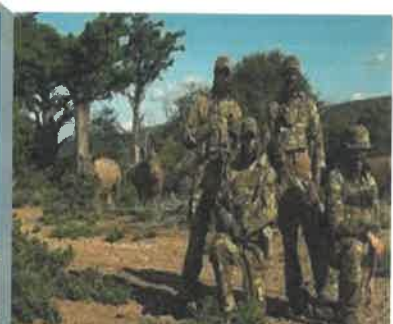




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

VETERANS FUND

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2013, 2014, 2015 AND 2016

Published by authority

Price (Vat excluded) N\$ 43.00

Report no: 98/2018

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 Veterans Fund for the financial year ended 31 March 2013, 2014, 2015 And 2016 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 2018

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 VETERANS FUND
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2013, 2014, 2015 AND 2016**

1. Report on the Financial Statements

1.1 INTRODUCTION

The accounts of the Veterans Fund for the financial years ended 31 March 2013, 2014, 2015 and 2016 are being reported on in accordance with the provisions set out in Section 11 of the Veterans Act, (Act No. 2 of 2008).

Figures in this report are rounded off to the nearest Namibia Dollar and deficits are indicated in (brackets).

I certify that I have audited the accompanying financial statements of the Veterans Fund for the financial years ended 31 March 2013, 2014, 2015 and 2016. These financial statements comprise of the following:

Annexure A: Balance sheet;
Annexure B: Abridged income statement;
Annexure C: Statement of changes in equity;
Annexure D: Statement of cash flow; and
Annexure E: Notes to the financial statements

The financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with the Veterans Act, (Act No. 2 of 2008), except that they were only submitted on 28 August 2017 instead of three months after the year end as required by the Act.

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of the Fund is responsible for the preparation of the financial statements in accordance with Section 12 of the Veterans Act, (Act No. 2 of 2008), and relevant legislation, and for such internal control as management determines it necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

3. AUDITOR'S RESPONSIBILITY

My responsibility is to express an opinion on these financial statements based on the audit. I conducted the audit in accordance with International Standards for Supreme Audit Institutions (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Powers and duties

Section 25(1) (c) of the State Finance Act, 1991, provides that the Auditor-General should satisfy himself that:

- a) All reasonable precautions have been taken to ensure that all monies due to the State are collected, and that the laws relating to the collection of such monies have been complied with;
- b) All reasonable precautions have been taken to safeguard the receipt, custody and issue of and accounting for, the State's assets, such as stores, equipment, securities and movable goods; and
- c) The expenditure has taken place under proper authority and is supported by adequate vouchers or other proof.

In addition, Section 26(1) (b) (IV) of the State Finance Act, 1991, empowers the Auditor-General to investigate and report on the economy, efficiency and effectiveness of the use of the State's resources.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the audit opinion.

4. ACKNOWLEDGEMENT

The co-operation and assistance given to the auditors by the Veterans Fund and Veterans Affairs personnel during the audit is appreciated.

5. KEY AUDIT FINDINGS

5.1 EMPLOYEE COST

Salaries amounting to N\$ 1 538 375 (2016) and N\$ 449 581 (2015) were wrongly allocated to the expenditure from interest general ledger account. No salary transactions were posted to the salary general ledger. This made it difficult to verify the total amount paid for salaries. Incorrect allocation amounting to N\$ 86 896 (2014) and N\$ 1 368 7523 (2013) was observed in the salary general ledger.

Recommendation

It is recommended that the Fund should capture all transactions in the correct general ledger account.

Management comments

During the reporting period, the General Ledger accounts 2002 - 2008 & 2301 - 2303 had no annual budgets, these activities (Salaries, S&Ts, Board members allowances, other Expenses) were funded from Interest Received on the cheque accounts, thus all expenditure captured under these accounts were set-off against interest received.

5.2 UNEXPLAINED ADJUSTMENTS

An unexplained adjustment of N\$ 9 028 123 (2013) was made in the statement of changes in equity.

Recommendation

It is recommended that the Fund analyse and explain all adjustments with relevant supporting documentations.

Management Comment

No comment from management was provided.

