



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
**REGIONAL COUNCIL OF THE ZAMBEZI REGION**  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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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 2019 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, March 2023**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
ZAMBEZI REGIONAL COUNCIL  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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**1. ADVERSE AUDIT OPINION**

I have audited the financial statements of the Zambezi Regional Council for the financial year ended 31 March 2019. 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 for the year then ended.

In my opinion, because of the significance of the matters described in the Basis for Adverse Audit Opinion paragraph, the financial statements do not present fairly the financial position of the Zambezi Regional Council for the financial year ended 31 March 2019 and its financial performance for the year then ended in accordance with the Namibian Generally Accepted Accounting Practice (GAAP).

**2. BASIS FOR ADVERSE 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 expressed due to the following:

**2.1 Reporting framework**

The Regional Council does not have a legal financial reporting framework in place to achieve fair presentation in preparation of its annual financial statements.

**2.2 Leave days Provision**

The Regional Council did not recognise the obligation for the year pertaining to unused leave.

**2.3 Overtime attendance register**

It was observed during the audit that staff members do not attach/sign attendance registers to the overtime claim form when it's ready for payment. The auditor could not verify the accuracy of an amount of N\$ 985 605 for overtime disclosed in the financial statement due to the absence of the roster or attendance register.

#### **2.4 Government Houses**

In terms Section 35 of the Public Service Act, 1995 (Act 13 of 1995) of circular PSSR D.VII/VI states that "a management cadre who occupies official quarters must either purchase the quarters or vacate it within 3 months of receiving the benefit.

Auditors observed that the Chief Regional Officer and Deputy Director Planning that serve as management cadre are non-compliant with Section 35 of the Public Service Act, 1995 (Act 13 of 1995).

#### **2.5 Transaction recorded in both 2017/18 and 2018/19**

The Regional Council double recorded the transactions, resulting in an overstatement of N\$ 3 113 326.

#### **2.6 Trade and Other Receivables**

The auditors observed that the Regional Council does not perform monthly debtors' reconciliation.

A total difference of N\$ 2 834 597 was noted between account receivables as per the age analysis and the amount confirmed by Katima Mulilo Town Council.

#### **2.7 Cash and Cash Equivalent**

Cash and Cash Equivalent amounting to N\$ 9 788 252 is not disclosed in the financial statements for the year under review. Furthermore, a variance amounting to N\$ 6 175 594 was noted between the bank confirmation and the financial statements.

#### **2.8 Presentation of Statement of Cash Flow- Opening Balance**

As per ISA.510 states that if the auditor concludes that the opening balances contain a misstatement that materially affects the current period's financial statements, and the effect of the misstatement is not appropriately accounted for or not adequately presented or disclosed, the auditor shall express a qualified opinion or an adverse opinion.

The auditors noted that the Cash flow statement opening balance of N\$ 65 466 438 does not agree to the prior year audited report closing balance of N\$ 18 989 715.

#### **2.9 Account Payables**

Debit balances amounting to N\$ 3 697 280, were not reclassified to current assets, however the Regional Council set it off against the credit balances.

## **2.10 Appropriateness of tender processing**

The auditors assessed whether approval to start the procurement process was granted by Council; whether tender documents were properly prepared including neutral specifications/terms of reference, unambiguous evaluation criteria, clear and fair terms; appropriateness of the procurement methods used; whether tender documents, tender adverts, shortlists of bidders, minutes of negotiations, recommendations for awards were approved by Council; whether bid opportunities were properly published to the public; whether bidders were given adequate time to prepare bids.

Before choosing direct procurement as a choice of procurement method as contemplated in Section 36 of the Act, a public entity must ascertain whether - (a) goods to be procured cannot be procured using other procurement methods as contemplated in Section 27 of the Act;

The auditors only managed to obtain proof of payment amounting to N\$ 1 354 318 for the financial year but no other evidence was provided.

