



**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 2021 AND 2022**



**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 2021 and 2022 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27 (4) of the Act.

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, August 2023**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
REGIONAL COUNCIL OF ZAMBEZI  
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2021 AND 2022**

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**1. ADVERSE AUDIT OPINION**

I have audited the financial statements of the Regional Council of Zambezi for the financial years ended 31 March 2021 and 2022. These financial statements comprise the statement of financial position, statement of financial performance, statement of changes in net assets, statement of cash flow for the years then ended and a summary of significant accounting policies.

In my opinion because of the significance of the matters discussed in the Basis for Adverse Audit Opinion paragraph the accompanying financial statements do not give a true and fair view of the financial position of the Regional Council of Zambezi as at 31 March 2021 and 2022 and its financial performance and their cash flow for the years then ended in accordance with International Public Sector Accounting Standards (IPSAS).

**2. BASIS OF 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 Institution 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. An Adverse audit opinion is being expressed due to the following:

**2.1 Property, Plant and Equipment- Opening balances**

For the 2021 financial year, the auditors noted that the Council made adjustments to the opening balance amounting to N\$ 52 302 584 without appropriate disclosures as required by IPSAS 3 paragraph 54 that states, an entity shall disclose the following: (a) the nature of the prior period error; (b) for each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected.

For the 2022 financial year, the auditors noted a difference for motor vehicles of N\$ 638 625 between the opening cost of N\$ 12 888 627 as disclosed in note 1 to the 2022 financial statements and the closing cost amount as per the 2021 financial statements of N\$ 13 527 252.

**2.2 Impairment of Items of Property, Plant and Equipment**

Paragraph 22 of IPSAS 21: Impairment of non-cash generating assets states that "an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset."

The auditors were not provided with the Council's impairment assessment of their non-cash generating assets.

### **2.2.1 Kabbe South Constituency Office**

IPSAS 17 paragraph 43 states that after recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

The auditors noted that Kabbe South Constituency office completion certificate issued on 16 September 2021 amounted to N\$ 16 388 693, while the Valuer General issued a valuation certificate amounting to N\$ 8 400 000, resulting in a major Impairment of N\$ 7 988 693. This impairment was not recognized by Zambezi Regional Council.

### **2.2.2 Linyanti Constituency Office**

The auditors noted that Linyanti Constituency office completion certificate issued on 16 September 2021 amounted to N\$ 13 968 864, while the Valuer General issued a valuation certificate amounting to N\$ 8 000 000, resulting in a major Impairment of N\$ 5 968 864. This impairment was not recognized by Zambezi Regional Council.

### **2.2.3 Zambezi Regional Office Park**

The auditors further observed that the Zambezi Regional Council Office Park was valued at N\$ 95 832 240 by the Office of the Valuer General, however this resulted in impairment of N\$ 38 561 760 a year after completion.

## **2.3 Non-disclosure of land**

The Council has buildings with a total cost of N\$ 179 000 000 in both financial years, however no land value was disclosed in the financial statements.

## **2.4 Assets with zero book value**

Paragraph 67 of IPSAS 17 states that: the residual value and the useful life of an asset shall be reviewed at least at each annual reporting date and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with IPSAS 3, Accounting Policies, Changes in Accounting Estimates and Errors.

The Council has items with an acquisition cost of N\$ 11 468 031 and N\$ 12 614 525 for 2021 and 2022 respectively that were fully depreciated as at 31 March 2021 and 31 March 2022, however these assets are still in use. No proof of review of the estimated useful life was provided for the years under review.

## **2.5 Incorrect capitalisation of items of property, plant and equipment**

The auditors noted that the Council incorrectly capitalised the cost of the Kabbe South Constituency building and Linyanti Constituency building prior to their completion dates as per the completion certificates. This resulted in the overstatement of the cost of buildings by N\$ 28 000 000 (2021).

## **2.6 Investment in Nored**

The Council disclosed an investment in NORED as an investment in Joint Ventures at zero book value in note 5 to the financial statement for both financial years. However, the auditors were not provided with share certificates and/or other relevant supporting evidence to show the Council's investment share in NORED (quantifiable ownership interest) as well as the investment value.

## **2.7 Cash and Cash Equivalents differences in bank balances**

The auditors noted differences of N\$ 1 115 128 (2021) and 19 247 (2022) between bank balances confirmed by the bank and the amounts disclosed in the financial statements.

## **2.8 Delegated function bank balances in note 23 to the financial statements**

The auditors noted differences of N\$ 19 537 653 (2021) and N\$ 18 682 513 (2022) between the amounts confirmed by the bank and the amounts disclosed in note 23 to the financial statements.

## **2.9 Correction of prior year errors- VAT Receivable**

In the 2022 financial year, the Council made adjustments netting to N\$ 18 437 733 in the VAT control account to account for VAT Refunds and VAT penalties relating to prior years that were not debited against the VAT control accounts in those financial years.

The Council however did not account for the correction of error in accordance with IPSAS 3 that requires the Council to disclose the following:

- (a) The nature of the prior period error;
- b) For each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected; and
- c) The amount of the correction at the beginning of the earliest prior period presented.

## **2.10 Failure to collect rates and taxes -Kongola Settlement**

Section 33. (1) of the Regional Council Act, 1992 states that "The funds of a regional council shall consist of (b) the rates, charges, fees and other moneys levied and received by the regional council under any provision of this Act in respect of immovable property situated within a settlement area in its region and services rendered by it or the regulation and control of any matter in a settlement area; Contrary to the Act, the Council failed to collect rental charges from residents residing in Kongola Settlement.

## **2.11 Bukalo Village Council**

Section 77(1) of the Local Authorities Act, 1992 states that, "There shall be levied for the benefit of the funds of regional councils an amount equal to five per cent of the rates levied under section 73 on all rateable property situated in local authority areas."

According to Government Notice number 225 of Government Gazette No. 5264, Bukalo was established as an area of local authority and declared as a Village Council in 2013. For the year under review, no revenue was recognized and/or collected from Bukalo Village Council in accordance with section 77 of the Local Authorities Act, Act No.23 of 1992.

## **2.12 LEAVE OBLIGATION/PROVISION**

IPSAS 39 states that when an employee has rendered service to an entity during an accounting period, the entity shall recognize the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service: (a) As a liability (accrued expense), after deducting any amount already paid.

It was noted that the Council has overstated the leave provision in the financial statement amounting to N\$ 1 743 674 (2021) and N\$ 2 261 966 (2022).

## **2.13 Difference between the financial statements and account payable age analysis**

The auditors noted a difference of N\$ 5 499 201 (2021) and N\$ 4 522 331 (2022) between the supplier's age analysis and the financial statements.

## **2.14 Negative balances on the age analysis**

The auditors noted negative balances on the account payables age analysis amounting to N\$ 2 593 375 (2021) and N\$ 6 561 952(2022) which were not reclassified to accounts receivable in the financial statements.

## **2.15 Journal entries with no supporting documents**

The Council processed adjustments to the net of N\$ 3 034 514 for 2021 in the general ledger, however no supporting documentation thereon could be provided for audit purpose.

## **2.16 Provision for doubtful debts**

As per IPSAS 23 par 33 the entity will need to establish enforceability of its control of resources before it can recognize an asset. If an entity does not have an enforceable claim to resources, then it shall not give rise to an asset. The auditors observed that there is long outstanding debtors over 180 days amounting N\$ 9 590 896 (2021) and N\$11 535 969 (2022), despite this fact the Council did not raise a provision for doubtful debts for the 2021 and 2022 financial years.



