



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 2023**



TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY

I have the honour to submit herewith my report on the accounts of the Zambezi Regional Council for the financial year ended 31 March 2023 in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991 (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

WINDHOEK, July 2024

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

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
REGIONAL COUNCIL OF ZAMBEZI
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

1. QUALIFIED AUDIT OPINION

I have audited the financial statements of the Regional Council of Zambezi for the financial year ended 31 March 2023. These financial statements comprise the statement of financial position, statement of financial performance, statement of changes in net assets, and statement of cash flow for the year then ended.

In my opinion, except for the effects of the matter described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Regional Council of Zambezi the financial year ended 31 March 2023 and its financial performance and their cash flow for the year then ended in accordance with International Public Sector Accounting Standards (IPSAS).

2. BASIS OF QUALIFIED 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. The Qualified Audit Opinion is being expressed due to the following:

2.1 Journal entries with no supporting documents

The Council processed adjustments to the net value of N\$ 2 212 047 for property, plant and equipment in the general ledger, however no supporting documentation thereon could be provided for audit purpose.

2.2 Unauthorized expenditure- legal costs

During the audit it was noted that an amount of N\$ 4 840 276 was spend for legal cost against the Council, however, no Council resolution was provided. These funds were viremented from the constituency development fund without approval from the Ministry of Urban and Rural Development, which is contrary to Section 27 (6)(a) of the State Finance Act, 1991 (Act 31 of 1991).

In addition the auditors were not provided with the relevant supporting documents such as contracts and bid evaluation on how the services of the supplier was acquired with compliance to the Public Procurement Act, 2015.

2.3 Differences in bank balances

The auditors noted differences amounting to N\$ 17 589 between bank balances confirmed by the bank of N\$ 1 618 137 and the amounts disclosed in the financial statements of N\$ 1 600 548.

2.4 Accounts not confirmed by the banks

Bank accounts presented in the annual financial statements with a total value of N\$ 11 893 were not confirmed by the bank.

2.5 Non –cash items in the cash flow statement

The Council prepared the statement of cash flow using the direct method, however, the auditors noted that the Council included non-cash items amounting to N\$ 7 774 679 in the statement of cash flow.

2.6 Overstatement of accounts payable

The auditors noted that the accounts payables was overstated by N\$ 2 525 640 as payments were not cleared against supplier control accounts.

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 (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.

SECTION B: AUDIT OF KEY PERFORMANCE INFORMATION

I conducted an audit on the performance information of the Zambezi Regional Council for the strategic periods 2023, consecutively with the audit of financial statements for the years ended 31 March 2023.

DESCRIPTION OF THE SUBJECT MATTER INFORMATION AND SCOPE

A Performance Management System (PMS) is a systematic process for achievement and improvement in obtaining results from an organization and its staff members managing performance within an agreed framework consisting of objectives, outputs, key performance indicators (KPIs) and timeliness.

The primary function of the PMS is to enable the Council to achieve success in fulfilling its mandate and provide improvements in service delivery to the public.

The scoping of the key performance indicators was performed by looking at the high-level statements, which are indicated in the mandate of the Council as provided for in its' Strategic Plan. Key performance indicators were selected based on what would be significant to the intended users and their usefulness in assessing the entity's achievements in terms of its service performance objectives.

AUDIT OBJECTIVE

The objective of the Key Performance Indicator (KPI) audit is to provide assurance whether the reported performance information measured against key performance indicators is useful, reliable and evidence-based. Key performance indicators also provide the basis for the Council to inform Parliament, the public and other stakeholders about its strategic priorities, programs and projects.

AUDIT CRITERIA

The audit was mainly concentrated on two (2) criteria, namely:

Usefulness of reported performance information in terms of measurability and relevancy of indicators, as well as consistency of use of indicators throughout the period under review; and

Reliability of reported performance information in terms of whether the actual reported performance did occur and was reported accurately.

SUMMARY OF METHODS APPLIED

I reviewed the strategic plans for the strategic periods 2023 and comprised documentation review and interviews with senior and top management.

7. CONCLUSION ON SUBJECT MATTER

Due to limitation of scope on work done and results obtained I have not been able to obtain sufficient appropriate evidence to form a conclusion on the Key Performance Information of the Zambezi Regional Council. Accordingly, I do not express a conclusion.

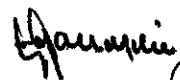
8. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The financial statements were submitted to the Office of the Auditor-General on the 09th October 2023 by the Accounting Officer in compliance with Section 40 (1) of the Regional Council Act, 1992, (Act 22 of 1992).

9. ACKNOWLEDGEMENT

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

WINDHOEK, July 2024



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

General information

Regional Council of Zambezi was established under Regional Council Act, (Act 22 of 1992) as amended and was entrusted with the responsibility of implementing central Government policies at regional level, with the mandate to govern and plan the socio-economic, physical and infrastructural development of the region, as well as to improve the living conditions of the inhabitants of the region and to ensure sustainable development. The financial powers, duties and functions of the Council are stipulated in Article 108 of the Namibian Constitution and section 28 of the Regional Councils Act. The accounts of Regional Council of Zambezi for the year ended 31 March 2023 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Regional Council Act, (Act 22 of 1992) as amended.