Further assessment into capital projects management, the auditors noted that the Council appointed the same consultant using directed method for construction of infrastructure services for Kongola. The auditors could not obtain the advertisement of the bid and the procurement minutes.

## **2.11 Service Level Agreement**

The Procurement Act No. 15, Act of 2015 part 8 section 62, provides clear guidelines on the setting up of contracts to ensure that performance levels can be monitored.

The auditors noted that the Regional Council makes use of a consultant for Pastel software license, however no service level agreement was entered into.

The aforementioned consultant issued a report with regards to gross effect on the financial statement that needs serious considerations. The key findings are as follows:

- S&T control Account not linked to individuals accounts;
- No movement in the Provision of Leave days in the opening balance since 2016-2018;
- Assets wrongly classified and depreciation rate incorrectly applied;
- Equity statement for 2016 - 2018 not corresponding to Statement of Financial Position; and
- Cash flow for 2016 - 2018 was marred with errors and not balance with Statement of Financial position for the year ended 2018.

## **2.12 Investment in Nored**

The Council did not disclose the shares held in Nored in their financial statement as required by IPSAS 28.

### **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**

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, I do not express any form of assurance conclusion thereon. In connection with my 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 my knowledge obtained in the audit or otherwise appears to be materially misstated. 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 used 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.
- 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.
- 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.

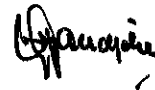
**7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

The financial statements were submitted to the Office of the Auditor-General by the Accounting Officer in compliance with Section 40 (1) of the Regional Council Act, 1992, (Act 22 of 1992).

**8. ACKNOWLEDGEMENT**

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

**WINDHOEK, March 2023**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

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Registered address	Zambezi Regional Council Office Katima Mulilo
Postal address	Private Bag 5002 Katima Mulilo Namibia
Auditors	Office of the Auditor General
Bankers	Bank Windhoek First National Bank Standard Bank

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Zambezi Regional Council has compiled the financial statements for 2018/2019 financial year with a degree of improvement from the financial statements of the previous year as depicted herein. The good governance of any public sector is generally understood to encompass how the public entity is managed, its corporate structure, accountability, culture, strategies and its policies and the ways in which it deals with its stakeholders.

We have implemented a new integrated financial accounting system, namely Pastel Evolution starting with 2019/2020 financial year report. We believe this system will assist management in ensuring that our records are accurate, complete and reliable and our management accounts and financial reports will be done on a timely manner.

In our opinion, although the Regional Council has done well across the board, there is still considerable room for improvement particularly when it comes to the management of the capital projects throughout the region.

In conclusion, I would like to thank the Council and Management for their dedication and hard work demonstrated during the year under review and it is our expectation that the audit outcome of these financial statements will reflect that there has been a significant improvement.

I thank you

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HONOURABLE W.M SIMUSHI  
CHAIRPERSON OF THE REGIONAL COUNCIL  
ZAMBEZI REGIONAL COUNCIL

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
ZAMBEZI REGIONAL COUNCIL  
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Zambezi Regional Council is mandated by statutory regulation to produce and submit auditable Annual Statement of Accounts to the Office of Auditor General. This requires the Financial Statements to be prepared in accordance with proper accounting practices, which primarily comprise of the accrual basis as guided by accepted accounting practices. Zambezi Regional Council's management herein presents the financial statements for the 2018/2019 financial year that indicates the year-end financial position as at 31 March 2019. This foreword, as has been detailed above, provides an insight of the Council's overall financial position, including the main influences on the accounts and key accounting policies used in the compilation of the financial statements. The above qualitative narrative sets the tone for readers of the financial statements to appreciate the underlying factors that support the existence of the quantitative enumerations. To improve comprehension, simple language has been used wherever possible, however there are technical accounting terms which cannot be substituted by common words and therefore these appropriate terms will be applied with caution.

