



**REPUBLIC OF NAMIBIA**



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

# **REGIONAL COUNCIL FOR THE HARDAP REGION**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

Published by authority

Price (Vat excluded) N\$ 30.50  
Report no: 2016/77



**REPUBLIC OF NAMIBIA**



**TO THE HONOURABLE SPEAKER OF THE NATIONAL ASSEMBLY**

I have the honour to submit herewith my report on the accounts of the Regional Council for the Hardap Region for the financial year ended 31 March 2014, 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, August 2016**

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 HARDAP REGIONAL COUNCIL FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2014**

---

**1. REPORT ON THE FINANCIAL STATEMENTS**

**1.1 INTRODUCTION**

This report on the accounts of the Hardap Regional Council for the financial year ended 31 March 2014 is presented to the National Assembly in accordance with the Regional Council Act, 1992 (Act 22 of 1992).

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

I certify that I have audited the accompanying financial statements of the Hardap Regional Council for the financial year ended 31 March 2014. The financial statements comprise the following statements submitted for the year then ended:

Annexure A: Balance Sheet;  
Annexure B: Income Statement;  
Annexure C: Cash Flow Statement;  
Annexure D: Statement of Changes in Funds;  
Annexure E: Notes to the Financial Statement.

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

The financial statements, notes to the financial statements and general information provided by the Accounting Officer are attached as Annexure A-E.

**2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Section 39 of the Regional Council Act, 1992 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. 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.

## **Power and duties**

Section 25(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 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 judgments, including the assessment of the risks of material misstatement of the financial statements, whether due to 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 reasonable 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 insufficient and inappropriate to provide a basis for the audit opinion.

## **4. ACKNOWLEDGEMENT**

The courtesy and assistance extended to the Auditor-General and his staff members by the Regional Council's staff during the audit are appreciated.

## **5. KEY AUDIT FINDINGS**

### **5.1 Receivables**

Control weaknesses were found with regard to receivables, since the Council does not maintain a Debtor Control Account in terms of conventional sales of water/electricity and Build Together Debtors.

### **Recommendation**

**It is recommended that the Council should ensure that it should have a Debtor Control Account and reconciliations are done on a monthly basis to avoid misstatements.**

### **Management response/comment**

The Council took note of the finding and will implement the recommendation.

### **Recommendation**

**The Council should ensure that monthly reconciliation is being done and interest received is properly accounted for.**

### **Management response/comment**

The Council concurs with the finding and will do away with re-occurrence of such errors.

## **5.2 VAT Refund**

During the year under review, a misstatement amounting to (N\$ 1 017 472) was observed between the amount due as per financial statement (N\$ 3 883 251) and the amount due as per auditor's calculations (N\$ 2 865 779).

### **Recommendation**

**The Council should ensure that proper reconciliations are carried out regularly to avoid misstatement.**

### **Management response/comment**

The Council concurs with the finding and will rectify such errors in the future.

## **5.3 Build Together Debtors**

During the year under review, it was observed that there were repayments from build together loans, however an amount of N\$ 731 063 as disclosed in the financial statement remained the same as from 2012/2013 financial year.

### **Recommendation**

**It is recommended that the Council should maintain a debtor's control account to avoid misstatement and do monthly reconciliations.**

### **Management response/comment**

The Council concurs with the finding and the Regional Council is in the process to migrate the current financial system (Pastel Partner) to a more advanced system whereby it will be able to capture debtors from the system and not manual basis as it is done correctly.

### **5.4 Property, Plant and Equipment**

Fixed asset to the total value of N\$ 23 786 347 reflected in the Council's financial statement could not be verified due to the fixed assets register that was not provided at the time of the audit. In the absence of the fixed asset register, re-performance of depreciation could also not be carried as there was no depreciation breakdown for each category of assets. Furthermore in the absence of the fixed asset register, it was impossible to perform physical inspection because asset location and specification could not be determined. Insurance contracts were not provided; therefore certain tests could not be performed.

### **Recommendation**

**It is recommended that the Council prepares and maintains a fixed asset register in order to provide a control over the asset usage and for insurance purposes. The Council is further recommended to take out insurance for all the assets belonging to the Council.**

### **Management response/comment**

The Council took note of the auditor's recommendation.

### **5.5 Inventory**

For the financial year under review, it was observed that the Council did not disclose inventory for consumable items in the financial statement. But during the audit an amount of N\$ 242 350 was observed from the inventory report provided to the auditors as at year end.

