



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

NATIONAL HERITAGE COUNCIL

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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 National Heritage Council for the financial year ended 31 March 2011, in terms of Article 127(2) of the Namibian Constitution. My report is transmitted to the Council in terms of Section 23(1)(b)(ii) of the National Heritage Act, 2004 (Act 27 of 2004) to be laid upon the Table of the National Assembly by the Minister of Youth, National Service, Sport and Culture in terms of Section 23(2) of the Act.

WINDHOEK, July 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL
ON THE ACCOUNTS OF THE NATIONAL HERITAGE COUNCIL
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

1. INTRODUCTION

The accounts of the National Heritage Council for the year ended 31 March 2011 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the National Heritage Act, 2004 (Act No. 27 of 2004).

The objective of the Council is to identify, conserve, protect and manage places and objects of heritage significance.

Figures in this report are rounded off to the nearest Namibia Dollar. Deficits are indicated in brackets.

2. FINANCIAL STATEMENTS

The financial statements were compiled by BDO and are filed in the Office of the Auditor-General. The following annexures are attached to this report:

- Annexure A: Balance sheet
- Annexure B: Income and expenditure statement
- Annexure C: Cash flow statement
- Annexure D: Notes to the financial statements
- Annexure E: Detailed income and expenditure statement

3. SCOPE OF THE AUDIT

The Accounting Officer of the Council is responsible for the preparation of the financial statements and for ensuring the regularity of the financial transactions. It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit included -

- (a) examination, on a test basis, of the evidence relevant to the amounts, disclosure and regularity of financial transactions included in the financial statements;
- (b) assessment of the significant estimates and judgments made by the Accounting Officer of the Council in the preparation of the financial statements and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed; and
- (c) evaluation of the overall adequacy of the presentation of information in the financial statements.

The audit was planned and performed so as to obtain all the information and explanations considered necessary to provide sufficient evidence to give reasonable assurance that -

- the financial statements are free from material misstatement, whether caused by error, fraud or other irregularity;
- in all material respect, the expenditure and income have been applied to the purposes intended; and
- the financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS AND COMMENTS

4.1 CASH AND BANK

4.1.1 Depreciation

It was observed that the Council's policy regarding the number of years over which assets are to be depreciated was not reflected in the Financial Policy. Thus, the auditors could not recalculate the depreciation.

Recommendation

The Council should ensure that its financial policy manual reflects the number of years over which assets are to be depreciated.

Management Comment

The Council has resolved that the Finance Policy be reviewed for amendments. Therefore, the depreciation clause of how to go about depreciating assets including clear time frames will be part of the new amendments.

4.1.2 ACCOUNTS PAYABLE

It was noted that the amount of N\$ 113 800 reflected in the financial statement as accounts payable/ accrued expenses, was a balance brought forward from the previous financial year. This amount was not settled in the financial year under review. The Council should state the reasons why this amount was not cleared.

A closing balance of N\$ 313 322 was reflected as creditors in the annual financial statement, but it was observed that this account was used as a suspense account and was not cleared at the end of the financial year. The Council should state in writing the reason why the suspense account was not cleared.

Recommendation

It is recommended that the Council should ensure that all the accrued liabilities brought forward are settled before year end and that suspense accounts are cleared at the end of the financial year.

Management comment

The clearing of such balances go through prudent financial processes, therefore, the Council instructed the financial companies to assist with the clearing thereof. The Council is positive that these balances will not re-appear in the new financial statements.

5. ACKNOWLEDGEMENT

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

6. AUDIT OPINION

The accounts of the National Heritage Council for the financial year ended 31 March 2011, were audited by me in terms of Section 27 of the National Heritage Act, 2004 read with section 25 (1)(b) of the State Finance Act, 1991.

I certify that in my opinion the financial statements fairly reflect the transactions and the financial position of the Council for the financial year ended 31 March 2011 and in all material respects the income and expenditure have been applied to the purposes intended and conform to the authorities that govern them.