5.3 EXPENDITURE WRONGLY PROCESSED

The auditors observed that the Fund does not have a policy on virementation. An invoice amounting to N\$ 16 630 093 (2016) was processed under a wrong account code classified as lump sums whilst invoices amounting to N\$ 2 919 443 (2016) were wrongly processed in individuals veterans projects. Furthermore, an amount of N\$ 647 243 (2016) and N\$ 6 329 363 (2015) was wrongly processed under Namibia Bricks project.

The audit observed that the Fund does not have a policy on virementation. These resulted in invoices amounting to N\$ 8 436 767 (2014) being processed under wrong project account codes in the general ledger.

Recommendation

It is recommended that the Fund should ensure that expenses are recorded in the correct project accounts codes. Furthermore, it is recommended that the Fund should have a policy on virementation.

Management Comment

Management takes note of the comments of the Auditor-General. The payments were made in that manner as a result of savings that were identified under Okatope Poultry farm and Namibia Bricks Enterprises for the payments of Star Protection Services activities.

5.4 BANK RECONCILIATIONS

It was observed that journal entries amounting to N\$ 101 617 212 (2016) and N\$ 203 291 281 (2015) were posted to the bank general ledger account but were not cleared by the end of the financial years under review.

It was observed that there were several un-cleared payments amounting to N\$ 472 500 (2016) and N\$ 1 164 054 (2015) reflected on bank reconciliations with dates outside the reporting financial years, which are only cleared in periods relating to a next financial year. Upon initial query, these un-cleared items were ascribed to errors in the system.

It was observed that unreconciled lines marked as errors amounting to N\$ 116 208 reflected on the bank reconciliation.

Un-reconciled differences amounting to N\$ 544 362 166 (2014) and N\$ 6 688 351 (2013) were observed on the bank reconciliations.

It was observed that journal entries amounting to N\$ 544 534 544 (2014) and N\$ 251 274 (2013) were posted to the bank general ledger account all which were not cleared by the end of the financial years under review.

There were several un-cleared receipts amounting to N\$ 102 500 (2014) and N\$ 137 150 (2013) as well as payments amounting to N\$ 46 331 (2014) and N\$ 6 299 926 (2013) reflected on bank reconciliations with dates outside the reporting financial years, which are only cleared in periods relating to a next financial year. Upon initial query, these un-cleared items were ascribed to as errors in the system.

It was further observed that un-reconciled lines marked as errors amounting to N\$ 116 208 (2014) reflected on the bank reconciliation.

Recommendation

It is recommended that regular management checks be performed by the Fund on a monthly basis to ensure that un-reconciled items are cleared within their relevant periods.

Management Comment

Management takes note of the comments of the Auditor-General. During the reporting period, the Veterans Fund did not have dedicated staff hence the bank reconciliations were not reviewed on a monthly basis due to a lack of manpower. Veterans Affairs have recruited the services of three (3) contract assistant accountants to assist with the workload in the Fund and the bank reconciliations are being done on a monthly basis as from 2016/2017.

5.5 CASHBOOK

It was observed that the Fund does not have a cashbook.

Recommendation

It is recommended that the Fund process payments and receipts through the cashbook as a matter of urgency.

.Management Comment

The Veterans Fund uses the Oracle R12 accounting system (VFFMS) Accounts Payables (AP), Accounts Receivables (AR), Cash Management (CM) modules to enter all the Fund's transactions, since the system was deployed live on the 1 April 2012. Most of the Reports were customized from 2012 to date, but the Cashbook reports are still under development. Due to the volume of transactions in the Veterans Fund Financial Management System (VFFMS), Veterans Affairs forwarded an excel template of the proposed cash book to the System developers, Silnam to develop a Cash book for the Fund on the 15 Sept 2015, but up to now the cash book is still under development.

5.6 TRIAL BALANCE AND FINANCIAL STATEMENTS

An amount of N\$ 91 618 617 (2015) relating to bank balance migration account was listed on the trial balance but was not reflected in the Balance Sheet. Furthermore interest on investment receivable amounting to N\$ 14 940 000 (2015) reflected in the balance sheet but was not listed on the Trial Balance.

Differences amounting to N\$ 607 712 (2015) for income and N\$ 12 142 148 (2015) for expenditure was observed between the income statement and trial balance. Furthermore, expenditure of N\$ 11 712 301 (2015) reflected in the income statement but was not listed on the trial balance.

