5. KEY AUDIT FINDINGS**

### **5.1 ANALYSIS OF FINANCIAL STATEMENTS**

Differences amounting to N\$ (275 400) for 2012 and N\$ 244 902 for 2011 were observed between the Financial Statements and the Trial Balance.

### **Recommendations**

**It is recommended that the Council ensure that figures disclosed in the financial statements are in agreement with the Trial Balance. The Council is further recommended to perform regular management checks and balances to avoid misstatements.**

## **5.2 FUNDS**

The auditors were unable to confirm the accuracy and completeness of prior year adjustments amounting to N\$ 278 677 for 2011 as disclosed in note 9 due to the non-submission of supporting documents.

### **Recommendation**

**It is recommended that the Council should provide supporting documents of the prior year adjustments for audit purpose.**

## **5.3 NON-DISCLOSURE OF INVENTORY**

The Council did not disclose any inventory in the financial statements for both financial years and did not provide any stocktaking report for audit purpose.

### **Recommendation**

**It is recommended that the Council adhere to the requirements of the Financial Accounting Policies and Procedures Manual for the Regional Councils of 2004 and disclose the value of its inventory at year end in the Financial Statements.**

## **5.4 BANK WINDHOEK – MINISTRY OF EDUCATION**

The financial statements disclosed an amount of N\$ 100 for both financial years. According to the bank statements the closing balances of this bank account was N\$ 1 189 337 (2012) and N\$ 8 490 993 (2011). The auditors were unable to confirm whether there were any reconciling items on this account because the cash book and bank reconciliation statements were not provided for audit purpose.

## **5.5 MINISTRY OF EDUCATION (CAPITAL PROJECT/MAINTENANCE) ACCOUNT AND WORKS AND TRANSPORT (MAINTENANCE)**

The above-mentioned bank accounts were disclosed under Delegated Function; however the bank reconciliation statement bank statements and cash books of the above-mentioned accounts were not provided for audit purpose.

## **5.6 BANK WINDHOEK – RURAL DEVELOPMENT PROJECTS**

The financial statements reflect an amount of N\$ 3 829 885 for 2012 and N\$ 354 546 for 2011; however these figures were not recorded in the General Ledger and Trial Balance of the Council. The bank reconciliation and cash book for 2011 were also not provided for audit purpose.

### **Recommendation**

**It is recommended that the Council captures all transactions on the system and do regular reconciliations to ensure that figures are accurately disclosed in the financial statements. It is also recommended for the Council to properly file all the documents and provided them for audit purpose.**

## **5.7 PROPERTY, PLANT AND EQUIPMENT**

The auditors were unable to confirm the accuracy and completeness of the acquisition of fixed assets amounting to N\$ 383 535 for 2012 and N\$ 953 351 for 2011 as disclosed in the Balance Sheet due to non-submission of supporting documents. The Council did not submit the fixed asset register for the 2012 financial year. It was also noted that fixed assets did not have unique identification marks which enable assets to be distinguished or identified.

### **Recommendation**

**It is recommended that the Council should keep documents and provide them for audit purpose. Furthermore it is recommended to allocate unique identification numbers to all the assets.**

## **5.8 CAPITAL PROJECTS**

Capital projects were overstated with N\$ 1 252 927 for (2011) financial year. This was due to recording amounts VAT inclusive.

### **Recommendation**

**It is recommended that the Council ensure that amounts disclosed in the financial statements for each item is correct and it does not include VAT.**

## **5.9 NON-SUBMISSION OF DOCUMENTS**

The auditors could not confirm the accuracy and completeness of the capital projects expenditure amounting to N\$ 995 358 for 2012 due to the non-submission of supporting documents.

### **Recommendation**

**It is recommended that the Council provide all supporting documents for audit purpose.**

## **5.10 NON SUBMISSION OF VOUCHERS**

Payment vouchers amounting to N\$ 2 394 581 for 2012 and N\$1 376 801 for 2011 were not provided for audit purpose.

### **Recommendation**

**It is recommended that the Council should ensure that before payments are done, transactions should have supporting documents and these documents should be filed and kept safe for future references.**

## **5.11 DELEGATED FUNCTIONS**

Difference amounting to N\$ 210 141 was observed between the financial statements and the General Ledger for 2011 financial year.