## **2.17 CASH FLOW STATEMENT**

According to IPSAS 2 paragraph 18 states that the cash flows statement shall report cash flows during the period classified by operating, investing and financing activities.

The auditors noted that the Council presented their Statement of Financial Performance as their net cash flow from operating activities.

## **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 MATTERS**

Attention is drawn to the management on the following matter(s) that relate to my responsibility in the audit of the financial statements, and excluding matters already disclosed by the Zambezi Regional Council in the financial statements. My opinion is not modified in respect of this matter.

### **4.1 Contract of employment Chief Regional Officer**

The auditors observed that the extension of contract for employment of the Chief Regional Officer Effective 01 March 2016 until 28 February 2021 was not recommended by Public Service Commission.

The Attorney General's Office advice that the contract resulted in ultra vires action. Therefore, the auditors observed that Council have approached Treasury in terms of section 11 subsection (3) that request Treasury to waive the claim against such person under section 16(1)(c)(i) or to authorize under section 20 that he or she be discharged from liability.

### **4.2 Resolved Contract of employment Chief Regional Officer**

The extension of Ms. Ndopu Lubinda's term of office was made after consultation with the Minister as per requirements of the Regional Councils Act, 1992, as amended. The recommendation of the Public Service Commission as previously dictated under Section 10A of the Public Service Act, 1980 is no longer a requirement under the new dispensation (Section 10A of the Regional Councils Act, 1992).

Therefore, the extension (01 March 2016 until 28 February 2021) of the Ms. Ndopu Lubinda's term of office was procedural and lawful. This also addresses the second issue, in that, having concluded that the extension in this matter was in fact procedural, therefore legal, all administrative acts taken by Ms. Ndopu Lubinda are consequently legal.

Furthermore, the requirement to seek Treasury's endorsement is therefore not required.

## **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 (IPSAS) and legislation and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements management is responsible for assessing the entity's ability to continue as a going concern disclosing as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the entity's financial reporting process.

## **6. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also;

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control
- Evaluate the appropriateness of accounting policies uses and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my

auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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.

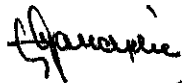
## **7. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

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).

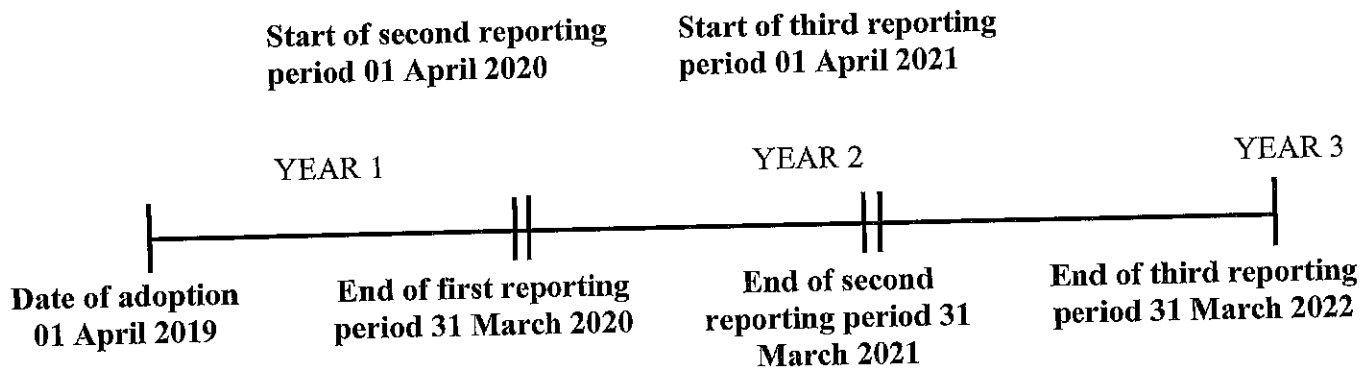
## **8. ACKNOWLEDGEMENT**

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

**WINDHOEK, August 2023**

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

## IMPLEMENTATION PLAN



Year 1 (ending 31 March 2020 – First Transitional IPSAS Financial Statements.  
Cannot assert compliance with accrual basis IPSASs

Present the following statements:  
\*Opening statement of financial position as at 01/04/2019  
\*Statement of financial position as at 31/03/2020  
\*Statement of financial performance for 31/03/2020  
\*Statement of changes in net assets as at 31/03/2020  
\*Cash flow statement for 31/03/2020  
\*Statement of comparison of budget and actual information for 31/03/2020

Notes:  
\*Reconciliation of changes from its previous basis of accounting (reflect adjustments related to the adoption of all IPSASs besides IPSAS 17).

Year 2 (ending 31 March 2021) – Transitional IPSAS Financial Statements  
Cannot assert compliance with IPSASs

Present the following statements for both 31/03/2021 and 2020:  
\*Statement of financial position  
\*Statement of financial performance  
\*Statement of changes in net assets  
\*Cash flow statement

Present the statement of comparison of budget and actual information for 31/03/2021.

Year 3 (ending 31 March 2022) –  
-Transitional IPSAS Financial Statements  
Cannot assert compliance with IPSASs

Present the following statements for both 31/03/2021 and 2020:  
\*Statement of financial position  
\*Statement of financial performance  
\*Statement of changes in net assets  
\*Cash flow statement

Present the statement of comparison of budget and actual information for 31/03/2022.  
Note:  
\*Reconciliation of adjustments made to recognize certain property, plant and equipment (PPE). ZRC to fully recognize PPEs by 31 March 2022.

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

		<b>2022</b>	<b>2021</b>	<b>2020</b>
	Note	N\$	N\$	N\$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents*	9	59 242 687	88 321 346	88 775 003
Receivables *	7	42 249 806	56 852 115	61 881 354
Inventories	6	15 148 187	12 990 339	11 346 530
Taxation (VAT)	7	543 974	836 396	807 848
		1 300 720	17 642 496	14 739 271
<b>Non-Current Assets</b>				
Property, Plant and Equipment	3	204 387 393	212 730 296	164 590 215
		204 387 393	212 730 296	164 590 215
<b>TOTAL ASSETS</b>				
		<b>263 630 080</b>	<b>301 051 642</b>	<b>253 365 218</b>
<b>Current Liabilities</b>				
Employee Benefit obligation	8	37 830 730	40 580 954	26 186 943
Payables*	8	13 093 195	12 067 391	10 358 967
		24 887 905	28 513 563	15 827 976
<b>Non-Current Liabilities</b>				
		-	-	-
<b>Total liabilities</b>				
		<b>37 830 730</b>	<b>40 580 954</b>	<b>26 186 943</b>
Accumulated surplus	10	225 648 981	260 470 688	227 178 275
<b>Total Net Assets and Liability</b>				
		<b>263 479 711</b>	<b>301 051 642</b>	<b>253 365 218</b>

\*Amounts in the statement of financial position does not agree to the notes to financial statements.