### **Recommendation**

**The Council should ensure that amounts in the inventory report should be reflected in the financial statement under inventory.**

### **Management response/comment**

The Council concurs with the finding and will implement the recommendation.

### **5.6 GENERAL OBSERVATION**

It was observed that for the year under review the Council used a consultant to prepare financial statements instead of preparing these Financial Statements.



## Recommendation

**It is recommended that the Council should capacitate the finance staff in the finance division. This will ensure that the financial statements are prepared in-house.**

### 5.7 Analysis of Financial Statement

The following differences were observed between the closing balances as at 31 March 2013 and the opening balances as at 01 April 2013:

Description	Closing balance as at 31 March 2013	Opening balance as at 01 April 2013	Difference
	N\$	N\$	N\$
Property, plant & equipment	21 569 606	23 521 751	1 952 145
Trade & other receivables	3 625 913	(5 208 119)	8 834 032
Capital development fund	21 237 539	24 247 996	3 010 457
Accumulated funds	16 078 056	6 185 712	9 892 344

## Recommendation

**It is recommended that the Council should investigate the above differences and provide clarity thereon.**

### Management response/comment

The Council tried to investigate and found that there were errors that occurred during the rolling over of the new company in pastel from the previous financial year. The opening balances were not correctly brought forward. Thus Council concurs and will eliminate such errors in the future.

## 6. BASIS FOR DISCLAIMED AUDIT OPINION

I am unable to express an audit opinion due to the following reasons:

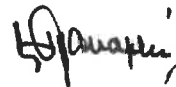
- No fixed asset register was provided for audit purpose amounting to N\$ 23 786 347;
- Inventory was not reflected in the balance sheet;
- Control weaknesses were found with regard to receivables;
- Unexplained difference amounting to N\$ 1 017 472 on VAT;
- Unexplained difference amounting to N\$ 23 688 978 between the closing balances as at 31 March 2013 and opening balances as at 01 April 2013.

## 7. DISCLAIMED AUDIT OPINION

The accounts of the Regional Council of the Hardap Regional Council for the financial year ended 31 March 2014, summarised in Annexures A to E, were audited by me in terms of Section 38 of the Regional Councils Act, 1992 (Act 22 of 1992) and read with Section 25 (1)(b) of the State Finance Act, 1991.

Because of the significance of the matters described in the Basis for Disclaimer of Audit opinion paragraph, I have not been able to obtain sufficient and appropriate audit evidence to provide for an audit opinion. Accordingly, I do not express an audit opinion on the financial statements.

WINDHOEK, August 2016



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

**REGIONAL COUNCIL OF THE HARDAP REGION  
BALANCE SHEET AS AT 31 MARCH**

	Note	2014 N\$	2013 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>24 387 193</b>	<b>22 170 452</b>
Property, plant and equipment	2	23 786 347	21 569 606
Investments	3	600 846	600 846
<b>Current assets</b>		<b>25 410 815</b>	<b>15 223 615</b>
Accounts receivable	5	4 733 247	3 625 913
Cash and cash equivalents	6	20 677 568	11 597 702
<b>Total</b>		<b>49 798 008</b>	<b>37 394 067</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Funds</b>	4	49 719 536	37 315 595
<b>LIABILITIES</b>			
<b>Current Liabilities</b>		<b>78 472</b>	<b>78 472</b>
Trade and Other Payables	7	78 472	78 472
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>49 798 008</b>	<b>37 394 067</b>

## ANNEXURE B

**REGIONAL COUNCIL OF THE HARDAP REGION**  
**ABRIGED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH**

	<b>Notes</b>	<b>2014</b>	<b>2013</b>
		N\$	N\$
Income	8	33 212 080	26 537 145
Expenditure	10	<u>(47 429 976)</u>	<u>(25 945 620)</u>
<b>Operating surplus/(loss) before investment Income and Finance Costs</b>		<b>(14 217 896)</b>	<b>591 525</b>
Interest	12	664 263	234 231
Other Income	9	32 839 461	896 605
Finance Costs	13	-	<u>(4 578)</u>
<b>Net Surplus (Loss) for the year</b>		<b><u>19 285 828</u></b>	<b><u>1 717 783</u></b>