### **Recommendation**

**It is recommended that the Council should do reconciliations to avoid misstatements of figures in the financial statements.**



## 5.12 ASSESSMENT RATE LEVIES

The Council failed to disclose assessment rate levies of N\$ 224 074 for 2012 financial year.

### Recommendation

**It is recommended that the Council should obtain a transaction listing statement from the respective local authorities and process the levies accordingly.**

## 5.13 TRADE RECEIVABLES

The auditors found that debtor accounts are not properly reconciled at year-end. The auditors further found that debtors amounting to N\$ 684 577 for 2011 and 2012 are all made up of prior year balances with no payments received during the year.

In addition a total of N\$ 803 502 for 2012 and N\$ 531 931 for 2011 of trade receivables disclosed are all made up of individual subsistence and travelling allowance (S&T) control accounts that were not reconciled.

### Recommendation

**It is recommended that the Council reconcile all its debtor balances at year end in order to show a true reflection of what it is actually being owed.**

## 5.14 BUILD-TOGETHER FUND

The Council's build together program is not adequately administered and the Council does not have a loan recovery system in place to ensure proper recovery of all outstanding loans. The auditors found that only four beneficiaries of the fund are making monthly payments.

Monthly reconciliations were not performed to confirm outstanding balances of build together debtors. The auditors could also not establish the amount that the beneficiaries of houses owe to the Build Together Fund and consequently debtors' completeness could not be confirmed.

The auditors further discovered a difference of N\$ 36 928 between the aging analysis of the Build Together balance and that of the financial statements for the 2011 financial year.

### Recommendation

**It is recommended that the Council should design and implement a loan recoverability system to ensure that all outstanding loans are recovered from the build together debtors. The Council is further recommended to ensure that monthly reconciliations are performed on all build together debtors.**

## 5.15 Value Added Tax

The audit revealed a difference of N\$ 565 341 for 2012 and N\$ 1 551 986 for 2011 between VAT returns and the financial statements. This is as a result of VAT reconciliations not being performed. In addition VAT returns were not submitted on time.

## **Recommendation**

**It is recommended that the Council should always ensure that VAT reconciliation is done on a regular basis and returns are submitted on time to avoid penalties on late submissions.**

### **5.16 Internal Control**

The Council did not have a documented and approved risk management framework. There was also no evidence to prove that management regularly assesses internal controls to ensure prudent and sound financial management.

### **5.17 IT Internal Control**

The audit revealed that the Council lacked critical policies and procedures to govern the IT functionality:

- The Council did not have an IT strategic plan;
- There were no formal documented and approved processes or guidelines in place to manage upgrades to financial or performance information systems;
- The Council did not have an approved IT security policy;
- The Council did not have an approved disaster recovery plan in place;
- Backups are not stored at an offsite location;

### **5.18 Internal Audit**

The audit revealed that the internal audit department reports to the Accounting Officer instead of an external body such as an Audit Committee. It was also noted that the work of the internal auditors is not reviewed. The internal auditors have been reviewing internal controls but there is no documented proof that the recommendations have been implemented.


## **6. BASIS FOR DISCLAIMED AUDIT OPINION**

- Non submission of supporting documents amounting to N\$ 3 720 179 for 2011 and N\$ 3 379 850 for 2012;
- VAT misstatement of N\$ 1 551 986 for 2011 and N\$ 565 341 for 2012;
- Capital projects for 2011 are overstated with an amount of N\$ 1 252 926;
- Unreconciled S&T allowance amounting to N\$ 531 930 for 2011 and N\$ 803 502 for 2012;
- Unexplained adjustment of N\$ 278 677 for 2011;
- Fixed asset register for 2012 financial year not provided;
- Financial Statements and trial balance not in agreement;
- Inventories not disclosed for both years;
- Non reconciliation of bank accounts;

**7. AUDIT OPINION: DISCLAIMER OPINION**

The accounts of the Regional Council of the Zambezi region for the financial years ended 31 March 2011 and 2012 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).