Regional Council of Zambezi is required to maintain adequate accounting records and is responsible for the content and integrity of the Annual Financial Statements and related financial information included in this report. It is the Regional Council's responsibility to ensure that the Annual Financial Statements fairly present the state of affairs of the Regional Council as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Public Sector Accounting Standards (IPSAS). The Office of the Auditor-General is engaged to express an independent opinion on the Annual Financial Statements.

The Regional Council acknowledges that it is ultimately responsible for the system of internal financial control established and places considerable importance on maintaining a strong control environment. To enable the Regional Council to meet these responsibilities, standards are set for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Regional Council and all employees are required to maintain the highest ethical standards in ensuring the Regional Council's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Regional Council is on identifying, assessing, managing and monitoring all known forms of risk across the Regional Council. While operating risk cannot be fully eliminated, the Regional Council endeavors to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behavior are applied and managed within the predetermined procedures and constraints.

Regional Councillors

Below are the names of the Councillors of the Regional Council of Zambezi as at 31 March 2023:

Hon. W.M. Simushi	Chairperson & Cllr: Katima Rural Constituency
Hon. J. M. Likando	MP & Cllr: Kabbe South
Hon. B.L. Busihu	MP & Cllr: Kongola Constituency
Hon. M.M. Lukaezi	MP & Cllr: Sibbinda Constituency
Hon. I. Kabunga	Cllr: Linyanti Constituency
Hon. K.S. Simasiku	Cllr: Katima Urban Constituency
Hon. H.G. Divai	Cllr: Lyabboloma Constituency
Hon. B.K. Sisamu	Cllr: Kabbe North Constituency

Management Committee Members

Below are the names of the members of the management committee of the Regional Council of Zambezi as at 31 March 2023

Hon. W.M. Simushi (Chairperson)
Hon. H.G. Divai Member of Management Committee
Hon. B.K. Sisamu Member of Management Committee

Regional Council Administrative Management as at 31st March 2023

Below are the names of the Management Cadre of the Regional Council of Zambezi

R. M. Ndopu-Lubinda	Chief Regional Officer
B. M. Walubita	Director: Development Planning, Monitoring and Evaluation
S. N. Simwanza	Director: Finance and Administration
R. K. Chaka	Deputy Director: Human Resources Management
C. N. Sibitwani	Deputy Director: Finance
C. S. Mubita	Deputy Director: Regional Planning
C. M. Mukata	Deputy Director: Monitoring and Evaluation
A. Shikoyeni	Deputy Director: Administration
H. Stefanus	Deputy Director: Rural Services
Vacant	Deputy Director: Technical Services

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Website: www.zambezirc.gov.na

Bankers Bank Windhoek
Standard Bank

First National Bank

Independent Auditors

Auditor General

Office of the Auditor General

123 Robert Mugabe

Private Bag 13299

Windhoek

Principal Legal Advisor

Government Attorney

Office of the Attorney-General

145, Sanlam Centre

Private Bag 13248

Windhoek

Chief Regional Officers Responsibilities and Approval

In terms of section 40 of the Regional Council Act, 22 of 1992, the Accounting Officer of a Regional Council shall within three months or such longer period as the Auditor-General may approve, after the end of a financial year of the regional council make out financial statements in such form as may be determined by the Auditor-General in respect of that financial year and submit such financial statements to the Auditor-General.

The Chief Regional Officer is responsible for the preparation and presentation of the Council's financial statements, which give a true and fair view of the state of affairs of the Council for and as at the end of the financial year ended on 31 March 2023. These responsibilities include: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the council; (iii) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the council; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstance.

The Regional Council is of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Regional Council has reviewed its cash flow forecast for the year to 31 March 2023 and, in light of this review and current financial position, it is satisfied that the Regional Council has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Council's financial statements were approved by the Chief Regional Officer on the _____ 2023 and signed by her.

R.M. Ndopu-Lubinda
Chief Regional Officer

Date

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

		2023	2022
	Note	N\$	N\$
Assets			
Current assets			
Inventories		684 988	543 820
Receivables from exchange transactions	2	14 109 337	13 332 045
Other current assets	3	152 505	2 149 626
Receivables from non-exchange transactions		284 460	972 637
Cash and cash equivalents	4	13 343 006	42 249 804
Total current assets		28 574 296	59 247 932
Non-current assets			
Property, plant and equipment	1	162 318 964	204 387 392
Total non-current assets		162 318 964	204 387 392
Total assets		190 893 260	263 635 324
Equity and liabilities			
Liabilities			
Current liabilities			
Provisions	6	12 428 160	13 093 195
Trade and other payables	7	6 493 703	24 778 937
Other current liabilities		175 526	149 435
Cash control	4	5 916	936
Total current liabilities		19 103 305	38 022 503
Equity			
Capital projects development		110 765 767	110 765 767
Accumulated surplus		54 337 149	113 024 848
Other non-distributable reserves	5	6 687 039	1 822 206
Total equity		171 789 955	225 612 821
Total equity and liabilities		190 893 260	263 635 324

