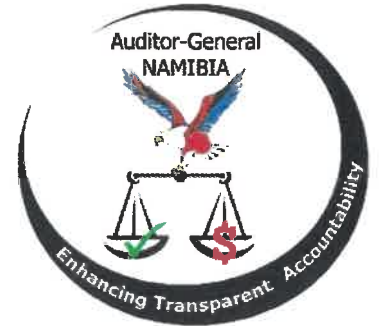




**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
REGIONAL COUNCIL FOR THE HARDAP  
REGION**

**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

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**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 2015, in terms of Article 127(2) of the Namibian Constitution. The report is transmitted to the Honourable Minister of Finance in terms of Section 27(1) of the State Finance Act, 1991, (Act 31 of 1991) to be laid upon the Table of the National Assembly in terms of Section 27(4) of the Act.

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

**WINDHOEK, November 2016**

**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 2015**

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**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 2015 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 2015. The financial statements comprise of the following:

Annexure A: Balance Sheet;  
Annexure B: Income Statement;  
Annexure C: Cash Flow Statement;  
Annexure D: Statement of Changes in Equity;  
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, except that they were only submitted on 26 April 2016 instead of three months after the financial year end as required by the Act.

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 INTERBANK TRANSFER**

The Council did not clear off at year end an amount of N\$ 1 128 211 which was still reflecting as interbank transfer in the financial statements.

## **Recommendation**

**It is recommended that the Council should ensure that interbank transfers are cleared off at year end as per the Financial Accounting Policy and Procedure Manual which stipulates that "all balances posted to a suspense account should be transferred to a correct account prior to the year-end".**

## **Management response/comment**

*The amount was transferred during March 2015 in the Regional Council's operational account but the money was for the Ministry of Gender, so the transfer was only done in April 2015 thus it reflects as a closing balance in the transit account. We take note of your recommendation and will avoid re-occurrence of such errors.*

## **5.2 WORK IN PROGRESS**

Contract agreements between the Council and the Contractor for transactions amounting to N\$ 6 609 426 were not provided at the time of audit.

## **Recommendation**

**It is recommended that the Council should ensure that all supporting documents are provided for audit purposes.**

## **5.3 EMPLOYEE COST**

A difference of N\$ 1 401 885 was observed between the Salary Report and the General Ledger.

## **Recommendation**

**It is recommended that the Council should perform regular reconciliations to ensure that the employee cost is correctly disclosed in the annual financial statements.**

## **Management response/comment**

*The Council takes note of the observation and will correct this type of errors. This was mainly caused by cash based processing on pastel. Payments were recognised only when cheques were issued.*

## **5.4 PROVISION FOR LEAVE GRATUITY**

It was observed that no provision for leave gratuity was provided for the year under review.

## **Recommendation**

**It is recommended that the Council should provide for leave gratuity and disclose it in the Council's annual financial statements.**

### **Management response/comment**

*The Council take note of this observation and will rectify this error.*

### **5.5 FIXED ASSET REGISTER**

At the time of the audit it was observed that the fixed assets register provided was incomplete, therefore auditors were unable to conclude with reasonable assurance that fixed assets amounting N\$ 23 370 232 were fairly stated with regards to completeness, accuracy and presentation and disclosure.

### **Recommendation**

**It is recommended that the Council should update and maintain the fixed asset register on a regular basis.**

### **Management response/comment**

*The Council concur with the observation and will implement the audit recommendation.*

### **5.6 DEPRECIATION**

At the time of the audit the auditors observed that the Council did not charge depreciation for the year under review.

### **Recommendation**

**It is recommended that the Council should adhere to its accounting policies as stated in its notes to the financial statements.**

### **Management response/comment**

*The Council concur and will implement the audit recommendation.*

### **5.7 VAT**

A difference amounting to N\$ 3 395 425 was observed between the VAT recalculated amount and the Receiver of Revenue statement. VAT Return amounting to N\$ 1 242 995 for the period of October 2014 was filed with the Receiver of Revenue office but this amount appears not to have been processed on the Inland Revenue system.