Differences for current assets amounting to N\$ 88 154 261 (2016) and current liabilities amounting to N\$ 174 025 051 (2016) were observed between the Trial Balances and the Balance Sheet.

A difference of (N\$ 514 506 845) (2016) and N\$ 100 928 121 (2015) was observed between the amount in the Balance Sheet and Trial Balance for accumulated funds.

Differences for current assets amounting to N\$ 12 943 486 (2014) and N\$ 30 428 150 (2013) and current Liabilities amounting to N\$ 91 031 617 (2014) and N\$ 115 868 561 (2013) were observed between the Trial Balances and the Financial Statements. A difference of N\$ 671 186 (2014) was observed between the Income Statement and Trial Balance.

Furthermore, accumulated funds amounting to N\$ 548 525 187 for the 2013 financial year was not included in the trial balance. A difference of N\$ 34 768 997 (2014) was observed between the amount in the Balance Sheet and Trial Balance.

Recommendation

It is recommended that the Fund should reconcile and disclose all relevant accounts in the financial statements to avoid misstatement.

Management Comment

The balances observed under these accounts are correct, but these accounts does not truly reflect un-reconciled / outstanding receipts for the Receipt Remittance Account, Trade Payables as outstanding invoices (that are validated), Bills payables as outstanding / un-reconciled payments, these accounts are suspense in nature and no user input is required on this account.

The amount observed according to our judgment was affected by the duplications caused by the reversals of transactions in the Accounts Receivables (AR) module. When the bank statements that were un-reconciled were again reconciled, it caused duplications in the General Ledger (since no accounting/posting was created after the reversals). The above explanation is the same for all the accounts listed below and throughout the queries that relate to these accounts.

5.7 FINANCIAL STATEMENT PREPARATION

The Fund is required by the Veterans Act No. 2 of 2008 to prepare financial statement in accordance with Generally Accepted Accounting Principles. However, it was observed that the financial statements provided did not include all account balances and transactions as required by the Generally Accepted Accounting Principles. It was further observed that the notes to the financial statements did not provide a clear breakdown of account balances.

Recommendation

It is recommended that the Fund review the format of the financial statements prepared and special emphasis should be placed on ensuring that financial information is reported for in totality (all items listed in trial balance). It is further recommended that the Fund reviews the notes to the financial statements and provide notes that are generally accepted.

Management Comment

Management has taken note of the Auditor-General's comments. Veterans Affairs need to review the format of the financial statement (reporting in totality) however assets in this case are dealt with in terms of Government Stock Control Registration. These assets cannot be disclosed separately in the Balance Sheet, as it is not assets of the Fund. The Office will however come up with a guideline as to how assets should be treated. Liabilities will be disclosed as per actual liabilities at year-end.

5.8 FINANCIAL POLICY

It was observed that there is no written financial policies and procedures manual in place.

Recommendation

It is recommended that the Fund document the current policies and procedures used in compiling financial information in writing and have a formally approved policy.

Management Comment

Veterans Affairs is drafting the Veterans Fund Financial Management operating procedure manual and financial policies guiding the operations of the Veterans Fund. The written financial policies and procedures manual will be drafted and implemented in the 2017/18 financial year.

6. BASIS FOR ADVERSE AUDIT OPINION

- Incorrect employee cost allocation;
- Unexplained adjustments;
- Expenditure wrongly processed;
- Bank reconciliations not done;
- No cashbook;
- Trial balance figures differs from financial statements;
- Financial statements not prepared as per GAAP; and
- No financial policy.

7. ADVERSE AUDIT OPINION

The accounts of the Veterans Fund for the financial years ended 31 March 2013, 2014, 2015 and 2016, summarized in Annexures A to E, were audited in terms of the provisions of Section 11 of the Veterans Act, 2008 (Act No. 2 of 2008).

In my opinion, because of the significance of the matter discussed in the Basis for Adverse Audit Opinion paragraph, the financial statements does not give a true and fair view of the financial position of the Veterans Fund as at 31 March 2013, 2014, 2015 and 2016, and cash flows for the years then ended.