ANNEXURE B

REGIONAL COUNCIL OF ZAMBEZI

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 MARCH

		2023	2022
	Note	N\$	N\$
Revenue			
Government subsidies	8	45 114 650	44 034 999
Government subsidies development	8	4 867 755	6 983 905
5% Rates & Taxes		2 077 031	1 820 030
Fees, fines, penalties and licenses		8 525	2 041
Revenue from exchange transactions	9	1 118 376	1 270 748
Transfer from other government entities	10	6 083 825	2 358 664
		59 270 162	56 470 387
Employee related costs and other expenditures			
		(121 768 493)	(66 098 672)
Salaries Wages and employee benefits	12	(39 787 505)	(36 145 044)
Subsistence and travelling allowance	13	(2 268 661)	(1 602 247)
Material and supplies	14	(1 195 803)	(927 045)
Transport expenditures	15	(2 844 188)	(3 068 606)
Utilities	16	(3 422 789)	(3 334 229)
Maintenance	17	(470 445)	(2 627 268)
Properties and other related expenditures		(1 020 754)	(1 293 001)
Other expenditures	18	(8 785 491)	(9 496 222)
Membership fee and subscriptions	19	(175 848)	(359 640)
Grants and transfer		(122 780)	(9 300)
Current transfer	20	(1 114 452)	(1 927 330)
Impairment of property, plant and equipment		(49 648 333)	-
Depreciation charged for the year	21	(4 361 781)	(5 308 740)
Loss on asset transfer		(1 750 000)	-
Delegated expenses (OPM, Agric & Rural)		(4 799 663)	-
Deficit for the year		(62 498 331)	(9 628 285)
Components of other comprehensive income that will not be reclassified to surplus or deficit			
Gains on revaluation		4 864 833	-
Total other comprehensive income that will not be reclassified to surplus or deficit		4 864 833	-
Total comprehensive income		(57 633 498)	(9 628 285)

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

	Capital Projects Development	Revaluation surplus	Revolving Fund	Accumulated surplus	Total
	N\$	N\$	N\$	N\$	N\$
Balance at 1 April 2021	112 401 561	-	1 822 206	122 653 133	236 876 900
Changes in equity	-	-	-	-	-
Deficit for the year	-	-	-	(9 628 285)	(9 628 285)
Total comprehensive income for the year	-	-	-	(9 628 285)	(9 628 285)
Prior year adjustment	(1 635 794)	-	-	-	(1 635 794)
Balance at 31 March 2022	(1 635 794)	-	-	(9 628 285)	(11 264 079)
Balance at 1 April 2022	110 765 767	-	1 822 206	113 024 848	225 612 821
Prior years adjustments	-	-	-	3 810 632	3 810 632
Balance at 1 April 2022 as restated	110 765 767	-	-	116 835 480	229 423 453
Changes in equity	-	-	-	-	-
Deficit for the year	-	-	-	(62 498 331)	(62 498 331)
Other comprehensive income	-	4 864 833	-	-	4 864 833
Total comprehensive income for the year	-	4 864 833	-	(62 498 331)	(57 633 498)
Balance at 31 March 2023	110 765 767	4 864 833	1 822 206	54 337 149	171 789 955

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

	2023	2022
Note	N\$	N\$
Cash flows from operations		
Cash receipts from customers		
Increase/(decrease) in receivables	1 908 006	13 051 294
Receipts from royalties, fees, commissions and other revenue	7 977 659	4 133 921
Receipts from rents and subsequent sales of assets held for rental to others and subsequently held for sale	-	7 000
Receipts from government (Subsidies)	50 251 636	51 313 750
Cash paid to suppliers and employees		
Payments to suppliers for goods and services	(47 036 220)	(25 787 176)
Payments to and on behalf of employees	(39 787 505)	(36 145 044)
Net cash flows (used in) / from operations	(26 686 424)	6 573 745
	11	
Dividends received	202 216	204 431
Interest received	838 651	811 285
Net cash flows (used in) / from operating activities	(25 645 557)	7 589 461
Cash flows (used in) / from investing activities		
Proceeds from transfer of property, plant and equipment	1 750 000	-
Purchase of property, plant and equipment	(6 614 806)	(1 814 869)
Prior year adjustments on property plant and equipment	(2 212 047)	4 845 434
Cash flows (used in) / from investing activities	(7 076 853)	3 030 565
Cash flows from / (used in) financing activities		
Changes in capital projects development	-	(1 635 794)
Prior year adjustments on accumulated funds	3 810 632	(23 587 479)
Cash flows from / (used in) financing activities	3 810 632	(25 223 273)
Net decrease in cash and cash equivalents	(28 911 778)	(14 603 247)
Cash and cash equivalents at beginning of the year	42 248 868	56 852 115
Cash and cash equivalents at end of the year	13 337 090	42 248 868
	4	

ANNEXURE E

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

	Original Budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	%	Explanation
	N\$	N\$	N\$	N\$	N\$		
Revenue							
Government grant and subsidy	44 035 000	1 079 648	45 114 648	45 383 881	(269 233)	101%	The difference is below 2%
-Re-current Government grant and subsidy	10 538 000	-	10 538 000	6 313 280	4 224 720	60%	Capital funds are transferred based on the invoice submitted to MURD
- Capital/development Other revenue	67 510	-	67 510	2 667 141	(2 599 631)	3951%	The difference was due to VAT refund received
Opening bank balance	20 236 704	-	20 236 704	10 253 276	9 983 428	51%	Funds in the bank were not fully utilised due to delays in some minor projects such as the LA hall, GDF and other operational activities
Rendering of service	30 000	-	30 000	11 079	18 921	37%	We anticipated to collect revenue from Kongola but we could not as some services are still under construction. Only collected from sell of bids and others