WINDHOEK, July 2013

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

BALANCE SHEET AS AT 31 MARCH

| | Notes | 2011 N\$ | 2010 N\$ |
|--|-------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2 | 951 758 | 401 664 |
| Current assets | | | |
| Cash and cash equivalents | 3 | 4 079 573 | 2 837 580 |
| Total assets | | 5 031 331 | 3 239 244 |
| CAPITAL, RESERVES AND LIABILITIES | | | |
| Funds | | | |
| Accumulated surplus | | 3 917 551 | 2 438 788 |
| Capital projects | 4 | 686 658 | 686 658 |
| Current liabilities | | | |
| Accounts payable - National Heritage Council | | 113 800 | 113 798 |
| Creditors | | 313 322 | - |
| Total equity and liabilities | | 5 031 331 | 3 239 244 |

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH

| | Notes | 2011 N\$ | 2010 N\$ |
|---|-------|------------------|------------------|
| Revenue | | 8 825 464 | 5 775 399 |
| Other operating income | | 22 315 | 772 |
| Total Income | | 8 847 779 | 5 776 171 |
| Operating expenses | | (7 503 777) | (8 123 016) |
| Operating (deficit)/surplus | | 1 344 002 | (2 346 845) |
| Interest received | 6 | 134 761 | 117 579 |
| Net (deficit)/surplus for the year | | 1 478 763 | (2 229 266) |
| Accumulated surplus at the beginning of the year | | 2 438 788 | 4 668 054 |
| Accumulated surplus at the end of the year | | 3 917 551 | 2 438 788 |

NATIONAL HERITAGE COUNCIL

CASHFLOW STATEMENTS FOR THE YEAR ENDED 31 MARCH

| | Notes | 2011 N\$ | 2010 N\$ |
|---|-------|------------------|------------------|
| OPERATING ACTIVITIES | | | |
| Cash received from grants and entrance fees | | 8 847 779 | 5 776 171 |
| Cash paid to suppliers and employees | | 7 070 838 | 7 074 644 |
| Cash (utilised by)/generated from operations | 7 | 1 776 941 | (1 298 473) |
| Investment income | | 134 761 | 117 579 |
| Cash (outflow)/inflow from operating activities | | 1 911 702 | (1 180 894) |
| INVESTING ACTIVITIES | | | |
| Acquisitions of fixed assets | | (669 709) | (97 291) |
| Cash outflow from investing activities | | (669 709) | (97 291) |
| FINANCING ACTIVITIES | | | |
| Decrease in funds for capital projects | | - | (106 593) |
| Net cash (outflow) from financing activities | | - | (106 593) |
| Net (decrease)/increase in cash and cash equivalents | | 1 241 993 | (1 384 778) |
| Net cash and cash equivalents at the beginning of year | | 2 837 580 | 4 222 358 |
| Net cash and cash equivalents at the end of the year | | 4 079 573 | 2 837 580 |

NATIONAL HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011

1. ACCOUNTING POLICIES

The annual financial statements of the Council are compiled in accordance with the historical cost convention, modified by the restatement of financial instruments to fair value, except where otherwise stated.

The principal accounting policies set out below are consistent with those applied in the previous year and comply with Namibian statement of General Accepted Accounting Practices.

1.2 Property, plant and equipment

Property, plant and equipment are stated at cost and are depreciation on the straight-line basis at rates appropriate to reduce it over its anticipated useful lives as follows:

| | |
|--------------------------|-----|
| - Camping equipment | 20% |
| - Library books | 20% |
| - Office equipment | 20% |
| - Tools | 10% |
| - Furniture and Fittings | 15% |
| - Computer Equipment | 20% |

Land and Buildings are stated at re-valued amount and are not depreciated.

1.3 Income/Revenue

Revenue comprises of grants received from the Government of Namibia, donations, entrance fees and interest received.

1.4 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grants relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income amount and is released to the income statement over the expected useful life to the relevant asset by equal annual instalments.

1.5 Financial Instruments

Financial instruments carried on the balance sheet date include cash and bank balances, receivables, trade creditors, and borrowings. The particular recognition methods adopted are disclosed in the individual policy statements associated with each other.