**The Chief Regional Officer's Responsibilities**

The Chief Regional Officer is the Accounting Officer of the Regional Council and is responsible for the preparation of the Regional Council's Statement of Accounts in accordance with accepted accounting practice.

Therefore in preparing these financial statements, the Accounting Officer has: - a) Selected appropriate accounting policies and used them meticulously, b) Made judgments and estimates that were reasonable and prudent; and c) Complied with the code of practice and Ethical Accounting Principles. In addition the Accounting Officer ensured adherence to the institutional financial instructions as cascaded from the Treasury and related state regulations such as Public Service Act, 1995 (Act 13 of 1995), Labor Act, 2007 (Act 11 of 2007), State Finance Act, 1991 (Act 31 of 1991), Regional Councils Act, 1992 (Act 22 of 1992) and Decentralization Enabling Act, 2000 (Act 33 of 2000).

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

The Council is reliant on Government funding for the bulk of its revenue used to operate and execute its mandates. The future operations of the Council depend upon the continued funding from the Government, the outcome and the successful implementation of the targeted reforms. The purpose of this financial report is to provide information about the cash flows, financial performance and position of the Regional Council, and accountability of the resources entrusted to it.

**The Financial Statements comprise four key components:**

**i. Comprehensive Income and Expenditure Statement**

This comprehensive Income and Expenditure Statement shows all income and expenditure for the Regional Council.

**ii. Statement of Financial position**

The Balance Sheet shows the financial position of the Regional Council as at 31 March 2019, detailing such information which includes all assets, liabilities and equity.

**iii. Statement of Changes in Funds**

The statement of changes in equity shows the movement in accumulated funds of the Regional Council as well as the funds balance at the financial year end.

**iv. Cash Flow Statement**

The Cash Flow Statement, which shows the inflows and outflows of cash arising from transactions with other parties. In essence, it presents a summary of the movements of cash and cash equivalents in and out of the regional council.

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**Notes in substantiation to the Core Financial Statements**

In support to the contents of the main four components of the financial statements presented hereunder, there are notes to the financial statements that provide further detail and narrative of contextualisation, therefore these notes should be read in context with the state public accounting protocols.

**Approval of the annual financial statements**

The annual financial statements of Zambezi Regional Council, as set out on pages 7 to 17, were approved by the Council Management Committee on and signed on their behalf by:

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**MRS. R. NDOPU-LUBINDA  
CHIEF REGIONAL OFFICER**

**Date**

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**HON. W.M SIMUSHI  
CHAIRPERSON OF ZAMBEZI  
REGIONAL COUNCIL**

**Date**



## ANNEXURE A

## REGIONAL COUNCIL OF ZAMBEZI

## STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 N\$	2018 N\$
<b>ASSETS</b>			
<b>Total Non-current assets</b>		<b>271 399 525</b>	<b>263 059 068</b>
Property, plant and equipment	4	15 659 416	263 059 068
<b>Other Non-Current Assets</b>		<b>255 740 109</b>	<b>-</b>
Work-in-Progress - Capital Projects	12	255 740 109	-
<b>Current assets</b>		<b>92 920 066</b>	<b>94 923 007</b>
Stock: Consumables		284 809	206 836
Trade and other receivables	6	25 110 424	29 249 733
Cash and cash equivalents	7	67 524 833	65 466 438
<b>TOTAL ASSETS</b>		<b>364 319 591</b>	<b>357 982 075</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Funds</b>	9	<b>345 552 774</b>	<b>320 623 610</b>
Capital Development Fund		330 278 606	306 951 350
Build Together Fund		151 695	3 530 023
Accumulated Funds		29 964 697	21 744 672
Retained Earnings: (Accumulated)		(11 605 817)	(6 852 496)
Retained Earnings: (Current year)		(3 236 407)	(4 749 939)
<b>Current liabilities</b>		<b>18 766 817</b>	<b>37 358 465</b>
Trade payables	8	1 914 990	37 358 465
Sundry and Other payables	8	16 851 827	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>364 319 591</b>	<b>357 982 075</b>