ANNEXURE E

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

	Original Budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	%	Explanation
	N\$	N\$	N\$	N\$	N\$		
Fines, penalties and levies	2 344 832	-	2 344 832	62 662	2 282 170	3%	The under collection was due to non-payment of 5% by the two LAs
Total revenue	77 252 046	1 079 648	78 331 694	64 691 319	13 640 375		
Employees related costs and other							
Compensation of employees	44 686 742	629 799	45 316 541	38 307 658	7 008 883	85%	Some positions were not filled and some were filled late
Goods and other services	19 019 787	2 922 366	21 942 153	19 797 026	2 145 127	90%	There were a bit of savings in some sub-items. This includes CDF projects
Grants and subsidies paid	2 202 517	(1 772 517)	430 000	241 701	188 299	56%	There was a saving on donations
Acquisition of capital assets	605 000	(500 000)	105 000	31 655	73 345	30%	Some procurement of capital assets were delayed due to limited funds
Capital/development projects paid	10 538 000	-	10 538 000	11 111 777	(573 777)	105%	The overspending was caused by un-budgeted activities for the upearthing of schools
Total employees related costs and other expenditures	77 052 046	1 279 648	78 331 694	69 489 817	8 841 877		
Surplus for the period	200 000	(200 000)	-	(4 798 498)	4 798 498		

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

General information

Zambezi Regional Council ('the regional council') was established under Regional Council Act, (Act 22 of 1992) as amended and was entrusted with the responsibility of implementing Central Government policies at regional level, with the mandate to govern and plan the socio-economic, physical and infrastructural development of the region, as well as to improve the living conditions of the inhabitants of the region and to ensure sustainable development.

The regional council is established as a Regional Council and domiciled in Namibia. The address of its registered office is in Katima Mulilo.

Going concern

Zambezi Regional Council will continue to exist long enough to carry out its objectives and commitments and will not liquidate in the foreseeable future.

Basis of preparation and summary of significant accounting policies

The financial statements of Zambezi Regional Council have been prepared in accordance with International Public Sector Accounting Standards and the Regional Council Act, (Act 22 of 1992). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, available- for sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through surplus or deficit.

The preparation of financial statements in conformity with International Public Sector Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the regional council's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Property, plant and equipment

Definition

Property, plant and equipment are tangible items that:

- are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and
- are expected to be used during more than one period.

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

Recognition

Property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits associated with the asset will flow to the entity; and
- The cost of the asset can be measured reliably.

Initial measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost.

The cost of an item of property, plant and equipment includes:

- Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Subsequent measurement - Cost model

After initial recognition, property, plant and equipment is measured at cost less any accumulated depreciation and any accumulated impairment losses.

Subsequent measurement - Revaluation model

After initial recognition, property, plant and equipment is measured at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Subsequent measurement - Revaluation and cost model

Revaluations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

An increase in the carrying value of an asset as a result of a revaluation is recognised in other comprehensive income and accumulated in equity under the revaluation surplus except where the increase reverses a previously recognised revaluation decrease for the same asset, the increase is recognised in surplus or deficit to that extent.

A decrease in the carrying value of an asset as a result of a revaluation is recognised in surplus or deficit except where the decrease reverses a previously recognised revaluation increase for the same asset, the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus.

Subsequent expenditure

Where the entity replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Depreciation

Depreciation of an asset commences when it is available for use, and ceases at the earlier of the date that the asset is classified as held for sale, or the date that the asset is derecognised.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset. The depreciable amount of an asset shall be allocated on a systematic basis over its useful life.

The depreciable amount of an asset is determined after deducting its residual value, useful lives and depreciation methods are reviewed at each financial year end. Where there are significant changes in the expected pattern of economic consumption of the benefits embodied in the asset, the relevant changes will be made to the residual values and depreciation rates, and the change will be accounted for as a change in accounting estimate.

The measurement base, useful life or depreciation rate as well as the depreciation method for all major classes of assets are as follows:

Asset class	Useful life / depreciation rate	Depreciation method
Buildings	50 years	Straight line
Motor vehicles	5 years	Straight line
Fixtures and fittings	5 years	Straight line
Office equipment	3 years	Straight line
Computer equipment	3 years	Straight line
Capital project - W.I.P	Non-depreciable	

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

Impairments

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount. The resulting impairment loss is recognised immediately in surplus or deficit, except where the decrease reverses a previously recognised revaluation increase for the same asset the decrease is recognised in other comprehensive income to that extent and reduces the amount accumulated in equity under revaluation surplus, and future depreciation charges are adjusted in future periods to allocate the revised carrying amount, less its residual value, on a systematic basis over its remaining useful life.

Where the estimated impairment loss exceeds the carrying amount of the asset to which it relates, the resulting liability is only recognised if it is required by another standard.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up are included in surplus or deficit when the compensation becomes receivable.

