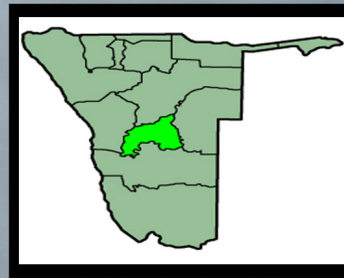




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

REGIONAL COUNCIL OF THE KHOMAS REGION

FOR THE FINANCIAL YEARS ENDED 31 MARCH 2006 AND 2007

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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 of the Khomas region for the financial years ended 31 March 2006 and 2007, 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, December 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE
ACCOUNTS OF THE REGIONAL COUNCIL OF THE KHOMAS REGION
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2006 AND 2007**

1. INTRODUCTION

The Regional Council of the Khomas region was established under Section 2(1) of the Regional Councils Act, 1992 (Act 22 of 1992).

The financial powers, duties and functions of the Council are stipulated in Article 108 of the Namibian Constitution and Section 28 of the Regional Council Act. Sections 39 and 40 of the Act require that accounting records of the Council shall be kept and its financial statements shall be prepared by its Chief Regional Officer.

Figures in the report are rounded off to the nearest Namibian dollar.

2. FINANCIAL STATEMENTS

The Regional Council's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 40(1) of the Regional Councils Act, 1992, **except that the statements related to the 2005/06 financial year were signed on 20 September 2007 and those related to the 2006/07 financial year on 07 December 2007. The Act allows a period of three months after year end.**

The abridged balance sheets, Annexure A, are true reflections of the originals.

The following annexures are also attached to this report:

- Annexure B: Statements of income and expenditure
- Annexure C: Cash flow statement
- Annexure D: Notes to the financial statements

3. DELAY OF THE REPORT

The Office of the Auditor-General experienced a lack of capacity which contributed to the delay.

4. SCOPE OF AUDIT

The Chief Regional Officer of the Regional Council is responsible for the preparation of the financial statements and of 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 the regularity of the financial transactions included in them and to report his opinion to the National Assembly.

The audit as carried out by staff of the Office of the Auditor-General, included:

- Examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of 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 respects, expenditure and income have been applied to the purposes intended by the Regional Councils Act; and
- the financial transactions conform to the authorities which govern them.

5. AUDIT OBSERVATIONS AND COMMENTS

At the time of finalizing the report, the audit observations were communicated to the Chief Regional Officer by way of a management letter. The reply to the issues has not yet been received.

At the time of the audit, these issues were also communicated to the staff of the Council by way of debriefing. The following observations were made:

5.1 Income/revenue

5.1.1 Differences between trial balance and financial statements (2006)

The figures reflected in the trial balance differ as follows from those reflected in the annual financial statements submitted by the Council:

	Trial balance	Annual financial statements	Difference
	N\$	N\$	N\$
Interest on investments/dividends	1 033 783	1 043 630	9 847
Early Childhood Development	92 200	812 200	720 000
HIV Aids	-	281 242	281 242
Disasters and emergencies	-	1 753	1 753
Grants/donations – UNICEF	20 000	-	(20 000)
Sundry income	6 987	-	(6 987)
	1 152 970	2 138 825	985 855

5.1.2.1 Interest received on investments (2007)

The interest received from Treasury Bills as from October 2006 has not been reflected in the general ledger.

Treasury Bill	Amount	Month
	N\$	
TB04/24D	44 877	October 2006- December 2006
TB04/24E	72 301	December 2006- March 2007
TB04/24F	18 274	March 2007
TOTAL	135 452	

5.2 Bank statements

The Regional Council could not provide the following bank statements at the time of the audit:

Description	Month
HIV Call account	April – September 2006
FNB Call account	June, October- December 2006
	February – March 2007
Standard Bank 32 Day call account	October and November 2006

5.3 Fixed assets (2006 & 2007)

5.3.1 The Regional Council does not maintain an appropriate fixed asset register for assets owned. The fixed assets register did not include the following details for each asset recorded as per the Financial Accounting Policies and Procedures Manual:

- (a) Asset description
- (b) Asset serial/ registration number
- (c) Unique Regional Council asset number
- (d) Supplier/ donor
- (e) Location where the asset is being used

The value of land and buildings is reflected as N\$ 34 208 845 in the general ledger (2006) whereas the asset register reflects this value as N\$ 33 105 827.

5.3.2 Furniture and fittings to the value of N\$ 80 320 were not recorded in the fixed assets register. Details of this furniture and fittings are contained in the management letter.

5.4 Capital projects (2007)

At the time of the audit, supporting documents for capital project expenditure to the value of N\$ 671 553 were not provided for audit purposes. Details of this expenditure are contained in the management letter.

5.5 Inventory (2007)

For the financial year under review, the Council did not prepare a stock taking report for consumable items. Furthermore, it is not disclosed in the annual financial statements.