## ANNEXURE B

**REGIONAL COUNCIL OF ZAMBEZI**  
**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH**

	Note	2019 N\$	2018 N\$
Income		49 358 363	49 849 555
Expenditures		(58 534 986)	(57 071 346)
<b>Operating surplus / (loss) before investment income</b>		<b>(9 176 623)</b>	<b>(7 221 791)</b>
Investment interest earned	10	2 960 395	1 754 570
Other income		213 351	299 799
Finance costs		-	-
<b>Surplus / (Deficit) for the year</b>		<b>(6 002 877)</b>	<b>(5 167 422)</b>
<b>Delegated surplus</b>	5	<b>2 766 469</b>	<b>417 483</b>
<b>Net surplus / (Deficit) for the year</b>		<b>(3 236 408)</b>	<b>(4 749 939)</b>
Appropriation account at the beginning of the year		-	-
<b>Appropriation account at the end of the year</b>		<b>(3 236 408)</b>	<b>(4 749 939)</b>

**REGIONAL COUNCIL OF ZAMBEZI**

**ANNEXURE C**

**STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 MARCH**

	<b>Capital development Fund</b>	<b>Build Together Fund</b>	<b>Accumulated Funds</b>	<b>Total</b>
	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>	<b>N\$</b>
<b>Opening balance: 01 April 2017</b>	<b>235 362 289</b>	<b>3 530 023</b>	<b>78 859 562</b>	<b>317 751 874</b>
Movements in equity	71 589 061	-	(63 967 387)	7 621 674
Surplus/(Deficit) for the	-	-	(4 749 939)	(4 749 939)
<b>Closing balance: 31 March 2018</b>	<b>306 951 350</b>	<b>3 530 023</b>	<b>10 142 236</b>	<b>320 623 609</b>
<b>Opening balance: 01 April 2018</b>	<b>306 951 350</b>	<b>3 530 023</b>	<b>10 142 236</b>	<b>320 623 609</b>
Movement for the year	23 327 256	(3 378 328)	8 216 645	-
Net Surplus/(Deficit)	-	-	(3 236 408)	28 165 573
for the year	-	-	(3 236 408)	(3 236 408)
<b>Closing balance: 31 March 2019</b>	<b>330 278 606</b>	<b>151 695</b>	<b>15 122 473</b>	<b>345 552 774</b>

## ANNEXURE D

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

	Note	2019 N\$	2018 N\$
<b>Cash flows from operating activities</b>			
<b>Net cash flows/(Outflows) from Operating Activities</b>	11*	<b>(9 114 898)</b>	<b>(1 895 604)</b>
Cash receipts from customers and other receipts		49 571 714	50 149 354
Delegated functions funds received		2 766 469	417 483
Cash payments to Suppliers		(49 883 164)	(47 600 877)
<b>Cash generated from (utilised in) Operations</b>		<b>2 455 019</b>	<b>2 965 960</b>
Interest Income		2 960 395	1 754 570
Finance costs		-	-
Changes in trade and other receivables and inventory		4 061 336	16 384 131
Changes in trade and other payables		(18 591 648)	(23 000 265)
<b>INVESTING ACTIVITIES</b>			
Disposals of property, plant and equipment/Adjustment of Accumulated Depreciation		2 752 847	-
Acquisition of fixed assets	4	(19 748 508)	(106 675)
<b>Net cash flows/(outflow) from Investing Activities</b>		<b>(16 995 661)</b>	<b>(106 675)</b>
<b>FINANCING ACTIVITIES</b>			
Build Together Funds introduced/(utilized)		(3 378 328)	-
Capital Development funds introduced/(utilized)		31 547 281	-
<b>Net Cash Flow/ (outflows) from Financing Activities</b>		<b>28 168 953</b>	<b>-</b>
Net change in cash and cash equivalents		2 058 394	(2 002 279)
Cash and Cash Equivalent at beginning of the year		*65 466 438	20 991 994
Cash and Cash Equivalent at the end of the year	7	<b>67 524 832</b>	<b>18 989 715</b>