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised when the asset is disposed of or when no future economic benefits are expected from its use or disposal. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. Gains are classified as other gains on the face of the statement of surplus or deficit and other comprehensive income

Trade and other receivables

Trade receivables are measured at initial recognition at fair value plus transaction costs. They are subsequently measured at amortised cost using the effective interest rate method, less allowance for expected credit losses. For trade receivables and contract assets, a simplified approach is applied in calculating expected credit losses. Instead of tracking changes in credit risk, a loss allowance is recognised based on lifetime expected credit losses at each reporting date. A provision matrix was established that is based on the company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Trade and other receivables are classified as debt instruments and loan commitments at amortised cost.

Up to 31 March 2022, trade receivables were recognised initially at the transaction price. They were subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables was established when there was objective

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

evidence that the company would not be able to collect all amounts due according to the original terms of the receivables.

Trade and other receivables were classified as loans and receivables up to 31 March 2022.

Other financial assets

Other financial assets are recognised initially at the fair value, including transaction costs except where the asset will subsequently be measured at fair value.

Other financial assets that are equity investments are subsequently measured at fair value through profit or loss. Other investments are subsequently measured at cost less impairment.

Other financial assets that are debt instruments are subsequently measured at amortised cost. Interest income is recognised on the basis of the effective interest method and is included in finance income.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially recorded at fair value and subsequently carried at amortised cost.

Trade and other payables

Trade payables are initially measured at fair value plus direct transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method.

Trade payables are obligations on the basis of normal credit terms and do not bear interest.

Budget information - IPSAS 24

The annual budget is prepared on the cash basis, that is all planned costs and income are presented in a single statement to determine the needs of the Regional Council.

Taxes

Sales tax (VAT)

Expenses and assets are recognised net of the amount of sales tax, except:

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case,

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

The sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Investment property - IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 30-year period.

Agency fees

Commission received or receivable that do not require the agent to render further service are recognised as revenue.

Loans and borrowing - IPSAS 29

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognised as income or expense when the liabilities are derecognized as well as through the effective interest method amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

Inventory - IPSAS 12

Inventory items in stock are kept for internal consumption only. 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 a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the Regional Council.

Provisions - IPSAS 19

Provisions are recognised when the Regional Council has a present obligation (legal or constructive) as a result of 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

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

amount of the obligation. Where the Regional Council expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

The Regional Council does not recognize a contingent liability, but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is certain.

Contingent assets

The Regional Council does not recognise a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Regional Council in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognised in the financial statements of the period in which the change occurs.

Nature and purpose of reserves

The Regional Council creates and maintains reserves in terms of specific requirements. Regional Council to state the reserves maintained and appropriate policies.

Accounting policies, changes in accounting estimates and errors- IPSAS 3

The Regional Council recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

Employee benefits - IPSAS 39

Are all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. Provisions for short and long-term leave as well as provision for bonuses should to be disclosed in the Financial Statements.

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

Investment in associates and joint ventures - IPSAS 36

Zambezi Regional Council holds 15% shareholdings in Nored Investment. Therefore, the Regional Council cannot disclose the investment which is less than 20% or more of the voting powers of the investee.

Related party disclosures

The Regional Council regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the entity, or vice versa. The key management are regarded as related parties and comprise of the councilors, executive managers and middle managers.

Borrowing costs - IPSAS 5

Borrowing costs are capitalised against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

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 with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. In the instance where the Council's account is overdrawn at year-end, the overdrawn amount should be reflected as liability in the statement of financial position.

Comparative figures

When comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation it should be disclosed

Significant judgments and sources of estimation uncertainty - IPSAS 1

The preparation of the Regional Council's Annual Financial Statements in conformity with IPSAS requires management to make judgements, 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.

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

Estimates and assumptions - IPSAS 3

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Regional Council based its assumptions and estimates on parameters available when the Annual Financial Statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Regional Council. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- a) The condition of the asset is based on the assessment of experts sourced by the Regional Council.
- b) The nature of the asset, its susceptibility to changes in technology and processes.
- c) The nature of the processes in which the asset is deployed
- d) Availability of funding to replace the asset
- e) Changes in the market in relation to the asset

Subsequent events - IPSAS 14

Zambezi Regional Council was compelled by the High Court to settle a total amount of N\$ 4 840 275.00 in favour of Fischer Engineering Consultancy cc, for the supervision of the up-earthing projects for Muzii, Nankutwe and Mpukano Schools. However, Zambezi Regional Council only processed an amount of N\$ 4 600 000.00 based on the condition given. This affected the financial statement for 31 March 2023 since the activity was not budgeted for in the financial year under review.

Revenue recognition

Revenue from non-exchange transactions - IPSAS 23

Fines, penalties and levies

The Regional Council recognises revenues from Fines, penalties and levies when the event occurs and the asset recognition criteria are met.

Transfers from government entities

Revenues from non-exchange transactions with government entities are measured at fair value and recognised on obtaining control of the asset (cash, goods, services and property) 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 Regional Council and can be measured reliably. In case there are related conditions

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

attached that would give rise to a liability to repay the amount, deferred income is recognised instead of revenue.

Revenue from exchange transactions - IPSAS 9

Rendering of services

The Regional Council recognises revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are recoverable.

Interest income

Interests are accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period. Zabezi Regional Council recognises interest from commercial banks.