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

		<b>2022</b>	<b>2021</b>	<b>2020</b>
	Note	N\$	N\$	N\$
<b>REVENUE</b>				
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>				
		<b>52 982 179</b>	<b>54 140 570</b>	<b>44 451 248</b>
Government Subsidy	11	44 034 999	43 738 304	42 430 669
Government Subsidy Development	11	6 983 905	5 967 085	-
5% Rates Contribution from Local Authorities	11	1 820 030	1 537 303	1 408 280
Donations	11	41 980	-	14 400
Delegated funds (OPM, Agriculture & Rural)		101 265	2 897 878	597 899
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>				
	11	<b>3 488 208</b>	<b>4 044 333</b>	<b>3 442 330</b>
Interest income		811 285	1 321 107	3 042 746
Other operating revenue		2 676 923	2 723 226	399 583
<b>TOTAL REVENUE</b>		<b>56 470 387</b>	<b>58 184 903</b>	<b>47 893 577</b>
<b>OPERATING EXPENDITURE</b>				
		<b>66 054 669</b>	<b>61 828 916</b>	<b>59 761 312</b>
Council & Staff Remunerations	12	36 145 040	35 079 674	37 003 905
Subsistence and Travel Allowances	13	1 602 248	1 267 622	1 531 921
Material and Supplies	14	927 046	1 387 094	2 465 297
Transport Expenses	15	3 068 606	2 600 997	2 519 057
Utilities	16	3 334 226	2 582 436	2 543 805
Maintenance	17	2 627 268	399 919	657 316
Properties and other related expenses*	18	1 249 001	283 087	246 305
Other related expenses	19	9 496 223	7 742 903	4 019 405
Membership Fees and subscription	20	359 640	972 157	175 252
Grants and transfer	21	1 699 935	1 695 187	846 415
Current transfer	22	236 695	2 838 245	6 280 200
Depreciation Expense*	23	5 308 741	4 979 595	1 472 434
<b>SURPLUS/DEFICIT FOR THE YEAR</b>		<b>(9 584 282)</b>	<b>(3 644 013)</b>	<b>(11 867 735)</b>

\* Amounts in the statement of financial performance does not agree to the notes to financial statements.

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

		<b>2022</b>	<b>2021</b>	<b>2020</b>
	Note	N\$	N\$	N\$
Internal reserve	10	3 378 328	3 378 328	3378328
Adjustment from prior year	10	110 765 767	112 401 561	240 220 904
Retained earnings	10	141 165 737	164 755 769	-
Accumulated funds current	10	(20 068 570)	(16 420 957)	(4 553 223)
Accumulated funds current		(9 592 282)	(3 644 013)	(11 867 735)
<b>Balance at 31 March</b>		<b>225 648 980</b>	<b>260 470 688</b>	<b>227 178 274</b>

## ANNEXURE D

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

	2022	2021	2020
	N\$	N\$	N\$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>	<b>56 470 387</b>	<b>58 184 903</b>	<b>47 893 577</b>
Government Subsidies	44 034 999	43 738 304	42 430 669
Government Subsidies Development	6 983 905	5 967 085	-
Grant income	-	-	14 400
Local Authority 5% levy	1 820 030	1 537 303	1 408 280
Interest received	811 285	1 787 733	3 042 746
Donations Received	41 980	-	-
Royalties /Surcharges	204 431	-	-
Other (receipts) rentals and fishing license fees	145 665	-	399 583
Fines, penalties and levies	76 428	-	-
Food Security Action Plan	193 781	269 231	-
Rural Development Centre	2 056 618	1 314 369	-
Micro Finance	101 065	-	-
Rural Sanitation	-	673 000	-
Delegated income	200	2 897 878	597 899
	<b>66 062 669</b>	<b>61 828 914</b>	<b>59 761 312</b>
<b>Payments</b>			
Compensation of employees	36 145 040	35 079 674	37 003 905
Goods and Other Services	22 168 227	16 134 406	13 869 429
Finance cost	144 391	129 650	113 676
Grants and Subsidies paid	2 059 575	2 667 344	1 021 668
Other payments	5 308 741	4 979 595	1 472 434
Delegated Expenses	236 695	2 838 245	6 280 200
<b>Net Cash Flow from Operating Activities</b>	<b>(9 592 282)</b>	<b>(3 644 011)</b>	<b>(11 867 735)</b>
<b>Cash Flow from Investing Activities</b>			
Purchase of PPE	(1 265 297)	(818 270)	(172 988 395)
<b>Net cash flows from investing activities</b>	<b>1 265 297</b>	<b>818 270</b>	<b>172 988 395</b>
Net Increase/ (Decrease) in cash and cash equivalent*	(14 602 309)	(5 029 239)	(5 962 417)
Cash and Cash Equivalent as of 1st April	56 852 115	61 881 354	67 843 771
<b>Cash and Cash Equivalent as of 31st March</b>	<b>42 249 806</b>	<b>56 852 115</b>	<b>61 881 354</b>

\*Incorrect net increase /decrease in cash and cash equivalent.



**REGIONAL COUNCIL OF ZAMBEZI  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL INFORMATION FOR 31 MARCH**

	Original Budget	Revised and Final Budget	Actual	Differences	%
	2022	2022	2022	2022	
	N\$	N\$	N\$	N\$	
<b>Receipts</b>	<b>86 436 441</b>	<b>78 077 916</b>	<b>58 997 978</b>	<b>19 070 492</b>	<b>85%</b>
Government Subsidy	44 035 000	44 035 000	44 035 000	-	0%
5% rates levied from Local Authorities	550 000	550 000	50 000	500 000	9%
Development budget	20 073 000	12 500 000	3 110 442	9 389 558	25%
GRN subsidy – Rural Services P	-	538 462	-	538 462	100%
Property rentals	50 000	30 000	-	30 000	100%
Nored Surcharges	250 000	-	-	-	-
Nored - Dividends	300 000	-	-	-	-
Nored - Dividends	(300 000)	-	-	-	-
Income from Kongola Settlement	20 000	20 000	-	20 000	100%
Other income (interest, Tenders, fishing, etc.)	1 200 000	1 455 542	271 683	1 183 859	18%
Land Compensation	5 604 080	5 604 080	5 594 634	-	-
Own source (Bank Balance)	14 564 361	13 344 832	5 936 219	7 408 613	55%
2.5% Commission	90 000	-	-	-	-
<b>Operational Expenditure</b>					
Remuneration	34 132 275	34 132 275	30 167 040	3 965 235	88%
Contribution (GIPF and MOPOOBPF)	4 191 214	4 191 214	3 809 862	381 352	91%
Other Condition of Services	1 570 678	1 570 678	659 611	911 067	42%