**REGIONAL COUNCIL OF ZAMBEZI**  
**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH**

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**1.1. Statement of Compliance**

The financial statements are general-purpose financial statements that have been prepared in accordance with and in compliance with the Namibian Generally Accepted Accounting Practice (GAAP), as well as embracing all the statutory and applicable regulations governing the operations of the Regional councils in Namibia. The annual financial statements are prepared under the historical cost convention. Notably so, the ensuing accounting policies detailed hereunder are consistent, in all material respects, with those of the previous years.

**1.2. Significant Accounting Policies**

In the compilation of the Financial Statements, the appropriate accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transaction or other events is reported. Material accounting policies adopted in the preparation of financial statements are presented below and have been consistently applied throughout the process.

**1.3. Basis of Preparation**

The annual financial statements are prepared in line with the accruals concept and are based on a historical cost convention. Accounting policies contained herein are consistent, in all material respects, with those of the previous year. All amounts in these financial Statements are stated in Namibian dollars and rounded off to the nearest dollar where applicable. It should be noted, however that income and expenditure in relation to delegated functions is accounted for during the year on a cash accounting concept, in line with the State Finance Act of 1991. In the same dictum, since all liability in relation to delegated funds remains with the relevant Line Ministry and all unspent delegated funds are returned to the State Account as of 31 March, the administration of such funds has no material effect the Regional Council financial statements serve for accountability only.

**1.4 Inventories**

Inventories are measured at lower of cost and net realisable value. The cost of inventories comprises of purchase cost, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

**REGIONAL COUNCIL OF ZAMBEZI**  
**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH**

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**1.5. Trade Receivables**

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

**1.6 Cash and cash equivalents**

Convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently measured and recorded at fair value.

**2. Revenue**

**2.1. Contributions, grants and financial aid from Ministry of Urban and Rural Development**

The 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.

**2.2. Rates and levies from local authorities**

The Regional Council as per the Regional Council's Act of 1992, levies an amount equal to 5% of the rates levied on all rateable properties in constituent local areas that falls under the Zambezi Regional Council jurisdiction.

**2.3. Royalties and surcharges**

The Regional Council received royalties in respect of surcharges levied on its behalf by NORED. These rates are based on approved.

**3 Depreciation and amortisation policy**

All fixed assets are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write-off the cost of each asset to its residual value over its estimated useful life.

**REGIONAL COUNCIL OF ZAMBEZI**  
**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH**

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Land is not depreciated as it has an infinite useful life. Depreciation on site improvements and other property, plant and equipment is based on the pattern in which the asset's future economic benefits are expected to be consumed. This may vary from asset to asset, but where appropriate, is calculated on a straight-line basis so as to write-off the net cost or re-valued amount of each depreciable asset, less its estimated residual value, progressively over its estimated useful life to the Regional Council.

Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and commissioned ready for use. Where assets have significant separately identifiable components that are subject to regular replacement, these components are assigned useful lives distinct from the asset to which they relate. Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset to the Regional Council.

Depreciation is provided for on all Property, Plant and Equipment assets with a determinable finite life, an exception is made for assets without a determinable finite useful life (i.e. freehold land and certain community Assets) and assets that are not yet available for use (i.e. assets under construction also termed under Work In progress).

**Depreciation is calculated on the following bases:**

- i. Buildings – straight line allocation over the remaining life of the property (or its components), as estimated by an authorised.
- ii. Vehicles, plant, furniture and equipment and infrastructure – straight line allocation over the estimated useful life of each asset.