WINDHOEK, July 2018



**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

**VETERANS FUND
BALANCE SHEET AS AT 31 MARCH**

	2016	2015	2014	2013	2012
	N\$	N\$	N\$	N\$	N\$
Assets					
Current assets					
Current bank account	274 568 682	674 882 782	428 365 779	548 525 186	91 618 616
Current Investments receivable	-	200 000 000	-	-	-
Interest on Investments Receivable	-	14 940 000	-	-	-
Total current assets	274 568 682	889 822 782	428 365 779	548 525 186	91 618 616
Equity and liabilities					
Capital and reserves					
Accumulated funds	274 568 682	889 822 782	428 365 779	548 525 186	76 419 445
Current liabilities	-	-	-	-	15 199 171
Total equity & liabilities	274 568 682	889 822 782	428 365 779	548 525 186	91 618 616

ANNEXURE B

**VETERANS FUND
INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH**

	2016	2015	2014	2013	2012	
Note	N\$	N\$	N\$	N\$	N\$	
Net Revenue Received from Government	4	601 868 000	1 454 981 000	788 650 000	949 536 000	450 601 245
Veterans Expenditure	5	1 224 510 426	1 014 938 517	915 496 839	485 415 515	541 126 306
Gross Surplus/(Deficit) for the year		(622 642 426)	440 042 483	(126 846 839)	464 120 485	(90 525 061)
Other Revenue Received		36 916 980	19 953 662	12 065 007	3 533 074	3 988 551
Interest Received	6	21 416 980	16 353 662	12 065 007	3 533 074	3 988 551
Fishing Quotas Received	7	15 500 000	3 600 000	-	-	-
Administrative Expenses		14 588 655	13 479 142	5 377 574	4 575 941	2 557 896
Veterans Board Administrative Expenditure	8	13 520 712	12 813 427	4 786 090	4 057 510	2 228 258
Bank Charges	9	1 067 943	665 715	591 484	518 431	329 638
Net Surplus / (Deficit) for the year		(600 314 101)	446 517 003	(120 159 406)	463 077 618	(89 094 406)

ANNEXURE C

**VETERANS FUND
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH**

	2016	2015	2014	2013	2012
	N\$	N\$	N\$	N\$	N\$
Note					
Beginning Balance as at: 1 April	10	674 882 782	428 365 779	548 525 187	76 419 446
Surplus / (Deficit) for the Year		(600 314 100)	446 517 003	(120 159 407)	463 077 618
Current year adjustment entry		-	-	-	9 028 123*
Funds Invested (Capital)	11	200 000 000	(200 000 000)	-	-
Balance as at 31 March		274 568 682	674 882 782	428 365 780	548 525 187
					76 419 446

* An unexplained adjustment of N\$ 9 028 123 (2013) was made in the statement of changes of equity.

ANNEXURE D

**VETERANS FUND
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH**

	2016	2015	2014	2013	2012
Note	N\$	N\$	N\$	N\$	N\$
Net Cash Flow from Operations	(600 314 101)	446 517 003	(120 159 407)	463 077 618	(89 094 456)
Total Cash Receipts	638 784 980	1 474 934 662	800 715 007	953 069 074	454 589 746
Cash paid for					
Veterans Allowances & Benefits	(1 224 510 426)	(1 014 938 517)	(915 496 839)	(485 415 515)	(541 126 306)
Veterans Board Operating Expenditure	(14 588 655)	(13 479 142)	(5 377 575)	(4 575 942)	(2 557 896)
Net Cash Flow from Investing Activities	200 000 000	(200 000 000)	-	-	-
Investments: Bank Windhoek	100 000 000	-	-	-	-
Investments: FNB	100 000 000	-	-	-	-
Investments: Bank Windhoek	-	(100 000 000)	-	-	-
Investments: FNB	-	(100 000 000)	-	-	-
Net Increase / (Decrease) in Cash	(400 314 101)	246 517 003	(120 159 407)	463 077 618	(89 094 456)
Cash at beginning of the year	674 882 782	428 365 779	548 525 186	76 419 396	165 513 852
Cash & Cash equivalents at year end	274 568 682	674 882 782	428 365 779	539 497 014	76 419 396

*A difference of N\$ 9 028 173 (2013) and N\$ 15 199 171 (2012) was observed between cash and cash equivalents at the end of the year and the balances as per bank accounts.

**VETERANS FUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH 2013, 2014, 2015 AND 2016**

1. BASIS OF PREPARATION

The Annual Financial Statements of the Veterans Fund have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) as prescribed in the Veterans Act No.2 of 2008, appropriate to the Veterans Fund, which fairly represents the state of affairs and business of the Fund. The financial statements have been prepared on the historical cost basis.