**REGIONAL COUNCIL OF ZAMBEZI  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL INFORMATION FOR 31 MARCH**

	<b>Original Budget</b>	<b>Revised and Final Budget</b>	<b>Actual</b>	<b>Differences</b>	<b>%</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>2022</b>
	N\$	N\$	N\$	N\$	
<b>Operational Expenditure (continued)</b>					
Travelling and Subsistence Allowances	1 730 460	1 930 460	1 955 778	-25 318	101%
Material and Supplies	1 384 000	1 384 000	1 476 322	-92 322	106%
Transport	4 270 000	3 670 000	2 820 950	849 050	79%
Utilities	4 287 500	4 287 500	3 571 766	715 734	83%
Maintenance Expenses	770 000	770 000	490 055	279 945	64%
Property Rental	300 000	350 000	338 865	11 135	97%
Other Services and Expenses	9 747 680	10 247 680	9 772 558	475 122	95%
Membership Fees and Subscription Domestic	635 000	385 000	158 161	226 839	41%
Furniture's and Office Equipment	500 274	600 274	260 808	339 466	43%
Vehicles	1 830 000	1 830 000	1 751 761	78 239	96%
<b>Total Operational Expenditure</b>	<b>65 349 081</b>	<b>65 349 081</b>	<b>57 233 537</b>	<b>8 115 544</b>	<b>88%</b>
	<b>Original Budget</b>	<b>Revised and Final Budget</b>	<b>Actual</b>	<b>Differences</b>	<b>%</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>2021</b>
	N\$	N\$	N\$	N\$	
<b>Receipts</b>					
Government Subsidy	43 416 452	43 416 454	43 416 454	-	-
Property rentals	50 000	50 000	-	50 000	100%
Income from Kongola Settlement	20 000	20 000	-	20 000	100%
Other income (interest, Tenders, fishing, etc.)	3 000 000	3 000 000	2 037 705	962 295	67%

## REGIONAL COUNCIL OF ZAMBEZI

## STATEMENT OF COMPARISON OF BUDGET AND ACTUAL INFORMATION FOR 31 MARCH

	Original Budget	Revised and Final Budget	Actual	Differences	%
	2021	2021	2021	2021	2021
	N\$	N\$	N\$	N\$	
<b>Receipts (continued)</b>					
Land Compensation	5 633 339	5 633 339	-	-	-
Royalties	250 000	250 000	197 692	52 308	79%
Own source	12 363 293	12 363 293	5 375 829	6 987 464	43%
2% Commission	80 000	80 000	52 262	27 738	65%
Bank Balance as of 1st April 2020 Op + Rem)	4 193 221	4 193 221	4 193 221	-	-
<b>Total</b>	<b>69 006 305</b>	<b>69 006 307</b>	<b>55 273 163</b>	<b>8 099 805</b>	<b>71%</b>
<b>Operational Expenditure</b>					
Remuneration	35 325 129	35 325 129	28 700 098	6 625 031	81%
Contribution (GIPF and MOPOOBPF)	4 238 370	4 238 370	3 576 126	662 244	84%
Other Condition of Services	1 570 678	1 570 678	377 780	1 192 898	24%
Travelling and Subsistence Allowances	1 826 187	1 826 187	1 294 570	531 617	71%
Material and Supplies	2 277 226	2 277 226	1 022 827	1 254 399	45%
Transport	2 871 721	2 871 721	3 370 746	-499 025	117%
Utilities	4 457 500	4 457 500	3 217 539	1 239 961	72%
Maintenance Expenses	1 650 000	1 650 000	341 904	1 308 096	21%
Property Rental	515 000	515 000	371 071	143 929	72%
Other Services and Expenses	10 304 839	10 304 839	4 785 755	5 519 084	46%
Membership Fees and Subscription Domestic	1 405 000	1 405 000	462 000	943 000	33%

ANNEXURE E

REGIONAL COUNCIL OF ZAMBEZI  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL INFORMATION FOR 31 MARCH

	Original Budget	Revised and Final Budget	Actual	Differences	%
	2021	2021	2021	2021	2021
	N\$	N\$	N\$	N\$	
<b>Operational Expenditure (continued)</b>					
Furniture's and Office Equipment Vehicles	164 655	164 655	518 032	-353 377	314%
	2 400 000	2 400 000	734 418	1 665 582	31%
<b>Total Operational Expenditure</b>	<b>69 006 305</b>	<b>69 006 305</b>	<b>48 772 866</b>	<b>20 233 439</b>	<b>71%</b>
	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>	<b>2020</b>
<b>Revenue</b>	<b>64 495 447</b>	<b>64 495 447</b>	<b>56 867 332</b>	<b>7 628 115</b>	<b>12%</b>
Government Subsidy	41 416 452	41 416 452	41 416 452	-	-
Property rentals	50 000	50 000	-	50 000	100%
Income from Kongola Settlement	20 000	20 000	-	20 000	100%
Others (interest, Tenders, fishing, etc.)	1 360 000	1 360 000	2 037 705	(677 705)	(49)%
Land Compensation	6 970 000	6 970 000	6 970 000	-	-
Royalties	250 000	250 000	197 692	52 308	21%
VAT Refund (Operation)	6 258 212	6 258 212	2 000 000	4 258 212	68%
2% Commission	70 000	70 000	52 262	17 738	25%
Bank Balance as of 1st April 2019 Op + Rem)	8 100 783	8 100 783	4 193 221	3 907 562	48%

**REGIONAL COUNCIL OF ZAMBEZI  
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL INFORMATION FOR 31 MARCH**

	Original	Revised and	Actual	Differences	%
	Budget	Final Budget	2020	2020	2020
	2020	2020	2020	2020	2020
	N\$	N\$	N\$	N\$	
<b>Operational Expenditure</b>	<b>64 495 447</b>	<b>64 495 447</b>	<b>47 046 161</b>	<b>17 449 286</b>	
Remuneration	34 727 053	34 727 053	28 700 098	6 026 955	17%
Contribution (GIPF and MOPOOBPF)	4 271 669	4 271 669	3 576 126	695 543	16%
Other Condition of Services	1 209 187	1 209 187	377 780	831 407	69
Travelling and Subsistence Allowances	1 693 329	1 693 329	1 819 700	(126 371)	(8)%
Material and Supplies	1 763 382	1 763 382	1 655 616	107 766	6%
Transport	2 323 031	2 323 031	2 170 645	152 386	7%
Utilities	3 622 460	3 622 460	3 088 211	534 249	15%
Maintenance Expenses	1 080 000	1 080 000	564 896	515 104	48%
Property Rental	203 380	230 380	209 676	(6 296)	(3)%
Other Services and Expenses	11 204 101	11 204 101	4 785 755	6 418 346	57%
Membership Fees and Subscription Domestic	640 200	640 200	97 658	542 542	85%
Furniture's and Office Equipment	407 655	407 655	-	407 655	100%
Vehicles	1 350 000	1 350 000	-	1 350 000	100%

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

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**1. Statement of Compliance and Basis of Preparation**

The Council's financial statements have been prepared in accordance with accrual basis International Public Sector Accounting Standards (IPSASs) as from 01 April 2019. IPSAS 33 allows a first-time adopted a period of up to three years to recognize and/or measure certain assets and/or liabilities. The Council took advantage of this transitional exemptions and provisions; it is unable to make an explicit and unreserved statement of compliance with accrual basis IPSAS financial statements for this period.

The council intends to measure its properties, plant and equipment by 31 March 2023 immediately after the transitional period. This is due to the backlog experienced over the years. However, since the council is on its third year period of transition, will take advantage of three year transitional exemption to complete the measurement process and fully comply on our First IPSAS Financial Statements for 31 March 2023.

The financial statements are presented in Namibian dollar, which is the functional and reporting currency of the council.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statements have been prepared using the direct method. The financial statements are prepared on accrual basis.

Financial Statements

Financial statements are prepared on non-comparative information as first time adoption of accrual basis.

Opening Statement of Financial Position

Statement of Financial Position

Statement of Financial Performance

Statement of changes in Net Assets

Statement of Cash Flow

Statement of Comparison of Budget and Actual Information

Notes to the Annual Financial Statements, comprising a description of the basis of preparation and presentation of the statements, summary of significant accounting policies and other relevant information.