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

<b>3.1. Fixed Asset Type</b>	<b>Life Span</b>
Buildings (Land not depreciable)	50 years
Machinery & equipment	5 years
Motor vehicles	5 years
Furniture & fittings	5 years
Office equipment	3 years
Computer equipment	5years

**REGIONAL COUNCIL OF ZAMBEZI**  
**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH**

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**3.2. Intangible Asset type**

Intangible assets consist of assets with no physical substance namely accounting software which has been recognised in accordance with IAS38. It is carried at cost less accumulated amortised cost.

Amortisation is provided for on a straight-line method over the asset's useful life.

Computer Software

**3 years**



ANNEXURE F

REGIONAL COUNCIL OF ZAMBEZI  
NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH

4 Property, plant and equipment

	Land & Buildings	Plant & Machinery	Motor Vehicles	WIP	Computer Equipment	Furniture & Fittings	Office Equipment	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$	N\$
<b>O/C Amount-01/04/18</b>	<b>4 809 285</b>	<b>14 879 770</b>	<b>3 560 786</b>	<b>238 109 819</b>	<b>334 951</b>	<b>1 206 253</b>	<b>158 203</b>	<b>263 059 067</b>
Cost	6 011 606	37 703 455	14 464 001	238 109 819	1 712 116	3 402 405	959 684	303 363 086
Accumulated Depreciation	(1 202 321)	(22 823 685)	(10 903 215)	-	(1 377 165)	(2 196 152)	(801 481)	(39 304 019)
<b>Additions</b>	-	-	2 118 218	17 630 290	-	-	-	19 748 508
Correcting the FAR	-	-	-	-	(212 453)	(305 817)	(2 403)	(520 673)
Depreciation rate corrected	-	(309 911)	(1 654 384)	-	(50 200)	(151 172)	(69 888)	(2 235 555)
Depreciation-Current year	(120 232)	(7 368 307)	(797 022)	-	(43 089)	(278 325)	(44 847)	(8 651 822)
<b>C/C Amount-31/03/19</b>	<b>4 689 053</b>	<b>7 201 552</b>	<b>3 227 598</b>	<b>255 740 109</b>	<b>29 209</b>	<b>470 939</b>	<b>41 065</b>	<b>271 399 525</b>
Cost	6 011 606	37 703 455	16 582 219	255 740 109	1 499 663	3 096 588	957 281	321 590 921
Accumulated Depreciation	(1 322 553)	(30 501 903)	(13 354 621)	-	(1 470 454)	(2 625 649)	(916 216)	(50 191 396)

ANNEXURE F

REGIONAL COUNCIL OF ZAMBEZI  
NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH

4. Property, plant and equipment (continued)

Net book Value (Excl. WIP)

15 659 416

Property, plant and equipment - 2018

	Property, land & Buildings	Machinery & Vehicles	Office furniture & equipment computers	Other fixed assets	Total
	N\$	N\$	N\$	N\$	N\$
Opening Carrying amount – 01/04/17	27 177 594	4 919 409	2 216 039	-	34 313 042
Cost	43 715 061	14 464 001	5 967 530	-	64 146 592
Accumulated Depreciation	(16 537 467)	(9 544 592)	(3 751 491)	-	(29 833 550)
Additions	-	-	106 675	-	106 675
Work in progress - WIP	238 109 819	-	-	-	238 109 819
Depreciation expense	(7 488 539)	(1 358 623)	(623 306)	-	(9 470 468)
Closing Carrying amount – 31/03/18	257 798 874	3 560 786	1 699 408	-	263 059 068
Cost	281 824 880	14 464 001	6 074 205	-	302 363 086
Accumulated Depreciation	(24 026 006)	(10 903 215)	(4 374 797)	-	(39 304 018)

**REGIONAL COUNCIL OF ZAMBESI  
NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH**

**5. Delegated Functions**

The Regional Council is currently performing functions delegated by central government Line Ministries, as indicated and in accordance with the decentralisation Enabling Act 2000 (Act 33 of 2000).