NATIONAL HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
(Continued)

2. PROPERTY, PLANT & EQUIPMENT

| 2011 | Land & Buildings | Camping Equip- ment | Office Equip- ment | Tools & Equip- ment | Computer Equip- ment | Total |
|-------------------------------|---------------------|---------------------------|--------------------------|---------------------------|----------------------------|----------------|
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Carrying amount 01/04/2010 | 217 134 | 189 | 101 703 | 13 423 | 69 215 | 401 664 |
| At cost | 217 134 | 22 764 | 302 463 | 55 231 | 295 529 | 893 121 |
| Accumulated Depreciation | - | (22 575) | (200 760) | (41 808) | (226 314) | (491 457) |
| Additions | 600 439 | - | 30 871 | - | 38 399 | 669 709 |
| Current year charge | - | - | (53 636) | (5 426) | (60 553) | (119 615) |
| Carrying amount 31/3/2011 | 817 573 | 189 | 78 938 | 7 997 | 47 061 | 951 758 |
| At cost | 817 573 | 22 764 | 333 334 | 55 231 | 333 928 | 1 562 830 |
| Accumulated Depreciation | - | (22 575) | (254 396) | (47 234) | (286 867) | (611 072) |
| 2010 | Land & Buildings | Camping Equip- ment | Office Equip- ment | Tools & Equip- ment | Computer Equip- ment | Total |
| | N\$ | N\$ | N\$ | N\$ | N\$ | N\$ |
| Carrying amount 01/04/2009 | 217 134 | 1 555 | 67 080 | 21 677 | 53 487 | 360 933 |
| At cost | 217 134 | 22 764 | 237 304 | 54 261 | 264 368 | 795 831 |
| Accumulated Depreciation | - | (21 209) | (170 224) | (32 584) | (210 881) | (434 898) |
| Additions | - | - | 65 159 | 970 | 31 161 | 97 290 |
| Current year charge | - | (1 366) | (30 536) | (9 224) | (15 433) | (56 559) |
| Carrying amount 31/3/2010 | 217 134 | 189 | 101 703 | 13 423 | 69 215 | 401 664 |
| At cost | 217 134 | 22 764 | 302 463 | 55 231 | 295 529 | 893 121 |
| Accumulated Depreciation | - | (22 575) | (200 760) | (41 808) | (226 314) | (491 457) |

NATIONAL HERITAGE COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2011
(Continued)

| | 2011 | 2011 |
|---|------------------|--------------------|
| | N\$ | N\$ |
| 3. CASH AND CASH EQUIVALENTS | | |
| Nedbank Namibia Limited - Current account | 368 385 | 295 727 |
| Nedbank Namibia Limited - Investment account | 1 435 817 | 328 232 |
| Standard Bank Namibia Limited - Call account | 2 256 801 | 2 204 927 |
| Petty Cash | 18 570 | 8 695 |
| | 4 079 573 | 2 837 581 |
| 4. CAPITAL PROJECTS | | |
| Eenhana capital project | (22 538) | (22 538) |
| Cost of new monuments and statues | 586 018 | 586 018 |
| Unveiling of statues | 49 861 | 49 861 |
| Inauguration of Twyfelfontein | 1 017 | 1 017 |
| Maintenance and restoration | 71 735 | 71 735 |
| Minor Works | 3 125 | 3 125 |
| Emblems, signs & road signs | (2 560) | (2 560) |
| | 686 658 | 686 658 |
| 5. STAFF COST | | |
| Salaries, wages and benefits | 3 552 409 | 3 067 314 |
| Staff training | 404 238 | 259 193 |
| | 3 956 647 | 3 326 507 |
| 6. INTEREST INCOME | | |
| Interest received - banks | 134 761 | 117 579 |
| | 134 761 | 117 579 |
| 7. CASH FLOW STATEMENT | | |
| Reconciliation of surplus of cash utilised by operations: | | |
| Net surplus for the year | 1 478 763 | (2 229 266) |
| Adjustment for: | | |
| Depreciation | 119 615 | 56 559 |
| Interest received | (134 761) | (117 579) |
| Operating capital before working capital changes | 1 463 617 | (2 290 286) |
| Working capital changes: | | |
| Increase/(decrease) in accounts payable | 313 324 | (57 353) |
| (Increase)/decrease in accounts receivable | - | 1 049 166 |
| | 1 776 941 | (1 298 473) |