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

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**2. Significant Accounting Policies**

**Revenue recognition**

Revenue comprises of gross inflow of economic benefits or service potential received and receivable during the year. The Council recognise revenue as per established criteria of IPSAS 9 (revenue from exchange transactions) and IPSAS 23(revenue from non-exchange transactions).

**2.1 Revenue from non-exchange transactions**

**2.1.1 Fees, Levies and Subsidies**

The Council recognizes revenues from fees, levies and taxes when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the Council and the fair value of the asset can be measured reliably.

**2.1.2. Transfers from other government entities**

Revenues from non-exchange transactions with government transfer are measured at fair value and recognized on obtaining control of the asset (cash) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the Council and can be measured reliably.

**2.1.3. 5% Contribution from Local authorities**

The Council received contribution from local authorities as per the provision of section 77(1) of the Local Authority Act.

**2.2 Revenue from exchange transaction**

**2.2.1 Rental income**

A lease is an agreement whereby the lessor conveys to the lease, in return for a payment or series of payments, the right to use an asset for an agreed period of time.

**2.2.3. Value Added Tax (VAT)**

VAT charged on a purchase of assets or services and services which is not recoverable from the Receiver of Revenue, such amount is realised as part of the cost of acquisition of the asset or such amount is expensed.

The net amount of VAT recoverable from or payable to the Receiver of Revenue is included in the Statement of Financial Position as part of receivables or payables.

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

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**2.3 Property, Plant and Equipment**

All property, plant and equipment are stated at cost less accumulated depreciation and any impairment

<b>Asset class</b>	<b>Depreciation method</b>	<b>Estimated useful life (in years)</b>
Land	non depreciable	
Buildings	straight line	50
Machinery and equipment	straight line	5
Motor Vehicles	straight line	5
Office furniture and equipment	straight line	3-5
Computer equipment	straight line	3-5
Work in progress	not depreciated	

Improvements are capitalised when the improvement results in an increase in the useful life of the asset and adds usable space. Normal repair and maintenance costs are expensed in the year the costs are incurred.

A transitional provision, which will end on 31 March 2022, has been applied for the initial recognition and measurement of property, plant and equipment as deemed cost.

**2.4 Trade and other receivable**

Trade receivables are carried at estimated net realizable value.

An allowance for doubtful account receivable is recognised when there is a risk that the receivable may be impaired. All outstanding amounts at year end which are older than 120 days are provided as provision for doubtful debts. Bad debts are written off during the year in which they are identified. Changes in the allowance for doubtful accounts receivable are recognised in the Statement of Financial Performance.



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

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**2.4 Inventories**

Inventory items in stock are kept for internal consumption only; therefore inventories are measured at cost at acquisition. However where inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is recognized at fair value at the date of acquisition. The cost of inventories comprises all cost of purchases, cost of conversion and other cost incurred in bringing item to its present location and condition.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Council.

**2.5 Provisions**

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

**2.7 Employee benefits**

The Council recognises the following categories of employee benefits:

Short-term employee benefits that falls due wholly within 12 months following the end of the accounting in which the employee renders the related service.

Post-employment benefits

Retirement benefit plans

The Council staffs and Councillors are members of Government Institution Fund which is a statutory pension fund created by the Namibian Government to provide pension and other related benefits to civil servants as well as employees of some institution established by the Acts of parliament.

The Council provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

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

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**2.8 Related parties**

The entity regards a related party as a person or an entity with the ability to exercise control individually or jointly, or to exercise significant influence over the entity, or vice versa. The Council regards the key management members as related parties and comprises the Councillors, the Chief Regional Officer and Senior Managers.

**2.9 Cash and cash equivalent**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at various commercial banks at the end of the financial year.

**2.10 Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**2.11 Significant judgments and sources of estimation uncertainty**

The preparation of the Entity's financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

**2.12 Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statement for the year ended 31 March 2020.

**2.13 Segment reporting**

As required by IPSAS, the Council did not report on segments, exemption as per IPSAS 33 is applied.

**2.14 Statement of Cash flow**

The statement of cash flow is prepared using the direct method.

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

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**2.15 Budget information**

The annual budget is prepared on cash basis, that is, all planned costs and income are presented in a single statement to determine the needs of the entity. As required under IPSAS 24, the actual amounts presented on a comparable basis to the budget shall be reconciled to the actual amount in the financial statements, where the budget and the financial statements are not prepared on the comparable basis, identifying separately any basis, timing, presentation and entity differences.

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

**3. Property, plant and equipment**

	Work-In-Progress	Buildings	Motor Vehicles	Furniture and Fixtures	Computer equipment	Office Equipment	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$
<b>01-Apr-21</b>							
Cost	37 003 082	179 000 000	12 888 627	3 701 655	572 931	496 291	234 301 211
Accumulated Depreciation	-	(6 440 000)	(11 191 445)	(3 059 375)	(419 772)	(460 323)	(21 570 915)
<b>Carrying amount</b>	<b>37 003 082</b>	<b>172 560 000</b>	<b>1 697 182</b>	<b>642 280</b>	<b>153 159</b>	<b>35 968</b>	<b>212 730 296</b>
<b>Movement</b>							
Additions	-	-	672 143	144 230	216 766	232 158	1 265 297
Prior year adjustment (LA Hall and CDF projects)	(4 299 210)	-	-	-	-	-	(4 299 210)
Depreciation	-	(3 580 000)	(1 036 574)	(352 545)	(236 691)	(103 180)	(5 308 991)
<b>31-Mar-22</b>							
Cost	32 703 872	179 000 000	14 199 395	3 845 885	789 697	728 449	231 267 298
Accumulated depreciation	-	(10 020 000)	(12 228 019)	(3 411 920)	(656 463)	(563 503)	(26 879 905)
<b>Carrying amount</b>	<b>32 703 872</b>	<b>168 980 000</b>	<b>1 971 376</b>	<b>433 965</b>	<b>133 234</b>	<b>164 946</b>	<b>204 387 393</b>

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

**3. Property, plant and equipment as at 31 March 2021**

	Work-In-Progress	Buildings	Motor Vehicles	Furniture and Fixtures	Computer equipment	Office Equipment	Total
	N\$	N\$	N\$	N\$	N\$	N\$	N\$
<b>01-Apr-20</b>							
Cost	37 003 082	179 000 000	12 888 627	3 697 255	400 627	493 350	233 482 941
Accumulated	-	(2 860 000)	(10 183 984)	(2 726 434)	(379 306)	(440 419)	(16 590 143)
<b>Carrying amount</b>	<b>37 003 082</b>	<b>176 140 000</b>	<b>2 704 643</b>	<b>970 821</b>	<b>21 321</b>	<b>52 931</b>	<b>216 892 798</b>
<b>Movement</b>							
Additions	-	-	638 625	4 400	172 304	2 941	818 270
Depreciation	-	(3 580 000)	(1 007 460)	(332 941)	(40 466)	(19 904)	(4 980 772)
<b>31-Mar-21</b>							
Cost	37 003 082	179 000 000	13 527 252	3 701 655	572 931	496 291	234 301 211
Accumulated	-	(6 440 000)	(11 191 445)	(3 059 375)	(419 772)	(460 323)	(21 570 915)
<b>Carrying amount</b>	<b>37 003 082</b>	<b>172 560 000</b>	<b>2 335 807</b>	<b>642 280</b>	<b>153 159</b>	<b>35 968</b>	<b>212 730 296</b>

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

**4. Reconciliation of Net Assets/Equity 2022**

Zambezi Regional Council adopted accrual basis IPSAS on April 1, 2019 and buildings were measured at cost.