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly I do not express an opinion on the financial statements.



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

**WINDHOEK, September 2016**

**ZAMBEZI REGIONAL COUNCIL  
BALANCE SHEETS AS AT 31 MARCH**

	Note	2012 N\$	2011 N\$	2010 N\$
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>73 402 488</b>	<b>56 112 696</b>	<b>28 987 085</b>
Property Plant and Equipment	4	73 402 488	56 112 696	28 987 085
<b>Current assets</b>		<b>56 844 288</b>	<b>48 864 366</b>	<b>50 088 142</b>
Cash and cash equivalents	7	49 699 107	42 524 594	46 026 085
Trades and other receivables	5	7 145 181	6 339 772	3 974 353
Inventory	6	-	-	87 704
<b>Total assets</b>		<b>130 246 776</b>	<b>104 977 062</b>	<b>79 075 227</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Funds</b>		<b>129 759 367</b>	<b>103 828 483</b>	<b>74 146 738</b>
Capital Development Fund		120 507 916	97 007 916	68 523 937
Build Together fund	9	3 539 000	3 539 000	3 539 000
Accumulated fund		5 712 451	3 281 567	2 083 801
<b>Current Liabilities</b>		<b>487 409</b>	<b>1 148 579</b>	<b>4 928 489</b>
Trade and other payables	8	487 409	993 722	4 928 489
Bank Overdraft	7	-	154 857	-
<b>Total equity and liabilities</b>		<b>130 246 776</b>	<b>104 977 062</b>	<b>79 075 227</b>

**ZAMBEZI REGIONAL COUNCIL  
INCOME STATEMENTS FOR THE YEAR ENDED 31 MARCH**

	Note	2012 N\$	2011 N\$	2010 N\$
Income		21 613 222	19 122 290	16 181 122
Expenditure		25 043 401	20 797 786	15 272 221
<b>Net operating surplus/(loss)</b>		<b>(3 430 179)</b>	<b>(1 675 496)</b>	<b>908 901</b>
Interest on current account	10	1 480 727	1 962 015	1 376 659
Other Income		352 058	104 477	36 480
Finance Costs	11	(411)	(914)	(45 362)
<b>Surplus for the year</b>		<b>(1 597 805)</b>	<b>390 082</b>	<b>2 276 678</b>
Delegated Income	3	4 028 689	529 008	145 308
Net Surplus for the year		2 430 884	919 090	2 421 986
At the beginning of the year		3 002 891	2 083 801	(338 185)
<b>At the end of the year</b>		<b>5 433 775</b>	<b>3 002 891</b>	<b>2 083 801</b>

**ZAMBEZI REGIONAL COUNCIL  
CASH FLOW STATEMENTS AS AT 31 MARCH**

	Note	2012 N\$	2011 N\$	2010 N\$
<b>Net cash inflow from operations</b>		<b>3 354 138</b>	<b>(2 813 473)</b>	<b>5 930 911</b>
(Cash used in) generated from operating activities	12	1 873 822	(4 774 573)	4 508 543
Interest income		1 480 727	1 962 015	1 376 659
Finance Costs		(411)	(915)	45 709
<b>Cash flow from investing Activities</b>		<b>(19 524 768)</b>	<b>(29 326 505)</b>	<b>(8 704 557)</b>
Purchase of property, plant and equipment	4	(19 524 768)	(29 326 505)	(8 704 557)
<b>Cash flows from financing activities</b>		<b>23 500 000</b>	<b>28 483 979</b>	<b>36 000 000</b>
Capital Development funds		23 500 000	28 483 979	36 000 000
Total Cash movement for the period		7 329 370	(3 655 999)	33 226 354
Cash and cash equivalents at the beginning of the year		42 369 737	46 025 736	12 799 731
<b>Cash and cash equivalents at the end of the year</b>	<b>7</b>	<b>49 699 107</b>	<b>42 369 737</b>	<b>46 026 085</b>

**ZAMBEZI REGIONAL COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2011 AND 2012**

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**ACCOUNTING POLICIES**

**1. Presentation of Annual Financial Statements**

The annual financial statements are compiled in accordance 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 under review on a cash accounting basis in line with the State Finance Act 1992; However since all liability in relation to Delegated Functions remains with the relevant 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's financial statements.