## ANNEXURE C

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

	<b>Notes</b>	<b>2014</b>	<b>2013</b>
		N\$	N\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) generated from operations	<b>14</b>	8 680 199	20 058
Interest Income		664 263	234 231
Finance Costs		-	(4 578)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>9 344 462</b>	<b>249 711</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(264 596)	(2 942 588)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(264 596)</b>	<b>(2 942 588)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Capital Development Funds		-	2 500 000
<b>CAPITAL DEVELOPMENT FUNDS</b>		<b>-</b>	<b>2 500 000</b>
<b>TOTAL CASH MOVEMENTS FOR THE PERIOD</b>		<b>9 079 866</b>	<b>(192 877)</b>
Cash at the beginning of the Period		11 597 702	11 790 579
<b>TOTAL CASH AT END OF THE PERIOD</b>		<b>20 677 568</b>	<b>11 597 702</b>

## ANNEXURE D

**REGIONAL COUNCIL OF THE HARDAP REGION**  
**STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 31 MARCH**

	<b>Capital Development Fund</b>	<b>Accumulated surplus</b>	<b>Total Fund</b>
	N\$	N\$	N\$
<b>Balance as at 01 April 2012</b>	<b>21 237 539</b>	12 760 893	33 998 432
Net Surplus for the year	-	(6 575 181)	(6 575 181)
Movement in capital development fund	3 010 457	-	3 010 457
<b>Total Comprehensive surplus for the year</b>	<b>3 010 457</b>	<b>(6 575 181)</b>	<b>(3 564 724 )</b>
<b>Balance as at 01 April 2013</b>	<b>24 247 996</b>	<b>6 185 712</b>	<b>30 433 708</b>
Net surplus for the year	-	19 285 828	19 285 828
Total comprehensive surplus for the year	-	19 285 828	19 285 828
<b>Balance as at 31 March 2014</b>	<b>24 247 966</b>	<b>25 471 540</b>	<b>49 719 536</b>

**REGIONAL COUNCIL OF THE HARDAP REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2014**

---

**1. Basis of presentation**

The annual financial statements have been prepared in accordance with the provision set in the State Finance Act, 1991 (Act 31 of 1991) and the Regional Council Act, (Act 22 of 1992).

The annual financial statements have been prepared on the historical cost basis, and incorporate the principal policies set out below. They are presented in Namibia Dollars.

These accounting policies are consistent with the previous period.

**1.1. Property, plant & equipment**

Property, plant & 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.

Property, plant & equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes that is 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of the asset less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

<b>Item</b>	<b>Average useful life</b>
Buildings	50 years
Equipment and Machinery	5 years
Furniture and fixtures	3 years
Motor Vehicles	5 years
Computer Equipment	3 years

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

An asset carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount (note 2).

Gains and Losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within other gains/(losses) - net in the statement of comprehensive income.

**REGIONAL COUNCIL OF THE HARDAP REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)**

**1.2. Trade Payables**

Trade payables are initially measure at fair value, and are subsequently measured at amortized cost, using the effective interest rate method.

**1.3. Delegated functions**

The Hardap Regional Council is currently performing the following functions as delegated by central government ministries, in accordance with the Decentralization Enabling Act 2000 (Act 33 of 2000). When under delegation, the Regional Council only acts as an agent for a particular line Ministry, while the later retains full control and overall responsibility to approve the related budget. After approval, the approved budget is transferred to the Regional Council via cash trenches.

<b>Line Ministries revenue</b>	<b>Delegated function</b>	<b>2014</b>	<b>2013</b>
		N\$	N\$
Ministry of Gender equality & Child Welfare	ECD	1 287 998	1 846 592
Ministry of Regional & Local Government	Traditional authorities	6 865	10 185
Ministry of Health & Social Welfare	IMCI	1 072	330 187
Ministry of Regional & Local government	Micro-projects	23 749	21 999
Office of the Prime Minister	Independence trust fund	379	262
Ministry of Education	Education	-	2 800 000
Embassy of Spain	Spanish Duineveld	2 814	733 261
Ministry of Regional & Local Government	Cash for Work	922 002	2 075 853
<b>Total income for the period</b>		<b>2 244 879</b>	<b>7 818 339</b>

<b>Line Ministries expenses</b>	<b>Delegated function</b>		
Ministry of Gender equality & Child Welfare	ECD	1 129 933	1 559 435
Ministry of Regional & Local government	Traditional authorities	15 871	116 241
Ministry of Health & Social Welfare	IMCI	22 263	35 145
Ministry of Regional & Local government	Micro-projects	267 233	321 306
Office of the Prime Minister	Independence trust fund	175118	1 232 741
Ministry of Education	Education	1570	2 508 122
Embassy of Spain	Spanish Duineveld	-	332 537
Ministry of Regional & Local Government	Cash for Work	1 090 696	936 553
Less total expenses for the period		<b>2 702 684</b>	<b>7 042 080</b>
<b>Total surplus/(deficit) for the period</b>		<b>457 805</b>	<b>776 259</b>