Details	Attributable to owners of the controlling entity	Capital Project Dev.	Retained Earnings	Surplus for the year	Total net assets/equity
	Accumulated surplus/deficit	Other Reserves			
	N\$	N\$	N\$	N\$	N\$
Opening balance as at April 1, 2021	(16 420 957)	3 378 328	112 401 561	164 755 769	(3 644 013)
Measurement of Buildings at cost in accordance with IPSAS 33					260 470 688
Restated opening balance as at April 1, 2021	(16 420 957)	3 378 328	112 401 561	164 755 769	(3 644 013)
Surplus/Deficit for the period	(3 647 613)	-	(1 635 793)	(23 590 032)	(5 948 269)
Balance at March 31, 2022	(20 068 570)	3 378 328	110 765 768	141 165 737	(9 592 282)
					<b>225 648 981</b>

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

ANNEXURE F

4. Reconciliation of Net Assets/Equity 2021

Details	Attributable to owners of the controlling entity	Capital Project Dev.	Retained Earnings	Surplus for the year	Total net assets/equity
	Accumulated surplus/deficit	Other Reserves			
	N\$	N\$	N\$	N\$	N\$
Opening balance as at April 1 2020	(16 420 957)	3 378 328	112 401 561	164 755 769	260 470 688
Measurement of Buildings at cost in accordance with IPSAS 33					
Restated opening balance as at April 1 2020	(16 420 957)	3 378 328	112 401 561	164 755 769	260 470 688
Surplus/Deficit for the period				(3 644 013)	
Balance at March 31 2021	(16 420 957)	3 378 328	112 401 561	164 755 769	260 470 688

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

**5. Property, plant and equipment under construction**

**Capital expenditure for the year**

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>
	N\$	N\$	N\$
<b>Work In Progress WIP:</b>	<b>32 703 872</b>	<b>37 003 082</b>	<b>26 101 606</b>
Capital Project-W.I.P/Kongola Township Establishment	-	1 354 135	1 354 135
Capital Project-W.I.P/Constituency Projects (CDF)/Kabbe South Constituency	-	23 084	-
Capital Project-W.I.P/Constituency Projects (CDF)/Kabbe Nouth Constituency	-	3 600	-
Capital Project-W.I.P/Construction of Services Kongola	5 629 715	4 145 283	-
Capital Project-W.I.P/Construction of Services of Linyanti Const Office	-	61 997	-
Capital Project-W.I.P/Construction of Services of Kabbe South Const Office	-	26 593	-
Capital Project-W.I.P/Chichimani Design & Servicing	457 332	457 332	457 332
Capital Project-W.I.P/Construction of Services Sibbinda	59 410	59 410	35 410
Capital Project-W.I.P/Construction of Services Ngoma	2 772 910	2 772 910	851 358
Capital Project-W.I.P/Construction of Rural Development Centre	23 540 393	23 231 045	22 814 224
Capital Project-W.I.P/Legislative Assembly Hall	-	4 710 676	589 147
Capital Project-W.I.P/Minor Capital Project	244 112	157 018	-



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

**6. Inventory**

Inventory is measured at cost upon initial recognition. In the case where inventory was received through non exchange transactions (for no cost or for a nominal cost), the cost of the inventory is recognised at fair value at the date of acquisition. After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

	<b>2022</b>	<b>2021</b>	<b>2020</b>
	N\$	N\$	N\$
<b>Inventory Category</b>	<b>543 974</b>	<b>836 396</b>	<b>807 848</b>
Cleaning Materials	66 783		230 753
Stationeries	285 650		374 299
Computer Supplies	191 541		202 796

**7. Trade and other receivables**

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

<b>Trade and other receivables</b>	<b>14 998 753</b>	<b>12 855 307</b>	<b>11 346 531</b>
<b>Receivables from exchange transactions</b>	<b>12 025 925</b>	<b>10 634 004</b>	<b>7 021 708</b>
Trade and other Receivables	12 025 925	10 262 175	6 893 118
Surcharges - Nored	-	-	128 590
Advance payments to suppliers	-	371 829	-
<b>Receivables from non-exchange transactions</b>	<b>4 273 548</b>	<b>19 863 799</b>	<b>19 064 094</b>
<b>Trade and other receivables</b>			
Subsistence and Travelling Allowance(S&T)	-	-	388 826
5% Rates & Taxes	-	-	1 408 280
Sundry Debtors /Ministry Of Education	-	1 035 397	1 035 397
S & T Control	-	-	292 808

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

	2022	2021	2020
	N\$	N\$	N\$
<b>7. Trade and other receivables (continued)</b>			
Sundry Creditors/Ministry Of Education	-	-	1 028 131
Salaries Control/Social Security Employee Contribution	-	-	146 023
Salaries Control/Employees Deduction - Garnishee / Maintenance	-	-	3 542
Salaries Control/Employees Deduction- Bond Repayment	-	-	21 816
Sundry Debtors/ Ministry of Lands	(30 765)	(30 765)	-
Sundry Debtors/ Min. of Agriculture Rural Water	(104 268)	(104 268)	-
Sundry Debtors/ Min. of Gender Equality	1 500	-	-
Sundry Creditors/ MICT	2 488	-	-
Sundry Debtors/ MICT	(14 402)	-	-
Bukalo Village Control Account	155 508	-	-
Sundry Debtors/ Ministry of Health	1 000	-	-
Employee DSA Control	972 637	-	-
Ministry of Agriculture - DCPD	960 999	-	-
Salaries Control/Social Security Employee Contribution	-	292 808	-
Salaries Control/Employees Deduction - Garnishee / Maintenance	-	1 028 131	-
<b>Value Added Tax</b>	<b>1 300 720</b>	<b>17 642 496</b>	<b>14 739 271</b>

**REGIONAL COUNCIL OF ZAMBEZI**

**ANNEXURE F**

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH**

	2022	2021	2020
	N\$	N\$	N\$
<b>8. Trade and other Payables</b>	<b>24 737 536</b>	<b>28 378 530</b>	<b>15 827 976</b>
Trade and other payables from exchange transactions	9 163 195	12 681 932	1 268 049
Employee Benefit obligation	13 093 195	12 067 391	10 358 967
Leave provision	13 093 195	12 067 391	10 358 967
<b>Trade and other payables from Non-exchange transactions</b>	<b>15 574 340</b>	<b>15 696 598</b>	<b>14 559 927</b>
Bukalo Village Control Account	-	91 836	83 824
Min. of Education Control account	13 583 970	13 583 970	11 966 014
Min. of Lands control account	-	-	30 765
Agriculture - Rural Water Supply	196 000	267 000	104 268
Cash control account	-	-	12 721
Salaries Control/Net Salary & Wages	-	-	6 188
Salaries Control/Social Security Employee Contribution	67	12 934	-
Salaries Control/GIPF/POB Employee's Contribution	466 874	-	457 680
Salaries Control/Employee Deduction - Receiver Of Revenue PAYE	956 711	1 692 567	1 699 244
Salaries Control/Employees Deduction PSEMAS - Medical Aid	60	-	161 760
Salaries Control/Employees Deduction - Insurances Policy	21 963	25 725	25 778
Salaries Control/Employees Deduction - Loans Facility	190 843	11 050	11 050
Salaries Control/ Employees Deduction - Garnishee/Maintenance	13 300	-	-
Salaries Control/Employees Deduction - Accommodation	7 614	-	3