2. PRINCIPLE ACCOUNTING POLICIES

The annual financial statements incorporate the following significant accounting policies, which are consistent with those, applied in previous financial years, except where otherwise stated.

2.1 Revenue

Revenue is recognized at receipt in the Fund when Transfers from Government are received. Interest Revenue is recognized at receipt when the bank credits the Veterans Fund Bank Account, the interest cycle is usually on the 7th of each month.

2.2 Cash & Cash Equivalents

Cash & Cash Equivalents are classified as “Financial Assets as fair value through surplus / deficit balance on the statement of Changes in Equity”. Cash and Cash Equivalents consist of Cash in the Bank. No cash / petty cash is kept at hand.

3. GENERAL NOTES

3.1 Objective of the Veterans Fund

As per Veterans Act No.2 of 2008, (5), the object of the Fund is to provide assistance in terms of this Act or any other law to Veterans or dependents of Veterans or payment for projects beneficial to Veterans or dependents of Veterans in accordance with the provisions of this Act or any other law.

3.2 Management of the Veterans Fund

The affairs of the Veterans Fund are subject to directions of the Minister, managed and controlled by the Veterans Board, with the Permanent Secretary as the Chairman of the Veterans Board as per the Veterans Act No 2 of 2008.

3.3 Banking Accounts

Treasury Authorization was obtained on the 27th March 2009 to open the Veterans Fund Bank Account in terms of Section 2 (4)(a) of the State Finance Act 1991.

VETERANS FUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (continued)

3.4 Financial Year of the Veterans Fund

The financial year of the Fund commences on 1 April and ends on 31 March each year.

4. NET REVENUE RECEIVED FROM GOVERNMENT

The net revenue received from Government was N\$ 1 454 981 000 (2015) and N\$ 601 868 000 (2016) which comprises of actual funds transferred to the Veterans Fund from the Ministerial Budget as appropriated for the Veterans Fund.

The annual Budget of the Veterans Fund is budgeted for under the Standard Sub-division 043 (Other Subsidies & Transfers) of the Ministerial budget.

The Net Revenue received from Government increased by 59.23% (2015) and (58.63%) (2016) compared to the previous period and constitutes 98.16% (2015) and 94.22% (2016) of the grand total revenue received in the Veterans Fund for the year.

The Net Revenue received from Government increased by 110.73% (2013) and (16.94%) (2014) compared to the previous period and constitutes 99.63% (2013) and 98.49% (2014) of the grand total revenue received in the Veterans Fund for the year.

The Veterans Fund received all the transfers as budgeted for the year (2015). The Veterans Fund did not receive all the transfers as budgeted (2016) for the year due to late submission to the Ministry of Finance after bank transfers were already closed for the financial year.

	2016	2015	2014	2013
	N\$	N\$	N\$	N\$
	707 500 000	1 454 981 000	749 540 000	1 012 036 000
	601 868 000	1 454 981 000	788 650 000	949 536 000
Balance:	105 632 000	-	39 110 000	62 500 000

The Total Appropriation for the Fund for the year was

Actual total transfers received in the Veterans Fund was

Balance:

VETERANS FUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (continued)

The balance of N\$ 39 110 000 is lump sum rejections that were transferred to the Veterans Fund as these funds were committed on the Ministerial standard sub-division 043 in 2012/13 and posted to Veterans Affairs rejection account during 2013/14. The rejections were for Lump Sum Payments to Veterans that were directly paid by Ministry of Finance during the 2012-13 financial year.

5. VETERANS EXPENDITURE

The total Veterans expenditure amounted to N\$ 1 014 938 517 (2015) and N\$ 1 224 515 726 (2016) for the year, which computes to 10.86% (2015) and 20.65% (2016) increase in expenditure compared to the previous period. The total Expenditure constitutes 68.81% (2015) and 191.69% (2016) of the grand total revenue received in the Fund for the year.

The total Veterans expenditure amounted to N\$ 485 736 088 (2013) and N\$ 915 496 839 (2014) for the year, which computes to a decrease of (11.67%) (2013) and (88.60%) (2014) Increase in expenditure compared to the previous period. The total Expenditure constitutes 50.97% (2013) and 114.34% (2014) of the grand total revenue received in the Fund for the year.