Royalties and dividends

Dividends or similar distributions must be recognised when the shareholder's or the Regional Council's right to receive payments is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a an agreement whereby the lessor conveys to the lease, in return for a payments, the right to use an asset for an agreed period of time.

ANNEXURE F

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

1. Property, plant and equipment

	Buildings	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Capital project - W.I.P	Total
Reconciliation for the year ended 31 March 2023							
Balance at 1 April 2022							
At cost	179 000 000	14 199 395	3 845 885	728 449	789 697	32 703 872	231 267 298
Accumulated depreciation	(10 020 000)	(12 228 019)	(3 411 920)	(563 504)	(656 463)	-	(26 879 906)
Carrying amount	168 980 000	1 971 376	433 965	164 945	133 234	32 703 872	204 387 392
Movements for the year ended 31 March 2023							
Additions from acquisitions	-	-	-	-	-	6 614 806	6 614 806
Depreciation	(2 555 580)	(883 656)	(481 387)	(173 182)	(267 976)	-	(4 361 781)
Impairment loss recognised in surplus or deficit	(49 648 333)	-	-	-	-	-	(49 648 333)
Revaluation increase	4 864 833	-	-	-	-	-	4 864 833
Prior year adjustments through accumulated funds	853 516	587 278	142 549	213 847	414 857	-	2 212 047
Transfer of assets	(1 750 000)	-	-	-	-	-	(1 750 000)
Property, plant and equipment at the end of the year	120 744 436	1 674 998	95 127	205 610	280 115	39 318 678	162 318 964
Closing balance at 31 March 2023							
At cost	181 364 835	14 199 395	3 845 885	1 016 394	1 204 554	39 318 678	240 949 741
Accumulated depreciation and impairment	(60 620 399)	(12 524 397)	(3 750 758)	(810 784)	(924 439)	-	(78 630 777)
Carrying amount	120 744 436	1 674 998	95 127	205 610	280 115	39 318 678	162 318 964

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

Property, plant and 1 equipment (continued)	Buildings	Motor vehicles	Fixtures and fittings	Office equipment	Computer equipment	Capital project - W.I.P	Total
Reconciliation for the year ended 31 March 2022							
Balance at 1 April 2021	179 000 000	13 527 252	3 701 905	496 291	572 931	36 999 483	234 297 862
At cost	(6 440 000)	(11 191 445)	(3 059 625)	(460 323)	(419 772)	-	(21 571 165)
Accumulated depreciation							
Carrying amount	172 560 000	2 335 807	642 280	35 968	153 159	36 999 483	212 726 697
Movements for the year ended 31 March 2022							
Additions from acquisitions	-	672 143	143 980	232 157	216 766	549 823	1 814 869
Depreciation	(3 580 000)	(1 036 574)	(352 295)	(103 180)	(236 691)	-	(5 308 740)
Prior year adjustments through capital development projects	-	-	-	-	-	(88 591)	(88 591)
Prior year adjustments through accumulated funds	-	-	-	-	-	(4 756 843)	(4 756 843)
Property, plant and equipment at the end of the year	168 980 000	1 971 376	433 965	164 945	133 234	32 703 872	204 387 392
Closing balance at 31 March 2022							
At cost	179 000 000	14 199 395	3 845 885	728 449	789 697	32 703 872	231 267 298
Accumulated depreciation	(10 020 000)	(12 228 019)	(3 411 920)	(563 504)	(656 463)	-	(26 879 906)
Carrying amount	168 980 000	1 971 376	433 965	164 945	133 234	32 703 872	204 387 392

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

	2023	2022
	N\$	N\$
1 Property, plant and equipment (continued)		
Depreciation and impairment losses have been included under the following expenditures:		
Other expenditures		
Depreciation and impairment losses	54 010 114	5 308 740
Buildings	52 203 913	3 580 000
Motor vehicles	883 656	1 036 574
Fixtures and fittings	481 387	352 295
Office equipment	173 182	103 180
Computer equipment	267 976	236 691
2 Receivables from exchange transactions comprise	14 109 337	13 332 045
Accounts receivables	14 109 337	12 025 925
Value added tax	-	1 306 120
3 Other current assets		
Other current assets incorporates the following balances:	152 505	2 149 626
GRN individual employee	2 500	2 500
Revenue received on behalf of ministries and other entities	147 517	1 116 507
Sundry creditors	2 488	1 030 619

REGIONAL COUNCIL OF ZAMBEZI

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH

	2023	2022
	N\$	N\$
4 Cash and cash equivalents		
4.1 Cash and cash equivalents included in current assets:		
Cash		
Balances with banks	13 343 006	42 249 804
4.2 Net cash and cash equivalents	13 337 090	42 248 868
Current assets	13 343 006	42 249 804
Current liabilities	(5 916)	(936)
4.3 Detail of cash and cash equivalent balances		
Bank balances	13 343 006	42 249 804
Bank/Bank WHK Trad Authority	-	1 015
Bank/STD Bus Trust	-	30 121
Bank/STD Call Dep Trust	-	297 441
Bank/Bank WHK Revenue Acc	972 308	22 168 082
Bank/Bank WHK IGA Acc	-	1 101 187
Bank/Bank WHK RDP Acc	2 316 696	2 407 072
Bank/Bank WHK Agric Water	1 214 350	1 454 437
Bank/Bank WHK Dev	2 551 116	7 577 357
Bank/ Bank WHK Call Dep	7 498	7 191
Bank/ FNB Disaster Fund	596 791	398 773
Bank/Bank WHK Remun Acc	397 852	2 914 737
Bank/Bank WHK Op Acc	1 600 548	357 703
Bank/bank WHK BTP receipts	69 048	59 571
Bank/Bank WHK NDP Acc	11 715	11 715
Bank/Bank WHK Call Deposit Pjct	178	178
Bank/Bank WHK Btp Revolving fund -	-	868
Bank/Bank WHK Btp Special Acc -	3 604 906	3 442 000
Bank/Bank WHK Hiv & Aids Acc	-	38
Bank/ Bank WHK Lands & Res	-	20 318