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

	2022	2021	2020
	N\$	N\$	N\$
<b>8. Trade and other payables from Non-exchange transactions (continued)</b>			
Salaries Control/ Employees deduction - Build Together	238	-	620
Salaries Control/Employees Deduction – Bond Repayment	133 394	11 516	-
Salaries Control/Employees Deduction - Union NAPWU	2 827	-	12
Salaries Control/Employees Deduction - Union PSUN	480	-	-
<b>9. Cash and cash equivalents</b>			
<b>Current accounts and call accounts on hand</b>	<b>42 248 868</b>	<b>56 852 115</b>	<b>61 881 354</b>
Bank/Bank Windhoek TA	1 015	1 015	1 015
Bank/STD Bus Trust	30 121	30 321	34 575
Bank/STD Call Deposit Trust	297 441	297 441	297 231
Bank/Bank WHK Revenue Account	22 168 082	33 257 510	26 425 517
Bank/Bank WHK IGA Account	1 101 187	1 101 187	1 101 187
Bank/Bank WHK RDP Account	2 407 072	998 645	1 035 117
Bank/Bank WHK Agriculture Account	1 454 437	2 350 186	1 447 726
Bank/Bank WHK Dev Account	7 577 357	10 330 612	7 588 242
Bank/ Bank WHK Call Deposit	7 191	6 984	6 309
Bank/ FNB Disaster Fund	398 773	401 916	437 840
Bank/Bank WHK Remuneration Account	2 914 737	1 947 690	2 914 647
Bank/Bank WHK Op Account	357 703	2 695 042	16 723 040
Bank/bank WHK BTP receipts	59 571	51 704	34 446
Bank/Bank WHK NDP Account	11 715	11 715	11 715
Bank/Bank WHK Call Deposit	178	178	178
Bank/Bank WHK Btp Revolve	868	2 994	2 994
Bank/Bank WHK Btp Special	3 442 000	3 342 865	3 240 514
Bank/Bank WHK OVC Account	-	259	2 767
Bank/Bank WHK HIV & Aids Account	38	38	38

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>
	N\$	N\$	N\$
<b>9. Cash and cash equivalents(continued)</b>			
Bank/ Bank WHK Lands & Resettlement	20 318	20 318	20 318
Interbank transfer	-	-	555 939
Cash Control	(936)	3 495	-
<b>10. Accumulated funds</b>	<b>225 648 328</b>	<b>260 507 688</b>	<b>227 178 275</b>
Retained Earnings	141 165 737	164 792 769	240 220 904
Capital Project Development	110 765 767	112 401 561	-
BTP Programme	3 378 328	3 378 328	3 378 328
Accumulated Fund	(20 068 570)	(16 420 957)	(4 553 223)
Accumulated Fund (current)	(9 592 282)	(3 644 013)	(11 867 735)
<b>11. Revenue</b>			
<b>Revenue from non-exchange transactions</b>	<b>52 982 179</b>	<b>51 340 570</b>	<b>44 451 248</b>
Government Subsidies	44 034 999	43 738 304	42 430 669
Government Subsidies Development	6 983 905	5 967 085	-
5% Rate and Taxes from Local Authorities	1 820 030	1 537 303	1 408 280
Donations	41 980	0	14 400
Micro Finance	101 065	-	-
Office of the Prime Minister	200	97 878	597 899
<b>Revenue from exchange transactions</b>	<b>3 488 208</b>	<b>6 844 333</b>	<b>3 442 330</b>
Fishing licence	2 041	2 800	5 299
Interest received from STD Call Dep Trust	184	185	3 077
Interest received from Revenue Account	507 281	628 381	1 519 042

## REGIONAL COUNCIL OF ZAMBEZI

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH

	2022	2021	2020
	N\$	N\$	N\$
<b>11. Revenue from exchange transactions (continued)</b>			
Interest received from Bank WHK RDP	19 911	34 921	172 791
Interest received from Bank WHK Agriculture	30 353	20 934	25 188
Interest received from Bank WHK Dev	75 384	323 247	775 078
Interest received from Bank WHK call	3 916	214	192
Interest received from Bank WHK Rem	42 605	54 445	219 538
Interest received from Operational	32 516	155 366	147 426
Interest received from BTP Receipts	-	1 054	180 415
Interest received from BTP Special	99 135	102 351	-
Interest received from BWK – OVC	-	9	-
Royalties/ Surcharges/ Dividends	204 431	205 028	-
Rental income	7 000	-	-
Tender Fees	136 624	187 400	31 700
2.5% Commission from Insurance/Loan	76 428	71 398	29 857
Rural Dev. Cash food for work	193 781	269 231	-
Rural Sanitation	-	673 000	-
Rural Development Funds	2 056 618	1 314 369	-
Min. of Agriculture – Ploughing	-	2 800 000	-
Nored Electricity	-	-	332 727

## REGIONAL COUNCIL OF ZAMBEZI

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH (continued)

	2022	2021	2020
	N\$	N\$	N\$
<b>12. Council &amp; Staff Remunerations</b>	<b>36 145 040</b>	<b>35 079 674</b>	<b>37 003 905</b>
Basic Salary	22 948 934	22 191 579	26 430 381
Wages	553 471	505 593	623 217
Contributions to pensions	3 819 639	3 682 113	4 628 438
Housing Allowances/Subsidies	2 417 028	896 350	614 371
Contribution to Social Security	81 887	86 916	520 704
Transport/Car allowances	1 860 846	2 012 332	1 075 311
Service Bonuses and other bonuses	1 825 015	1 711 590	798 699
Housing benefits and allowances	-	1 443 644	322 204
Leave Gratuity	1 177 103	1 139 003	1 197 676
Provision for leave days	-	-	-
Acting Allowances	-	119 459	99 071
Remote Allowances	473 393	439 200	208 850
Water & Electricity	197 608	205 560	85 650
Telephone	3 458	3 600	1 200
Overtime	428 589	642 735	398 134
Transport Privileges	358 071	-	-

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

	<b>2022</b>	<b>2021</b>	<b>2020</b>
	N\$	N\$	N\$
<b>13. Subsistence and Travel Allowances</b>	<b>1 602 248</b>	<b>1 267 622</b>	<b>1 531 921</b>
CRO's office	94 867	121 568	175 251
Human Resources	21 236	1 904	63 194
Finance	61 862	65 581	60 617
Administration	875 977	751 120	848 241
Planning	148 841	94 956	167 167
Rural Services	150 246	115 121	98 777
Technical Services	22 160	9 986	62 288
Foreign Travel	227 059	73 666	-
Ticket costs	-	-	-
Line Ministries and Other GVT Agency	-	33 720	56 385
<b>14. Material and Supplies</b>	<b>927 046</b>	<b>1 387 094</b>	<b>2 465 297</b>
Stationeries	396 088	297 488	528 756
Cleaning Materials	177 304	154 687	478 085
Snacks for Special Guests	2 061	-	-
Computer Software	185 981	395 007	752 134
General Office	36 086	378 578	510 851
Protective Clothing	70 844	118 487	195 472
Water & Electricity meters	38 259	40 000	-
Fuel & Lubricants for the Generators	20 423	2 846	-
<b>15. Transport Expenses</b>	<b>3 068 606</b>	<b>2 600 997</b>	<b>2 519 057</b>
Fuel & Lubricants	1 968 733	1 744 913	2 077 924
Tyres	-	218 920	14 924
Batteries	3 913	-	-
Spare Parts	-	-	11 623
Service Fees	19 717	-	45 533
Repairs	786 056	332 617	120 173
Tools	-	-	42 449
Licenses	79 425	167 752	164 148
Tracking Fees	205 716	89 681	42 283
Transport of goods by road	5 046	47 115	-