### **Recommendation**

**It is recommended that the Council should ensure that proper VAT reconciliations are performed regularly to avoid possible misstatement.**



### **Management response/comment**

*The Council take note of the observation and will implement the audit recommendation.*

### **5.8 SALES OF WATER AND ELECTRICITY**

Control weaknesses were found with regards to receivables, since the Council does not maintain a debtor's control account in terms of conventional sales of water and electricity.

It was also observed at the time of the audit that electricity debtors amounting to N\$ 319 661 were not disclosed in the Council's annual financial statements as debtors. It was further observed that prepayments made by clients amounting to N\$ 96 950 were not disclosed in the Council's annual financial statements as liabilities.

### **Recommendation**

**It is recommended that the Council should have a debtors control account and that reconciliations are performed on a monthly basis to avoid misstatements.**

### **Management response/comment**

*The Council take note of the observation and will implement the audit recommendation.*

### **6. BASIS FOR ADVERSE AUDIT OPINION**

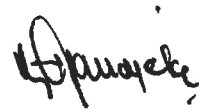
I am unable to express an audit opinion due to the following reasons:

- Un-cleared suspense account of N\$ 1 128 211;
- Non-submission of work in progress contracts amounting to N\$ 6 609 426;
- Difference amounting to N\$ 1 401 885 between the Salary Report and General ledger;
- No provision for leave gratuity was provided;
- Unconfirmed fixed assets amounting to N\$ 23 370 232 ;
- No depreciation charge for the year;
- Unexplained difference amounting to N\$ 1 976 054 on VAT;
- Un-recorded debtors amounting to N\$ 319 661; and
- Unrecorded prepayments amounting to N\$ 96 950.

**7. ADVERSE AUDIT OPINION**

The accounts of the Hardap Regional Council for the financial year ended 31 March 2015, 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) read with Section 25 (1)(b) of the State Finance Act, 1991.

In my opinion because of the significance of the matters discussed and listed in the Basis for Adverse Opinion paragraph, these annual financial statements do not present fairly the financial position of the Hardap Regional Council as at 31 March 2015 and its financial performance and cash flows for the year then ended.



**WINDHOEK, November 2016**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

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

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		N\$	N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>51 079 376</b>	<b>24 387 193</b>
Property, plant and equipment	2	50 478 530	23 786 347
Investments	3	600 846	600 846
<b>Current assets</b>		<b>33 497 894</b>	<b>25 410 815</b>
Accounts receivable	5	6 765 631	4 733 247
Cash and cash equivalents	6	26 732 263	20 677 568
<b>Total</b>		<b>84 577 270</b>	<b>49 798 008</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Funds</b>	4	83 449 060	49 719 536
<b>Current Liabilities</b>		<b>1 128 210</b>	<b>78 472</b>
Trade and Other Payables	7	1 128 210	78 472
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>84 577 270</b>	<b>49 798 008</b>

## ANNEXURE B

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

	<b>Note</b>	<b>2015</b>	<b>2014</b>
		N\$	N\$
Income	8	49 217 782	33 212 080
Expenditure	10	(52 699 430)	(47 429 976)
<b>Operating surplus/(loss)</b>		<b>(3 481 648)</b>	<b>(14 217 896)</b>
Interest	11	1 400 145	664 263
Other Income	9	35 811 027	32 839 461
<b>Net Surplus (Loss) for the year</b>		<b>33 729 524</b>	<b>19 285 828</b>

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

	<u>Note</u>	<u>2015</u>	<u>2014</u>
		N\$	N\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash (used in) generated from operations	12	31 460 884	8 680 199
Interest Income		1 400 141	664 263
Finance Costs		(114 148)	-
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<u><b>32 746 877</b></u>	<u><b>9 344 462</b></u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(26 692 182)	(264 596)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<u><b>(26 692 182)</b></u>	<u><b>(264 596)</b></u>
<b>TOTAL CASH MOVEMENTS FOR THE PERIOD</b>			
		<b>6 054 695</b>	<b>9 079 866</b>
Cash at the beginning of the Period		<u>20 677 568</u>	<u>11 597 702</u>
<b>TOTAL CASH AT END OF THE PERIOD</b>		<u><b>26 732 263</b></u>	<u><b>20 677 568</b></u>