ANNEXURE F

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

	2023	2022	
	N\$	N\$	
5 Reserves	6 687 039	1 822 206	
Revolving funds	1 822 206	1 822 206	
Revaluation reserves	4 864 833	-	
6 Provisions for employee benefits	Leave pay provision	Provision for bonus	
	Total		
Balance at 1 April 2022	13 093 195	-	13 093 195
Leave pay-out	(255 434)	-	(255 434)
New provisions	(1 420 026)	1 010 425	(409 601)
Total changes	(1 675 460)	1 010 425	(665 035)
Balance at 31 March 2023	11 417 735	1 010 425	12 428 160
Balance at 1 April 2021	12 067 391	-	12 067 391
Increase in provision	1 025 804	-	1 025 804
Total changes	1 025 804	-	1 025 804
Balance at 31 March 2022	13 093 195	-	13 093 195
	2023	2022	
	N\$	N\$	
7 Trade and other payables	6 493 703	24 778 937	
Trade and other payables comprise:			
Trade payables	6 287 465	9 204 596	
Revenue received on behalf of ministries and other entities	-	13 583 970	
Sundry creditors	196 000	196 000	
Payroll control	10 238	1 794 371	
8 Subsidies	49 982 405	51 018 904	
Government subsidies	45 114 650	44 034 999	
Government subsidies - Development	4 867 755	6 983 905	

REGIONAL COUNCIL OF ZAMBEZI

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH

	2023	2022
	N\$	N\$
9 Revenue from exchange transactions	1 118 376	1 270 748
Interest received	838 651	811 285
Tender fees received	8 435	136 624
2.5% Commission from insurance	69 074	76 428
Dividends and royalties received from Nored	202 216	204 431
Grants and donations received	-	41 980
10 Transfer from other government entities	6 083 825	2 358 664
Rural Development Funds/Rural Sanitation	1 346 000	-
Rural Development Funds/Food/Cash For Work	269 231	-
Delegated Funds Income/Ministry Of Agriculture	4 468 594	-
Rural Development Funds/Micro Finance	-	101 065
Rural Development Funds/Food Security Action Plan	-	193 781
Rural Development Funds/Rural Development Centre	-	2 056 618
Delegated Funds Income/Office of the Prime Minister	-	200
Property rental and equipment hire income	-	7 000
11 Cash flows from operating activities		
Net cash flows from operations	(26 686 424)	6 573 745
Deficit for the year	(62 498 331)	(9 628 285)
Adjustments for:	-	-
Finance income	(1 040 867)	(1 015 716)
Depreciation and amortisation expense	4 361 781	5 308 740
Impairment losses and reversal of impairment losses recognised in surplus or deficit	49 648 333	-
Change in operating assets and liabilities:		
Adjustments for (increase) / decrease in inventories	(141 168)	289 870
Adjustments for increase in trade accounts receivable	(2 083 412)	(1 763 750)
Adjustments for decrease in other operating receivables	3 991 418	14 815 044
Adjustments for decrease in trade accounts payable	(2 917 131)	(3 477 340)
Adjustments for decrease in other operating payables	(15 342 012)	1 019 378
Adjustments for provisions	(665 035)	1 025 804

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

	2023	2022
	N\$	N\$
12 Personnel costs - IPSAS 39	39 787 505	36 145 044
Remuneration of staff members:	32 374 932	31 066 415
Salaries and wages	23 624 521	23 502 405
Transport/car allowances	2 375 377	2 218 918
Housing allowances/ subsidies	2 232 114	2 417 029
Overtime payments	666 482	428 589
Bonuses	2 716 555	1 825 015
Other allowances	759 883	674 459
Remuneration of Chairperson:	552 933	-
Salary	306 109	-
Housing allowance	106 087	-
Telephone allowance	60	-
Water and electricity allowance	33 210	-
Contribution to SSC - POB	729	-
Employer contribution to pension - POB	106 738	-
Remuneration of Councillors:	2 415 938	-
Salaries	1 325 820	-
Transport/car allowances	315 620	-
Housing allowances/subsidies	358 760	-
Other allowances	147 120	-
Contribution to SSC - POB	2 268	-
Employer contribution to pension - POB	266 350	-
Other conditions of service - Staff member:	4 443 702	5 078 629
Employer contribution to pension - Staff member	3 617 541	3 819 639
Employer contribution to SSC - Staff members	102 272	81 887
Leave gratuity	723 889	1 177 103