**REGIONAL COUNCIL OF THE HARDAP REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)**

---

#### **1.4. Leases**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight -line basis over the period of the lease. The Regional Council leases certain items of property, plant & equipment. Leases of property, plant & equipment where the Regional Council has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of their fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in borrowings in the statement of financial position. The property, plant & equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

The Regional Council leases out ( as an operating lease) an office building that it owns. The asset is included in the statement of financial position as an investment property. Rental income is recognised in accordance with the rental income accounting policy note. 1.7

#### **Operating leases- lessee**

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating asset. This liability is not discounted.

#### **1.5. Trade receivables**

Trade receivables are carried at anticipated realizable value. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year end. Bad debts are written off During the year in which they are identified.

#### **1.6. Cash and Cash equivalents**

Cash and cash equivalents comprise cash in 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 and subsequently recorded at fair value.

**REGIONAL COUNCIL OF THE HARDAP REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)**

---

**1.7. Revenue Recognition**

(a) Rental Income

Rental income from investment property that is leased to a third party under operating lease is recognised in the statement of comprehensive income on a straight line basis over the lease term and is included in other income

(b) Contributions, grants and financial aid from MRLGH & RD

The Hardap Regional Council receives administrative grants from the Ministry of Regional and Local Government, Housing and Rural Development. These grants are for the day to day operations of the Regional Council.

c) Rates levies from local authorities

The Hardap Regional Council as per Regional Councils Act of 1992 levies an amount equal to 5% of the rates levied on all rotatable property in constituent local authority areas.

**2. Property, Plant and Equipment**

The carrying amount of property, plant and equipment can be reconciled as follows:

## REGIONAL COUNCIL OF THE HARDAP REGION

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)

<b>2014</b>	<b>Cost</b>	<b>Accumulated depreciation &amp; impairments</b>	<b>Carrying value</b>
	N\$	N\$	N\$
Buildings	17 527 551	-	17 527 551
Plant & machinery	973 174	(869 570)	103 604
Furniture & fixtures	2 386 748	(2 032 284)	354 464
Motor Vehicles	2 584 158	(2 007 870)	576 288
Office equipment	1 524 903	(1 130 413)	394 490
Assets under construction	4 829 950	-	4 829 950
	<b>29 826 484</b>	<b>(6 040 137)</b>	<b>23 786 347</b>

<b>2013</b>	<b>Cost</b>	<b>Accumulated depreciation &amp; impairments</b>	<b>Carrying value</b>
	N\$	N\$	N\$
Land and Buildings	15 612 123	-	15 612 123
Machinery and vehicles	3 557 332	(2 877 439)	679 893
Office Furniture equipment & computers	3 679 745	(3 232 174)	447 571
Assets under construction	4 830 019	-	4 830 019
	<b>29 561 888</b>	<b>(6 109 613)</b>	<b>21 569 606</b>

## Reconciliation of property, plant &amp; equipment

<b>2014</b>	<b>Opening balance</b>	<b>Additions</b>	<b>Depreciation charge</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Buildings	17 527 551	-	-	17 527 551
Plant & machinery	103 604	-	-	103 604
Furniture & fixtures	236 067	118 397	-	354 464
Motor Vehicles	576 288	-	-	576 288
Office equipment	248 291	146 199	-	394 490
Assets under construction	4 829 950	-	-	4 829 950
	<b>23 521 751</b>	<b>264 596</b>	<b>-</b>	<b>23 786 347</b>

## ANNEXURE E

## REGIONAL COUNCIL OF THE HARDAP REGION

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)

2013	Opening balance	Additions	Depreciation charge	Total
	N\$	N\$	N\$	N\$
Buildings	15 612 123	-	-	15 612 123
Machinery & vehicle	461 165	273 410	(54 682)	679 893
Office Furniture equipment & computers	586 961	58 702	(198 092)	447 571
Assets under construction	2 219 543	2 610 476	-	4 830 019
	<b>18 879 792</b>	<b>2 942 588</b>	<b>(252 774)</b>	<b>21 569 606</b>

**3. Other financial assets****Non- current assets**

	2014	2013
	N\$	N\$
Investment in South Red	600 846	600 846
	<b>600 846</b>	<b>600 846</b>