The principal accounting policies of the Regional Council which are set out below have been consistent and comply with Namibian Statements 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 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

Buildings	50 years
Machinery and Equipment	5 years
Motor vehicles	5 Years
Office Furniture and Equipment	3-5 years
Computer equipment	3 years

Land and infrastructure assets are not depreciated.

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

Gains and losses on disposal of property plant and equipment are determined by the reference to their carrying amount and are taken into account in determining operating profit.

**ZAMBEZI REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2011 AND 2012**

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### **1.2 Inventories**

Inventories are measured at lower cost and net realizable value. The cost of inventories should comprise all costs 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 review of all outstanding amounts at 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 in 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**

### **2.1 Contributions and Grants from MRLGH & RD**

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

### **2.2 Rates Levies from Local Authorities**

The Zambezi Regional Council as per Regional Councils' Act of 1992 levies an amount equal to 5% of the rates levied on all rateable property in constituent local authority areas.

### **2.3 Royalties and Surcharges**

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

## **3. DELEGATED FUNCTIONS**

The Regional Council is currently performing the following functions delegated by Central Government line Ministries as indicated 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 line Ministry. The relevant line Ministry however retains overall responsibility for performance of the functions and also retains the responsibility to approve the related budget. This budget allocation is transferred to the Regional Council via monthly cash transfers. However any unexpended amount as at 31st March is paid to the State Account via the related line Ministry. For this reason the Income and Expenditure for each delegated function should always net to NIL.



**ZAMBEZI REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)**

The Zambezi Regional Council is currently handling the following funds as delegated by central governmental ministries in accordance with Decentralisation Enabling Act 2000 (Act 33 of 2000)

<b>Line Ministry</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$
<b>INCOME</b>			
Ministry of Gender Equality and Child Welfare- Early Childhood Development	124 585	102 646	678 143
Ministry of Regional and Local Government- Rural development projects	2 612 714	570 756	35 840
Ministry of Agriculture- World Food Day	-	-	12 270
Ministry of Health and Social Services- OVC	-	201 637	-
Ministry of Regional and Local Government- Drought Aid Fund	1 393 847	117 781	-
Office of the Prime Minister- Emergency Fund	372 686	419 865	479 607
	<b>4 503 832</b>	<b>1 412 685</b>	<b>1 205 860</b>
<b>EXPENSES</b>			
Ministry of Gender Equality and Child welfare	34 732	72 595	755 424
Ministry of Health and Social Services	-	239 599	60 547
Ministry of Regional and Local Government	424 310	498 283	-
Ministry of Agriculture	16 100	73 200	7 130
Office of the Prime Minister	-	-	237 451
<b>Total Expenses</b>	<b>475 142</b>	<b>883 677</b>	<b>1 060 552</b>
<b>SURPLUS/DEFICIT</b>	<b>4 028 690</b>	<b>529 008</b>	<b>145 308</b>