ANNEXURE E

NATIONAL HERITAGE COUNCIL

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH

| | 2011 | 2010 |
|--|------------------|------------------|
| | N\$ | N\$ |
| REVENUE | 8 825 464 | 5 775 399 |
| Grant Income | 5 109 000 | 2 440 000 |
| Hoba Kiosk Grootfontein | 3 600 | 3 600 |
| Heroes Acre | 111 847 | 101 075 |
| Petrified Forest | 795 090 | 912 470 |
| Twyfelfontein | 1 826 730 | 1 869 620 |
| MDG - Fund Project | 631 509 | - |
| Brandberg | 170 000 | 297 315 |
| Reburial of human remains (personal expenditure) | 105 688 | - |
| Heroes Acre - rental | 63 000 | 54 000 |
| Grootfontein Agri-College rentals | 9 000 | - |
| Twyfelfontein - Kiosk rental | - | 12 000 |
| Eenhana SHRINE - Funds received | - | 85 319 |
| Other Income | 157 076 | 118 351 |
| Sundry Income | 22 315 | 772 |
| Interest Received | 134 761 | 117 579 |
| Total Revenue | 8 982 540 | 5 893 750 |
| EXPENDITURE | | |
| Eenhana SHRINE Expenses - Construction Costs | - | 85 318 |
| Reburial of human remains - expenses | 98 489 | - |
| 35 % Shares payable to Twyfelfontein | 602 585 | - |
| 35 % Shares payable to petrified forest | 315 495 | - |
| 50 % Shares payable to brandberg | 141 123 | - |
| Advertising and promotions | 112 241 | 80 094 |
| Air tickets / Air charters | 20 150 | 21 299 |
| Air services - Entrance fees Twyfelfontein | 32 871 | - |
| Accounting/auditing fees | 126 034 | - |
| Bank Charges | 64 532 | 58 723 |
| Bus tickets | - | 7 200 |
| Cleaning | 142 774 | 73 872 |
| Computer expenses | - | 8 638 |
| Council and committee expenses | 68 363 | 143 970 |
| Courier and postage | 4 311 | 2 441 |
| Depreciation | 119 615 | 56 559 |
| Electricity and water | - | 276 564 |
| Gas and fuel supply | 24 790 | 17 867 |

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH (Continued)

| | 2011 | 2010 |
|--|------------------|--------------------|
| | N\$ | N\$ |
| General Office supplies | 47 865 | - |
| Insurance | 27 624 | 27 398 |
| Maintenance and office equipment | 7 236 | 69 240 |
| MDG Fund project | 267 951 | - |
| Contingency and leave gratuity | 5 107 | 89 641 |
| Motor vehicle running costs | 83 968 | 34 283 |
| Office expenses | - | 5 522 |
| Printing and stationery - receipt book | 25 392 | 83 091 |
| Newspapers and other periodicals | 190 | 63 340 |
| Professional and legal services | - | 103 701 |
| Publications & periodicals | - | 711 |
| Renovation of houses & structures | - | 352 978 |
| Repairs and maintenance | 25 889 | 24 688 |
| Royalties | - | 18 000 |
| Site maintenance, repairs and operations costs | - | 188 458 |
| Subscription fees and renewal of licences | 220 | - |
| Salaries and wages | 2 830 203 | 1 336 431 |
| Housing/car allowance | - | 514 435 |
| PAYE | - | 369 686 |
| Overtime | - | 150 491 |
| Bonus/13th Cheque | 121 193 | 109 705 |
| Pension/GIPF | 336 578 | 264 410 |
| Social Security Commission | 10 935 | 17 435 |
| Municipal expenses | 303 180 | - |
| Medical aid scheme | 248 393 | 215 082 |
| Security | 203 205 | 9 327 |
| Miscellaneous and contingency fund | 21 536 | - |
| Staff & Tour training courses | 362 238 | - |
| Staff welfare and hospitality fund | 14 691 | - |
| Shares of income paid to conservancies | - | 2 341 517 |
| Refuse removal | 49 464 | 26 300 |
| Training | - | 259 193 |
| Staff welfare | - | 12 058 |
| Merchandise for sale | 9 200 | - |
| Traditional authority royalties | 42 000 | - |
| Telephone and fax | 147 067 | 93 673 |
| Travel and Subsistence | 180 331 | 153 120 |
| Km fees, use of private vehicles and refunds | 50 805 | - |
| Vehicles lease costs | 207 943 | 331 199 |
| World Heritage Inauguration | - | 25 358 |
| Total expenses for the year | 7 503 777 | 8 123 016 |
| Surplus/(deficit) for the year | 1 478 763 | (2 229 266) |