	2019	2018
	N\$	N\$
<b>Line Ministry</b>		
<b>INCOME</b>	<b>7 703 780</b>	<b>4 112 021</b>
Ministry of Gender, Equality & Child Welfare	1 846 437	1 592 709
Office of the Prime Minister	206 400	309 159
Ministry of Agriculture & Forestry	1 060 000	861 000
Ministry of Land Reform	332 246	-
Rural Development Projects	4 258 697	1 349 153
	<b>(4 937 311)</b>	<b>(3 694 537)</b>
<b>EXPENDITURE</b>	<b>(2 008 522)</b>	<b>(1 165 923)</b>
Ministry of Gender, Equality & Child Welfare	(260 102)	(211 822)
Office of The Prime Minister	(1 112 565)	(875 989)
Ministry of Agriculture & Forestry	-	-
Ministry of Land Reform	(1 556 122)	(1 440 803)
Rural Development Projects	<b>2 766 469</b>	<b>417 484</b>
<b>SURPLUS/(DEFICIT)</b>		
<b>6. Trade and other Receivables</b>	<b>25 110 424</b>	<b>29 249 733</b>
Trade Receivables	10 037 914	9 762 031
5% Rates and taxes	-	1 383 271
Other receivables	1 518 874	296 545
Value added tax	13 553 636	17 807 886

**REGIONAL COUNCIL OF ZAMBEZI**  
**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH**

	2019	2018
	N\$	N\$
Inventory	284 809	206 836

**7. Cash and Cash Equivalents**

These include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value

<b>Cash and cash equivalents</b>	<b>67 524 833</b>	<b>65 466 440</b>
Bank Windhoek - Operational Account	9 555 961	15 994 298
Bank Windhoek - Remuneration Account	4 685 545	1 032 448
Bank Windhoek - Development Account	12 190 526	7 676 243
Bank Windhoek - Revenue Account	33 257 648	30 192 432
Bank Windhoek - BTP Receipts Account	34 446	25 726
Bank Windhoek - Traditional Authority Account	1 015	1 015
Bank Windhoek - NDP Account	11 715	11 715
Bank Windhoek - Call Deposit (Cap Project)	6 117	6 117
Bank Windhoek - Call Deposit (Cap Project)	178	-
Bank Windhoek - BTP Revolving Fund	2 994	343 725
Bank Windhoek - BTP Special Account	3 060 099	2 890 158
Bank Windhoek -OVC Account	2 767	3171
First National Bank - Disaster Funds Account	137 071	205 084
Bank Windhoek - HIV & Aids Account	38	38
Bank Windhoek - IGA Account	1 101 187	1 220 853
Bank Windhoek - Min. of Lands Account	20 318	2 908
Bank Windhoek - Min. of Agriculture Account	512 984	4 597 520
STD Business Trust Account	37 347	39 276
STD Business Trust Account	295 006	291 426
Bank Windhoek - Rural Dev Projects Account	2 611 371	931 787
Cash Control	500	500

**REGIONAL COUNCIL OF ZAMBEZI**  
**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH**

**ANNEXURE F**

	<b>2019</b>	<b>2018</b>
	N\$	N\$
<b>8. Trade and Other Payables</b>	<b>18 766 817</b>	<b>37 358 465</b>
Trade payables	1 914 990	12 164 652
Other current liabilities	16 851 827	25 293 813
Delegated functions	-	(100 000)
<b>9. Accumulated Funds</b>	<b>345 552 774</b>	<b>320 623 610</b>
Development Capital Funds	330 278 606	306 951 350
Build-Together Capital Funds	151 695	3 530 023
Accumulated Funds	29 964 697	21 744 672
Retained Earnings (Accumulated)	(11 605 817)	(6 852 496)
Retained Earnings (Current year)	(3 236 407)	(4 749 939)
<b>10. Interest Received</b>	<b>2 960 395</b>	<b>1 754 570</b>
Bank interest	2 960 395	1 754 570
<b>11. Cash generated (utilised) from operating activities</b>	<b>(8 958 951)</b>	<b>(3 650 174)</b>
Surplus / (Deficit) for the year	(3 236 407)	(4 749 939)
Adjusted for:	-	-
Depreciation and amortisation	8 651 822	9 470 469
Interest received	-	(1 754 570)
Finance costs	-	-
Changes in working capital:	-	-
Inventory	77 973	91 099
Trade and other receivables	4 139 309	16 293 032
Trade and other payables	(18 591 648)	(23 000 265)