**ZAMBEZI REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)**

**4. PROPERTY PLANT AND EQUIPMENT**

	<b>Work in Progress</b>	<b>Land &amp; Buildings</b>	<b>Machinery &amp; Vehicles</b>	<b>Office Furniture Equipment and computers</b>	<b>Total</b>
	N\$	N\$	N\$	N\$	N\$
<b>31 March 2012</b>					
Opening carrying amount	-	54 221 251	1 399 786	491 659	56 112 696
Additions	17 845 172	-	1 247 116	432 480	19 524 768
Transfer from WIP	(17 845 172)	17 845 172	-	-	-
Depreciation charged	-	(1 473 449)	(460 284)	(301 244)	(2 234 977)
<b>Closing carrying Amount</b>	<b>-</b>	<b>70 592 974</b>	<b>2 186 618</b>	<b>622 895</b>	<b>73 402 487</b>
Cost	17 845 172	6 011 605	8 153 501	2 503 801	34 514 079
Capitalized WIP	(17 845 172)	67 660 855	-	-	49 815 683
Accumulated Depreciation	-	(3 079 486)	(5 966 882)	(1 880 906)	(10 927 274)
<b>Closing carrying Amount</b>	<b>-</b>	<b>70 592 974</b>	<b>2 186 619</b>	<b>622 895</b>	<b>73 402 488</b>
<b>31 March 2011</b>					
Opening carrying amount	21 550 956	5 522 115	1 416 028	497 987	28 987 086
Additions	28 264 728	-	776 236	285 542	29 326 506
Transfer from WIP	(49 815 683)	49 815 683	-	-	-
Depreciation charged	-	(1 116 546)	(792 478)	(291 870)	(2 200 894)
<b>Closing carrying Amount</b>	<b>-</b>	<b>54 221 252</b>	<b>1 399 786</b>	<b>491 659</b>	<b>56 112 696</b>
Cost	49 815 683	6 011 605	6 906 385	2 071 321	64 804 994
Capitalized WIP	(49 815 683)	49 815 683	-	-	-
Accumulated Depreciation	-	(1 606 037)	(5 506 598)	(1 579 662)	(8 692 298)
<b>Closing carrying Amount</b>	<b>-</b>	<b>54 221 251</b>	<b>1 399 787</b>	<b>491 659</b>	<b>56 112 696</b>

**ZAMBEZI REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)**

**4. PROPERTY PLANT AND EQUIPMENT**

	<b>Work in Progress</b>	<b>Land &amp; Buildings</b>	<b>Machinery &amp; Vehicles</b>	<b>Office Furniture Equipment and computers</b>	<b>Total</b>
	N\$	N\$	N\$	N\$	N\$
<b>31 March 2010</b>					
Opening Carrying Amount	14 410 964	5 642 346	1 539 134	363 391	21 955 835
Additions	7 139 991	-	582 707	298 885	8 021 583
Depreciation charge	-	(120 232)	(705 812)	(164 290)	(990 334)
<b>Closing carrying amount</b>	<b>21 550 955</b>	<b>5 522 114</b>	<b>1 416 029</b>	<b>497 986</b>	<b>28 987 084</b>
Cost	21 550 956	6 011 606	6 130 149	1 785 779	35 478 488
Accumulated Depreciation	-	(489 491)	(4 714 120)	(1 287 792)	(6 491 403)
<b>Closing carrying amount</b>	<b>21 550 956</b>	<b>5 522 115</b>	<b>1 416 029</b>	<b>497 987</b>	<b>28 987 085</b>

**5. TRADE AND OTHER RECEIVABLES**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$
Build Together Housing scheme	-	1 112 183	1 087 631
Sundry Debtors - Subsistence and Travel	2 585 578	1 216 508	383 520
VAT claimable	4 559 603	4 011 081	2 328 009
Water Customer	-	-	175 193
	<b>7 145 181</b>	<b>6 339 772</b>	<b>3 974 353</b>

**6. INVENTORY**

Material and Supplies	-	-	87 704
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## ZAMBEZI REGIONAL COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)

	2012	2011	2010
	N\$	N\$	N\$
<b>7. CASH AND BANK</b>			
Main Account	2 021 924	-	373 798
Capital Development	987 469	6 771 443	1 408 518
Traditional authority	7 699	18 989	23 897
Build Together Revenue	361 392	367 579	385 564
Revenue Account	343 179	13 964	965 085
Build Together Receipts	124 119	102 787	90 820
OVC	7 314	1 397	40 288
HIV/AIDS Account	5 940	12 958	22 594
Equity Provision	29 243	28 513	27 850
NDP Call Deposit	10 931	10 650	10 422
Capital Project	37 858 017	30 979 171	38 820 072
IGA Acc	138 461	58 729	56 109
Build Together Call Deposit	3 933 762	3 741 054	3 543 385
Call Deposit Account	1 500	1 430	1 358
Disaster Fund	22 980	21 177	216 243
Remuneration Account	15 192	40 107	36 281
Rural Dev. Projects	3 829 885	354 546	-
Independence Account	-	-	3 352
Cash Control Account	-	-	350
Min of Education	100	100	100
	<b>49 699 107</b>	<b>42 524 594</b>	<b>46 026 085</b>
<b>Bank Overdraft</b>			
Bank Windhoek - Ind. Celebration	-	(254)	-
Bank Windhoek- Main Account	-	(154 603)	-
	-	<b>(154 857)</b>	-
Current Assets	49 699 107	42 524 594	46 026 085
Current Liabilities	-	(154 857)	-
	<b>49 699 107</b>	<b>42 369 737</b>	<b>46 026 085</b>