**4. Funds**

Capital development funds	24 247 996	21 237 539
Accumulated funds	6 185 712	14 360 273
Surplus for the year	19 285 828	1 717 783
	<b>49 719 536</b>	<b>37 315 595</b>

**5. Accounts receivable**

Trade receivables	118 930	118 930
VAT	3 883 254	2 751 138
Home loan control account	731 063	731 063
	<b>4 733 247</b>	<b>3 625 913</b>

**REGIONAL COUNCIL OF THE HARDAP REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)**

**Trade and other receivables pledged as security**

**6. Cash & Cash Equivalents**

	<b>2014</b>	<b>2013</b>
	N\$	N\$
HRC Main Account	37 614	116 681
HRC Revenue account - Bank Windhoek	337 248	737 518
HRC Capital Current Account	14 742 218	4 250 536
HRC Independence current account	12 964	9 098
HRC Social Upliftment Fund	32 545	42 086
HRC Settlement BPT Current Account	36 754	263 492
HRC Traditional Authority Current	198 971	207 977
HRC Micro Projects Current Account	966 752	530 557
HRC BPT Receipt Current Account	170 671	114 329
HRC Fleet Management Account	47 715	31 212
HRC Housing Fund Account	207 807	684 759
HRC Early Childhood Development Fund	575 614	416 477
HRC NACOMA Current Account	1 244	7 080
HRC Rural development	1 124 765	4 015 547
Trust fund for regional development	2 186 232	-
HRC Spanish Duineveld Tourism	(1 546)	170 356
	<b>20 677 568</b>	<b>11 597 705</b>

**7. Trade and other Payables**

Trade Payables	78 472	78 472
	<b>78 472</b>	<b>78 472</b>

## ANNEXURE E

## REGIONAL COUNCIL OF THE HARDAP REGION

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)

<b>8. Revenue</b>	<b>2 014</b>	<b>2 013</b>
	N\$	N\$
Rendering of services	3 045 355	2 300 481
Rental Income	130 548	97 826
Miscellaneous other revenue	40 761	-
Government grants	29 995 416	24 138 838
	<b>33 212 080</b>	<b>26 537 145</b>

<b>9. Other Income</b>	<b>2 014</b>	<b>2 013</b>
	N\$	N\$
Delegated functions	(457 806)	776 259
Other grants	33 297 267	120 021
	<b>32 839 461</b>	<b>896 280</b>

**10. Operating Surplus**

Operating profit for the year is stated after accounting for the following:

**Operating Lease Charges**

Lease rentals on operating lease- contractual amounts	111 277	97 826
Depreciation on property, plant & equipment	-	252 775
Employee costs	15 668 474	12 845 548

**Expenses by Nature**

Employee costs	15 668 474	12 845 548
Administration expenses	8 645 639	1 698 310
Construction expenses	9 489 349	-
Domestic & foreign expenses	1 697 627	2 164 558
Municipality expenses	5 847 696	5 718 253
Other expenses	6 081 191	3 518 951
	<b>47 429 976</b>	<b>25 945 620</b>

## REGIONAL COUNCIL OF THE HARDAP REGION

## NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (Continued)

<b>11. Employee Costs</b>	<b>2014</b>	<b>2013</b>
	N\$	N\$
Basic	15 380 656	12 845 548
Medical Aid - company contributions	279 496	-
Leave pay provision charge	8 322	-
<b>Total employee costs</b>	<b>15 668 474</b>	<b>12 845 548</b>
<b>12. Investment Revenue Interest revenue</b>	<b>2014</b>	<b>2013</b>
	N\$	N\$
Bank	664 263	234 231
	<b>664 263</b>	<b>234 231</b>
<b>13. Finance Costs</b>	<b>2014</b>	<b>2013</b>
	N\$	N\$
Interest paid	-	4 578
	<b>-</b>	<b>4 578</b>
<b>14. Cash (used in) Generated from Operations</b>		
Surplus for the year	19 285 828	1 717 783
<b>Adjustments for:</b>		
Depreciation and amortisation	-	252 774
Interest Received-Investment	(664 263)	(234 231)
Finance costs	-	4 578
	<b>18 621 565</b>	<b>1 740 904</b>
<b>Changes in Working Capital:</b>		
Trade and Other Receivables	(9 941 366)	(1 283 552)
Trade and Other Payables	-	(437 294)
	<b>8 680 199</b>	<b>20 058</b>

## **15. Going Concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realization of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.