REGIONAL COUNCIL OF ZAMBEZI

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH

	2023	2022
	N\$	N\$
13 Subsistence and travelling allowance	2 268 661	1 602 247
CRO's office	209 921	94 867
General services:		
Human resources	91 827	21 236
Finance	108 055	61 862
Administration	1 493 343	875 976
Planning	204 819	148 841
Rural services	87 146	150 246
Technical services	14 498	22 160
Foreign travel	12 278	227 059
Monitoring and evaluation	46 774	-
14 Material and supplies	1 195 803	927 045
Stationeries	260 464	396 088
Cleaning materials	386 787	177 304
Snacks for special guests	-	2 061
Computer Software	245 964	185 981
General office supplies	66 809	36 086
Protective clothing	2 250	70 844
Water & electricity meters	223 689	38 258
Fuel & lubricants for the generators	9 840	20 423
15 Transport expenditures	2 844 188	3 068 606
Fuel & lubricants	2 322 739	1 968 733
Batteries	-	3 913
Spare parts	14 991	
Service fees	-	19 717
Repairs	307 682	786 056
Licenses	62 298	79 425
Tracking fees	122 650	205 716
Air transport	13 828	-
Mass distance charges	-	5 046

ANNEXURE F

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

	2023	2022
	N\$	N\$
16 Utilities	3 422 789	3 334 229
Electricity - Nored	1 924 111	1 754 474
Water & sewerage	207 347	290 899
Telephone and Fax	936 729	557 401
Courier charges	45 258	61 015
Internet charge	-	114 170
Cellphone for management	244 237	374 952
Tango recharge	65 087	181 318
Fire fighting	20	-
	470 445	2 627 268
17 Maintenance		
Repair & maintenance - Office equipment	9 022	219 391
Repair & maintenance - Computers	51 818	30 257
Repair & maintenance - Buildings	304 248	2 340 530
Repair & maintenance - Furniture and fittings	13 660	-
Repair & maintenance - Plant & equipment	91 697	37 090
	8 785 491	9 496 222
18 Other related expenditures		
Training courses	355 551	791 271
Printing	2 913	59 683
Security contracts	1 586 291	1 697 932
Entertainment - Politician	4 343	36 842
Official entertainment	96 589	13 706
Performance hiring	26 194	-
Advertisement	10 965	28 152
Professional fees - Consultancy charge	221 575	11 200
Catering services	328 981	908 511
Inventory variance	12 728	9 217
HIV/AIDS activities	-	5 905
Bank charge	132 244	144 391
Cleaning services	116 000	-
Constituency development committee	-	18 148
Decorations and gifts	-	15 097
Interest paid	-	16 057
Software purchases & license renewal	21 827	115 804
Land compensation	-	5 624 306
Fines and Penalties	1 029 014	-
Legal cost	4 840 276	-

REGIONAL COUNCIL OF ZAMBEZI

NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31 MARCH

	2023	2022
	N\$	N\$
19 Membership Fees and subscription	175 848	359 640
Donation paid	92 000	184 277
TV Subscriptions & license fees	1 848	11 363
Association of Regional Council International	82 000	41 000
	-	123 000
20 Current transfer	1 114 452	1 927 330
Cash/food for work	272 338	
Micro finance	389 171	9 857
Rural sanitation	452 943	189 586
OPM- Emergencies (drought)	-	4 272
World Food Programme	-	32 980
Rural Development Centre	-	1 690 635
21 Depreciation charged for the year	4 361 781	5 308 740
Motor vehicles	883 656	1 036 574
Computer equipments	267 976	236 691
Furniture, fixture and fittings	481 387	352 295
Office equipment	173 182	103 180
Building	2 555 580	3 580 000

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

22. Delegated functions

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.

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.

	2023	2022
	N\$	N\$
Description		
Income	154 678 865	90 696 232
Ministry of Works and Transport (maintenance)	1 643 590	1 212 901
Ministry of Information, Communication and Technology	511 636	451 355
Ministry of Land Reform	412 571	517 356
Ministry of Education, Arts and Culture	104 713 232	77 018 770
Rural Water Supply and Sanitation Coordination	7 570 889	6 339 255
Ministry of Gender, Equality and Child Welfare	6 660 379	5 156 595
Directorate of Education - Covid-19 account	33 166 569	-
EXPENDITURES	(143 489 965)	(81 482 129)
Ministry of Works and Transport (maintenance)	(1 550 470)	(1 589 902)
Ministry of Information, Communication and Technology	(194 394)	(112 695)
Ministry of Land Reform	(393 209)	(442 102)
Ministry of Education, Arts and Culture	(103 757 891)	(73 580 755)
Rural Water Supply and Sanitation Coordination	(2 147 643)	(2 657 732)
Ministry of Gender, Equality and Child Welfare	(3 212 685)	(3 098 943)
Directorate of Education - Covid-19 account	32 233 430	-
BANK BALANCES	11 188 900	9 214 103
Ministry of Works and Transport (maintenance)	93 120	(377 001)
Ministry of Information, Communication and Technology	317 242	338 660
Ministry of Land Reform	19 363	75 254
Ministry of Education, Arts and Culture	955 340	3 438 016
Rural Water Supply and Sanitation Coordination	5 423 246	3 681 523
Ministry of Gender, Equality and Child Welfare	3 447 451	2 057 651
Directorate of Education - Covid-19 account	933 138	-