6. INTEREST RECEIVED (OTHER REVENUE)

The total Interest revenue received on the Veterans Fund Corporate cheque account amounted to N\$ 16 353 662 (2015) and N\$ 21 416 980 (2016) for the year. The total interest received increased by 35.63% (2015) and decreased by (60.39%) (2016) compared to the previous period. The total Interest received constitutes 1.11% (2015) and 3.35% (2016) of the grand total revenue of the grand total revenue received in the Fund for the year.

The total Interest revenue received on the Veterans Fund Corporate cheque account amounted to N\$ 3 533 074 (2013) and N\$ 12 065 007 (2014) for the year. The total interest received decreased by (11.42%) (2013) and increased with 241.29% (2014) compared to the previous period. The total Interest received constitutes 0.37% (2013) and 1.51% (2014) of the grand total revenue of the Veterans Fund for the year.

The interest income for 2016 was received as per Table 1:

Table 1

Interest Received on Cheque Account	N\$ 6 476 980
Interest Received on Bank Windhoek Investment	N\$ 7 470 000
Interest Received on FNB Investment	N\$ 7 470 000
Total Interest Received for the year	NS21 416 980

VETERANS FUND**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (continued)****7. FISHING QUOTAS RECEIVED (OTHER REVENUE)**

Revenue received from fishing quotas amounted to N\$ 3 600 000 (2015) and N\$15 500 000 (2016) representing 0.24% (2015) and 2.43% (2016) of the grant total revenue received during the reporting period. Revenue from fishing quotas increased by 330.56% (2016) from the previous year.

No fishing quotas were received during the 2013 and 2014 financial years.

8. BOARD ADMINISTRATIVE EXPENDITURE (ADMINISTRATIVE EXPENSES)

The Veterans Board Administrative Expenditure for the year was N\$ 12 813 427 (2015) and N\$ 13 515 412 (2016). The total Veterans Board Administrative expenditure increased by 168.12% (2015) and 5.48% (2016) compared to the previous period. The total expenditure constitutes 0.87% (2015) and 2.12% (2016) of the grand total revenue of the Veterans Fund for the year.

The Veterans Board Administrative Expenditure for the year was N\$ 4 057 510 (2013) and N\$ 4 786 090 (2014). The total Veterans Board Administrative expenditure increased by 82.09% (2013) and 17.78% (2014) compared to the previous period. The total expenditure constitutes 0.43% (2013) and 0.60% (2014) of the grand total revenue of the Veterans Fund for the year.

Veterans Board Administrative Expenditure consist of the following:

- 8.1 Identification & registration of Veterans, funded from the budget.
- 8.2 Salaries & allowances of staff attached to the Veterans Fund, various veterans board sitting & travel allowances, also various committees that are attached to the Veterans Fund. All these items are funded from interest received on the check account of the Veterans Fund.
- 8.3 Bank charges, funded from interest received.

9. BANK CHARGES (ADMINISTRATIVE EXPENSES)

Bank Charges are all bank fees/charges, government transaction duties & other service fees levied by the Bank on the Veterans Fund Corporate Cheque Account. The fees also include online billing for high volume payments, (ACB Files) for monthly Subventions & Lump sums that are processed by the Bank.

The total bank charges were N\$ 665 715 (2015) and N\$ 1 067 943 (2016) which indicates an increase by 12.55% (2015) and 60.42% (2016) compared to the previous period. The total bank charges constitutes 0.05% (2015) and 0.17% (2016) of the grand total revenue of the Veterans Fund for the year. The total bank charges were N\$ 518 431 (2013) and N\$ 591 484 (2014) which indicates an increase by 57.27% (2013) and 14.09% (2014) compared to the previous period. The total bank charges constitutes 0.05% (2013) and 0.07% (2014) of the grand total revenue of the Veterans Fund for the year.

VETERANS FUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (continued)

10. BALANCE AS PER STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity opening balance stood at N\$ 428 365 779 (2015) and N\$ 674 882 782 (2016) (closing balance of previous statement of changes in equity balance) which is a decrease in the previous year's opening balance of (21.91%) (2015) and an increase of 0.58% (2016). The opening balance represented 29.04% (2015) and 105.65 % (2016) of the grand total revenue received in the fund for the reporting year.