## ANNEXURE D

**REGIONAL COUNCIL OF THE HARDAP REGION**  
**STATEMENT OF CHANGES IN EQUITY 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 2013</b>	<b>24 247 996</b>	6 185 712	30 433 708
Net Surplus for the year	-	19 285 828	19 285 828
<b>Total Comprehensive surplus for the year</b>	<b>-</b>	<b>19 285 828</b>	<b>19 285 828</b>
<b>Balance as at 01 April 2014</b>	<b>24 247 996</b>	<b>25 471 540</b>	<b>49 719 536</b>
Net surplus for the year	-	33 729 524	33 729 524
Total comprehensive surplus for the year	-	33 729 524	33 729 524
<b>Balance as at 31 March 2015</b>	<b>24 247 996</b>	<b>59 201 064</b>	<b>83 449 060</b>

**REGIONAL COUNCIL OF THE HARDAP REGION**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2015**

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**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>2015</b>	<b>2014</b>
		N\$	N\$
Ministry of Gender equality & Child Welfare	ECD	1 262 872	1 287 998
Ministry of Urban and Rural Development	Traditional authorities	6 001	6 865
Ministry of Health & Social Welfare	IMCI	-	1 072
Ministry of Urban and Rural Development	Micro-projects	652 316	23 749
Office of the Prime Minister	Independence trust fund	47 508	379
Embassy of Spain	Spanish Duineveld	509	2 814
Ministry of Urban and Rural Development	Cash for Work	6 337 076	922 002
Social Upliftment		2 935	-
Nacoma		44	-
Build Together		8 598	-
<b>Total income for the period</b>		<b>8 317 859</b>	<b>2 244 879</b>

<b>Line Ministries expenses</b>	<b>Delegated function</b>		
Ministry of Gender equality & Child Welfare	ECD	1 783 978	1 129 933
Ministry of Urban and Rural Development	Traditional authorities	65 225	15 871
Ministry of Health & Social Welfare	IMCI	-	22 263
Ministry of Urban and Rural Development	Micro-projects	1 793 695	267 233
Office of the Prime Minister	Independence trust fund	25 954	-



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

		<b>2015</b>	<b>2014</b>
		N\$	N\$
Embassy of Spain	Spanish Duineveld	436	175 118
Ministry of Education	Education	-	1 570
Ministry of Urban and Rural Development	Cash for Work	1 346 657	1 090 696
Social Upliftment		109 235	-
Nacoma		380	-
Build Together		57 152	-
Less total expenses for the period		<b>5 182 712</b>	<b>2 702 684</b>
<b>Total surplus/(deficit) for the period</b>		<b>3 135 147</b>	<b>(457 805)</b>

#### 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.

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

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**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.

**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 MURD

The Hardap Regional Council receives administrative grants from the Ministry of Urban 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>2015</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	1 378 270	(869 570)	508 700
Furniture & fixtures	2 850 369	(2 032 284)	818 086
Motor Vehicles	5 868 632	(2 007 870)	3 860 762
Office equipment	1 785 545	(1 130 413)	655 132
Assets under construction	27 108 299	-	27 108 299
	<b>56 518 666</b>	<b>(6 040 137)</b>	<b>50 478 530</b>

<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>

## Reconciliation of property, plant &amp; equipment

<b>2015</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	405 096	-	508 700
Furniture & fixtures	354 464	463 623	-	818 087
Motor Vehicles	576 288	3 284 474	-	3 860 762
Office equipment	394 490	260,642	-	655 132
Assets under construction	4 829 950	22 278 349	-	27 108 299
	<b>23 786 347</b>	<b>26 692 183</b>	<b>-</b>	<b>50 478 530</b>