**ZAMBEZI REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)**

**8. TRADE AND OTHER PAYABLES**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$
Creditors	379 133	902 198	4 919 605
Other Payables	108 276	91 524	-
Salaries and Wages	-	-	8 884
	<b>487 409</b>	<b>993 722</b>	<b>4 928 489</b>

**9. ACCUMULATED FUNDS**

Accumulated surplus/loss	3 281 567	2 083 801	(338 185)
Prior year adjustments	-	278 677	-
Development capital funds	120 507 916	97 007 916	68 523 937
Build together capital funds	3 539 000	3 539 000	3 539 000
Surplus/loss for the year	2 430 884	919 089	2 421 986
	<b>129 759 367</b>	<b>103 828 483</b>	<b>74 146 738</b>

**10. INVESTMENT REVENUE**

Bank	1 479 727	1 919 239	1 333 176
Trade receivables	1 000	-	-
Build together program	-	42 776	43 483
	<b>1 480 727</b>	<b>1 962 015</b>	<b>1 376 659</b>

**11. FINANCE COSTS**

Bank	360	858	11 279
Trade payables	51	56	34 083
	<b>411</b>	<b>914</b>	<b>45 362</b>

**ANNEXURE D**  
**ZAMBEZI REGIONAL COUNCIL**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)**

**12. CASH GENERATED FROM OPERATIONS**

	<b>2012</b>	<b>2011</b>	<b>2010</b>
	N\$	N\$	N\$
Surplus/loss for the year	2 430 884	919 089	2 421 986
<b>Adjustments for:</b>			
Depreciations and amortisation	2 234 977	2 200 894	990 334
Interest received	(1 480 727)	(1 962 015)	(1 376 659)
Finance costs	411	914	45 362
<b>Changes in working capital</b>			
Inventory	-	87 357	(42 441)
Trade and other receivables	(805 409)	(2 374 762)	(862 133)
Trade and other payables	(506 314)	(3 646 050)	3 332 094
	<b>1 873 822</b>	<b>(4 774 573)</b>	<b>4 508 543</b>

**13. INCOME**

Government Transfers MRLGH	21 400 000	18 782 372	14 928 000
Rates levied from local authorities	-	165 000	193 893
Royalties and surcharges	60 652	57 831	769 483
Rental Income	10 350	13 320	61 204
Donations	56 471	20 143	99 596
Settlement Areas	85 749	83 624	128 946
Interest Received	1 480 727	1 962 015	1 376 659
Dividend received from Nored	100 000	-	-
Sundry Income	252 058	104 477	36 480
	<b>23 446 007</b>	<b>21 188 782</b>	<b>17 594 261</b>

**14. EXPENDITURE**

Administration	910 206	1 735 058	942 843
Depreciation amortization and impairments	2 234 977	2 200 894	990 334
Employee Costs	12 356 587	10 982 370	10 024 891
Land compensation	2 701 333	-	-
Material and supplies	464 840	489 137	129 461
Property rental hiring and related activities	39 738	654 527	284 564
Repairs and maintenance	1 042 342	285 552	139 732
Subscriptions	80 370	83 679	-
Subsidies grants and contributions	1 426 570	631 544	129 625
Travel and subsistence allowances	1 230 958	1 394 941	1 160 090
Transport and freight	1 736 348	1 589 832	757 803
Utilities	819 132	750 252	712 877
	<b>25 043 401</b>	<b>20 797 786</b>	<b>15 272 221</b>
Operating surplus/loss	(1 597 394)	390 996	2 322 040
Delegated functions	4 028 689	529 008	145 308
Finance cost	(411)	(914)	(45 362)
Surplus for the year	<b>2 430 884</b>	<b>919 090</b>	<b>2 421 986</b>