**REGIONAL COUNCIL OF ZAMBEZI**

**ANNEXURE F**

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
	N\$	N\$	N\$
<b>16. Utilities</b>	<b>3 334 226</b>	<b>2 582 437</b>	<b>2 543 805</b>
Electricity-Nored	1 754 474	1 788 494	1 700 175
Water & Sewerage	290 898	124 843	63 038
Telephone & Fax	557 401	225 361	257 837
Courier Charges	61 015	39 173	21 303
Internet Charges	114 170	-	2 344
Cell Phone for Management	374 952	310 267	401 105
Tango Switch & Flexcall Recharges	181 317	94 299	27 270
Fire Fighting	-	-	70 734
<b>17. Maintenance</b>	<b>2 627 268</b>	<b>399 919</b>	<b>657 316</b>
Repair & Maintenance Office equipment	219 391	21 362	14 739
Repair & Maintenance Computers	30 257	-	19 090
Repair & Maintenance Air-conditioning	-	-	-
Repair- Water & Sewerage Network	-	-	-
Repair & maintenance Buildings	2 340 531	378 556	415 802
Server Maintenance	-	-	-
Repair & Maintenance - Furniture & Fittings	37 089	-	207 685
<b>18. Properties and other related expenses</b>	<b>1 257 001</b>	<b>283 087</b>	<b>246 305</b>
Property Rental & Related Charges	1 257 001	283 087	242 671
Insurance of Council Properties	-	-	-
Rent of Office equipment	-	-	-
Rental: Motor Vehicles	-	-	3 634
<b>19. Other related expenses</b>	<b>9 496 223</b>	<b>7 742 903</b>	<b>4 019 405</b>
Training Courses	791 271	227 144	356 529
Symposium & workshop	-	102 606	201 793
Printing	59 683	48 358	13 352
Security Contracts	1 697 932	1 405 872	1 580 744
Entertainment: politician	36 842	32 057	29 582

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

	2022	2021	2020
	N\$	N\$	N\$
<b>19. Other related expenses(continued)</b>			
Official Entertainment	13 706	69 170	50 289
Performance Hiring	-	3 000	82 745
Advertisements	28 152	101 683	49 858
Professional Fees/Consultancy Charge	11 200	1 383 193	417 063
Accommodation	-	-	42 794
Catering Services	908 511	335 247	548 986
Inventory Variance	9 217	-	-
Internet Connections	-	-	19 227
Show Exhibitions	-	21 265	405 814
Wellness	-	-	89 772
HIV/AIDS Activities	5 905	53 017	9 632
Bank Charges	144 391	129 650	113 675
Constituency Development Committee	18 148	3 792 084	800
Decorations and Gifts	15 097	-	3 300
Interest Paid	16 057	-	1
Software Purchases & License Renewals	115 804	-	-
Meetings	-	5 850	3 450
Land Compensation	5 624 306	32 707	-
	<b>359 640</b>	<b>972 157</b>	<b>175 252</b>
<b>20. Membership Fees and subscription</b>			
Donations Paid	184 277	900 193	93 252
Subscription Fees	11 363	660	-
Membership Fees - Association of Regional Council	164 000	71 304	82 000
	<b>1 699 935</b>	<b>1 695 187</b>	<b>846 415</b>
<b>21. Grants and transfer</b>			
Food Security Action Plan	9 300	110 480	5 719
Rural Development	1 690 635	1 584 707	800 674
Rural Employment Scheme	-	-	40 022

**REGIONAL COUNCIL OF ZAMBEZI**

**ANNEXURE F**

**NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
	N\$	N\$	N\$
<b>22. Current transfer</b>	<b>236 695</b>	<b>2 838 245</b>	<b>6 280 200</b>
Cash/Food for work)	-	127 212	717 991
Micro-Finance	9 857	160 227	27 107
One Region one	-	-	457 260
Rural Sanitations	189 586	364 310	3 628 364
Ministry of Agriculture	-	1 916 886	1 283 741
OPM-Emergencies(Drought )	-	269 611	165 736
World Food Programme	4 272	-	-
	32 980	-	-
<b>23. Depreciation Expense</b>	<b>5 308 840</b>	<b>4 979 595</b>	<b>1 472 434</b>
Property plant and equipment:			
Motor Vehicles	1 036 674	1 007 460	407 143
Computer Equipment's	236 691	40 466	60 077
Furniture Fixture and Fittings	352 295	331 764	102 827
Office Equipment	103 180	19 904	7 387
Building	3 580 000	3 580 000	895 000

**24. Delegated Functions**

Regional Council of Zambezi is currently performing the following functions as delegated by central governmental ministries in accordance with the Decentralization Enabling Act 2000

(Act 33 of 2000).

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

The transactions for DCCP ECD and Drought accounts are part of the Regional Council operations because they are not delegated yet however the Council is taking care of the financial transactions at the Regional level.

## ANNEXURE F

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

**24. Delegated Functions (continued)**

Description	2022 N\$	2021 N\$	2020 N\$
<b>Income</b>	<b>90 696 231</b>	<b>119 664 443</b>	<b>131 681 981</b>
Ministry of work (Maintenance)	1 212 901	3 375 944	1 779 301
Ministry. of Information Communication and technology	451 355	540 067	557 571
Ministry of land Reform	517 356	472 225	369 965
Ministry of Education	77 018 770	87 225 981	98 322 387
Rural Water Supply and Sanitation Coordination	6 339 255	19 877 031	22 649 384
Ministry of Gender Equality and Child Welfare	5 156 595	8 173 196	8 003 372
	<b>81 482 132</b>	<b>104 455 937</b>	<b>108 026 753</b>
<b>EXPENDITURES</b>			
Ministry of work (Maintenance)	1 589 902	2 750 819	346 008
Ministry of Information Communication and technology	112 695	176 523	1 572 260
Ministry of land	442 102	350 718	175 744
Ministry of Education	73 580 755	78 981 996	97 721 644
Rural Water Supply and Sanitation Coordination	2 657 732	16 198 199	4 859 413
Ministry of Gender Equality and Child Welfare	3 098 943	5 997 681	3 351 684
	<b>9 214 099</b>	<b>15 208 506</b>	<b>23 654 958</b>
<b>BANK BALANCES</b>			
Ministry of work (Maintenance)	(377 001)	625 125	207 041
Ministry of Information Communication and technology	338 660	363 543	381 827
Ministry of land	75 254	121 506	23 687
Ministry of Education	3 438 016	8 243 985	600 743
Rural Water Supply and Sanitation Coordination	3 681 523	3 678 199	17 789 971
Ministry of Gender Equality and Child Welfare	2 057 651	2 175 514	4 651 688