## ANNEXURE E

## REGIONAL COUNCIL OF THE HARDAP REGION

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

2014	Opening balance	Additions	Depreciation charge	Total
	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>

**3. Other financial assets**

2015

2014

N\$

N\$

**Non- current assets**

Investment in South Red

600 846

600 846

**600 846****600 846****4. Funds**

Capital development funds

24 247 996

24 247 996

Accumulated funds

25 471 536

6 185 712

Surplus for the year

33 729 528

19 285 828

**83 449 060****49 719 536****5. Accounts receivable**

Trade receivables

118 930

118 930

VAT

5 930 150

3 883 254

Home loan control account

716 551

731 063

**6 765 631****4 733 247**

## REGIONAL COUNCIL OF THE HARDAP REGION

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

**6. Cash & Cash Equivalents**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
HRC Main Account	1 221 933	37 614
HRC Revenue account - Bank Windhoek	5 619 267	337 248
HRC Capital Current Account	11 503 548	14 742 218
HRC Independence current account	34 518	12 964
HRC Social Upliftment Fund	45 900	32 545
HRC Settlement BPT Current Account	2011	36 754
HRC Traditional Authority Current	139 618	198 971
HRC Micro Projects Current Account	946 726	966 752
HRC BT Receipt Current Account	171 501	170 671
HRC Fleet Management Account	50 594	47 715
HRC Housing Fund Account	868 717	207 807
HRC Early Childhood Development Fund	54 508	575 614
HRC NACOMA Current Account	945	1 244
HRC Rural development	6 068 452	1 124 765
Trust fund for regional development	4 025	2 186 232
HRC Spanish Duineveld Tourism	-	(1 546)
	<b>26 732 263</b>	<b>20 677 568</b>

**7. Trade and other Payables**

Trade Payables	-	78 472
Bank Overdraft	1 507	-
Interbank transfers	1 126 703	-
	<b>1 128 210</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>2015</b>	<b>2014</b>
	N\$	N\$
5% Levy Assessment rates	109 468	-
Rendering of services	3 330 782	3 045 355
Rental Income	-	130 548
Miscellaneous other revenue	-	40 761
Government grants	44 777 535	29 995 416
Equity Trust Fund	999 997	-
	<b>49 217 782</b>	<b>33 212 080</b>

**9. Other Income**

Delegated functions	3 135 149	(457 806)
Other grants	32 265 440	33 297 267
Other Revenue	410 438	-
	<b>35 811 027</b>	<b>32 839 461</b>

**10. Operating Surplus**

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

**Expenses by Nature**

Personnel Expenditure	22 166 713	15 668 474
Subsistence and Travel	2 290 827	1 697 627
Materials and Supplies	275 353	9 489 349
Transport Cost	1 294 433	-
Utilities	7 985 051	5 847 696
Maintenance Expenses	1 254 111	-
Property Rental	440 318	-
Bank Charges	114 151	-
Other Expenditure	2 746 349	6 081 191
Subsidies, Grants Contributions Paid	19 729	-
Other Expenditure – Capital Projects	9 343 505	-
Other Rehoboth Council	334 549	-
Other Gibeon Village Council	964 225	-

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

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Administration Expenses	-	8 645 639
Other Expenditure – Trust Fund for Regional Development	3 470 116	-
	<b>52 699 430</b>	<b>47 429 976</b>
<b>11. Investment Revenue</b>		
Bank	1 400 145	664 263
	<b>1 400 145</b>	<b>664 263</b>
<b>12. Cash (used in) Generated from Operations</b>		
Surplus for the year	33 729 528	19 285 828
<b>Adjustments for:</b>		
Interest Received-Investment	(1 400 145)	(664 263)
Finance costs	114 146	-
	<b>32 443 529</b>	<b>18 621 565</b>
<b>Changes in Working Capital:</b>		
Trade and Other Receivables	(2 032 384)	(9 941 366)
Trade and Other Payables	1 049 739	-
	<b>31 460 884</b>	<b>8 680 199</b>