**REGIONAL COUNCIL OF ZAMBEZI**  
**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH**

	2019	2018
	N\$	N\$
<b>12. Work-in-Progress: Development Capital Projects</b>		
<b>Other Non-Current Assets ( Work in progress)</b>	<b>255 740 109</b>	-
Wip-Const of services at Bukalo phase1 1	9 648 282	-
WIP:Survey of Kabbe South consti Office	17 858	-
WIP-Bukalo Phase 9	3 444 989	-
WIP-Bukalo Settlement Office	2 885 898	-
Wip-Kongola township establishment	1 354 135	-
WIP-Linyanti	12 105 849	-
WIP-Kabbe South	14 371 044	-
Wip-Chichimani Design & Servicing	457 331	-
WIP-Survey of Ngoma	519 308	-
WIP- Bukalo Village Council Office(New)	23 624 136	-
WIP - Rural Office	16 094 842	-
WIP - Regional Council Office	165 201 813	-
WIP-Rural Office	6 014 624	-

**REGIONAL COUNCIL OF ZAMBEZI**

**ANNEXURE G**

**STATEMENT OF DETAILED COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH**

	Note	2019 N\$	2018 N\$
<b>Revenue</b>		<b>49 358 363</b>	<b>49 849 556</b>
Government grants, subsidies and financial aid		47 797 748	48 219 066
Royalties and surcharges		228 537	169 072
Rental income		-	5 447
Donations		15 262	72 700
5% Rates and taxes		1 316 816	1 383 271
<b>Other Income</b>		<b>3 173 746</b>	<b>2 054 369</b>
Interest received	10	2 960 395	1 754 570
Dividends received		-	-
Tender fees		121 350	207 323
Commission received		65 927	82 343
Sundry income		26 074	10 133
Delegated functions		7 703 780	-
<b>Total Income</b>		<b>60 235 889</b>	<b>51 903 925</b>
<b>Expenditures</b>		<b>58 534 986</b>	<b>57 071 347</b>
Administration		7 177 223	6 663 903
Depreciation, amortisation and impairments		8 651 822	9 470 469
Donations paid		104 180	32 500
Employee costs		34 000 319	34 450 178
Stock adjustment		-	91 098
Materials and supplies		1 326 089	571 320
Property rental, hiring and related activities		397 575	194 914
Repairs and maintenance		167 787	114 351
Subscriptions and membership fees		90 735	10 085
Subsidies, grants and contribution expenses		1 400	101 619
Travel and subsistence allowances		2 385 348	1 626 755
Transport and freight		2 421 310	2 481 270
Utilities		1 811 198	1 262 885

## ANNEXURE G

**REGIONAL COUNCIL OF ZAMBEZI**  
**STATEMENT OF DETAILED COMPREHENSIVE INCOME FOR THE YEAR ENDED 31**  
**MARCH**

	Note	<b>2019</b>	<b>2018</b>
		N\$	N\$
<b>Operating income/ (loss)</b>		<b>(1 700 903)</b>	<b>(5 167 422)</b>
Delegated functions	5	4 937 310	417 483
Finance costs		-	-
<b>Surplus/(Deficit) for the year</b>		<b>(3 236 407)</b>	<b>(4 749 939)</b>