The statement of changes in equity opening balance stood at N\$ 85 443 911 (2013) (cashbook balance) and N\$548 525 187 (2014) (closing balance of previous statement of changes in equity balance) which is a decrease of 53.39% (2013) and an increase of 541.97% (2014) in the previous year's opening balance. The opening balance represented 8.97% (2013) and 68.51 % (2014) of the grand total revenue received in the fund for the reporting year.

The closing balance on the statement of changes in equity balance matches the actual closing bank balance as there were no outstanding payments as at the 31 March 2013 and the Fund's transactions are recognized on a modified cash-accrual basis.

11. CASH FLOW BALANCES

The fund's net cash flow balances from operations stood at N\$ 446 517 003 (2015) and (N\$600 314 100) (2016) resulting in a computation of 30.27% (2015) and (93.98%) (2016) of grand total revenue received for the year. The net cash flows from operations increased with 471.60% (2016) and decreased with (234.44%) (2016) from the previous period's deficit of (N\$ 120 159 407) (2015) and a surplus of N\$ 446 517 003 (2016). The investment (Capital outflows) were accounted for under the investing activities in the cash flow statement, while no financing activities are reported in the cash flows for the period however no investing and financing activities in the cash flows are reported for the period.

The overall net increase in cash was N\$ 246 517 003 (2015) and net decrease in cash was (N\$400 314 100) (2016) with a net cash & cash equivalents balance of N\$ 674 882 782 (2015) and N\$ 274 568 682 (2016) which is an increase of 57.55% (2015) from the previous period and a decrease of (68.62%) (2016) from the previous period.

The Fund's net cash flow balances from operations stood at N\$ 463 081 276 (2013) and (N\$ 120 159 407) (2014) resulting in a computation of 48.59% (2013) and (15.01%) (2014) of grand total revenue received for the year. The net cash flows from operations increased with 573.18% (2013) and decreased with (125.95%) (2014) from the previous period's deficit of (N\$ 97 865 508) (2013) and a surplus of N\$ 463 081 276 (2014). No investing and financing activities in the cash flows are reported for the period.

The overall net decrease in cash was (N\$ 120 159 407) (2014) with a net cash & cash equivalents balance of N\$ 428 365 779 (2014) which is a decrease of (21.91%) (2014) from the previous period.

VETERANS FUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 MARCH (continued)

12. ASSETS: CURRENT BANK ACCOUNT

The asset “cash in the bank”, balance stood at N\$ 674 882 782 (2015) and N\$ 274 568 682 (2016) which indicates an increase of 57.55% (2015) and a decrease of (59.32%) (2016) from the previous period. The Asset Cash constitutes 45.76% (2015) and 42.98% (2016) of the grand total revenue received during the year.

The total current assets of the fund comprised of cash in the bank, which increased with 99.78 % (2013) and decreased with (21.91%) (2014) from the previous period. The Asset Cash constitutes 53.50% (2014) of the grand total revenue received during the year. No other assets or liabilities are reported for the period.

13. ACCUMULATED FUNDS

The total accumulated funds was N\$ 889 822 782 (2015) and N\$ 274 568 682 (2016) which represents an increase of 107.72% (2015) and a decrease of (69.14%) (2016) from the previous year and constitutes 60.33% (2015) and 42.98% (2016) of the grand total revenue received during the year of reporting.

The total accumulated funds was N\$ 428 365 779 (2014) which represents an increase of 99.78% (2013) and a decrease of (21.91%) (2014) from the previous year and constitutes 57.55% (2013) and 53.50% (2014) of the grand total revenue received during the years of reporting.

14. ASSETS: INVESTMENTS (2015)

The asset “Investments” with First National Bank & Bank Windhoek stood at N\$ 200 000 000 invested over 12 months at 7.47% interest per annum. There were no investments made in the previous period. Investments constitute 13.56% of the grand total revenue received during the year.

15. ASSETS: INTEREST RECEIVABLE ON INVESTMENTS (2015)

The asset “Interest Receivable” is calculated over 12 months at 7.47% interest per annum on the N\$ 200 000 000 invested, should yield a total interest of N\$ 14 940 000. There was no interest made on investments in the previous period. Interest receivable on investment constitutes 1.01% of the grand total revenue received during the year.

No liabilities are reported for the period.