5.6 Expenditure – Electricity & water, community contribution and professional fees (2006)

The expense test regarding the accuracy, completeness, and validity of expenditure incurred could not be confirmed due to the unavailability of some supporting documents. Details of the expenditure are as follows:

Electricity & water

Date	Details	Cheque no.	Amount
			N\$
22/06/05	City of Windhoek	105871	74 680
22/06/05	City of Windhoek	106002	18 010
22/09/05	City of Windhoek	106228	16 414
12/12/05	City of Windhoek	106568	62 340
17/02/06	City of Windhoek	106706	34 569
31/01/06	City of Windhoek	106666	11 700
16/03/06	City of Windhoek	106797	54 142
			271 855

Community contributions

Date	Details	Cheque no.	Amount
			N\$
27/06/05	Senato Catering	105917	27 500
30/06/05	Senato Catering	105934	1 500
19/09/05	Health Promoters Contribution	106218	127 930
31/03/06	Ehafo	105317	199 948
31/12/05	Christmas Party	106529	7 500
01/01/06	Christmas Party	106530	7 500
03/01/06	Christmas Party	106514	7 500
			379 378

Professional fees

Date	Details	Cheque no.	Amount
			N\$
14/09/05	Chris - Erf valuation	106206	1 100
12/12/05	Omni Consultants	106595	11 730
			12 830

5.7 Expenditure – Subsistence and Travel

2007

5.7.1 At the time of the audit supporting documents for subsistence and travel claims to the value of N\$ 104 989 were not provided for audit purposes. Details of these claims are contained in the management letter.

5.7.2 Furthermore, it was observed that outstanding claims were cleared off at the end of the financial year by way of credit notes without claims being submitted. The total value of these claims amount to N\$ 103 738. Details of these transactions are contained in the management letter.

2006

5.7.3 From the sample of selected journal entries to the value of N\$ 47 401 were passed which could not be traced to supporting documents. Details of these journals are contained in the management letter.

5.8 Payroll (2006)

During the year under review, the auditors could not carry out the audit on the Payroll cycle because an investigation on detected irregularities was still pending.

5.9 General expenditure (2007)

At the time of the audit supporting documents for general expenditure to the value of N\$ 73 699 were not provided for audit purposes. Details of these transactions are contained in the management letter.

5.10 Funds – Early Childhood Development (ECD) (2006)

An amount of N\$ 700 000, related to ECD income could not be confirmed. This amount was traced from the detailed schedule of income for the ECD. The Council responded that the transaction relates to a Council contribution towards the ECD, but no journal or resolution has been submitted in this regard.

5.11 Funds – National Day (2006)

At the time of the audit the Council could not provide the audit team with a report on the expenditure of the independence celebrations funds. Furthermore the budget of N\$ 400 000 was overspent by N\$ 351 789 on National Day expenditure.

Council explained the excess expenditure to the fact that more delegates were invited, transport costs increased, venue and food costs increased and the activities increased. No approval for the excess expenditure has been submitted.

5.12 Subsistence and travelling advances (2007)

The annual financial statements reflect outstanding S&T advances at N\$ 62 419. These debts are for S & T advances for which no claim forms exist. Staff members fail to submit their claims upon return to offset the advances.

5.13 Stale cheques (2007)

Stale cheques to the amount of N\$ 237 562 for Standard Bank current account were not written back at the end of the financial year with the result that expenditure is overstated by that amount.

5.14 CASH & BANK

2007

Although reconciliations were performed by the Council, it was found that some of the bank accounts were not reconciled. Details of these bank accounts follow at the table below:

Account details	Bank reconciliation	Cash-book	General ledger	Difference
	N\$	N\$	N\$	N
Standard Bank - 32 Day call account	287 508.32	3 687 508.32	287 508.32	*3 400 000
Standard Bank - Current account	(1 430 141.46)	(1 411 541.46)	(1 411 541.46)	(18 600)
Standard Bank - 32 Day call account	7 489 636.88	8 017 567.88	7 489 636.88	*527 931

* These transactions late to transfers which have not been passed through the cash-book.

2006

Standard Bank current account

Closing balance of the bank statement/bank reconciliation	N\$ (305 694.64)
Closing balance of the cash-book	2 806 979.11
	<u>(3 112 673.75)</u>

The closing balance of the bank statement agreed to the bank reconciliation, but not with the closing balance of the cash-book and also the general ledger.

The general ledger had a closing balance of N\$ 460 203.03 compared with the bank reconciliation and bank statement's balance of N\$ 305 694.64. This difference was due to the total cheques of N\$ 154 508.39 that were written back in the general ledger.

Prestige Park call account

	N\$
Closing balance of the bank statement/bank reconciliation	(396 191.56)
Closing balance of the cash-book	2 096 191.56
	<u>(1 700 000.00)</u>

N\$ 1 700 000 was transferred from the call account to another account, but was not recorded in the cash-book.

Standard Bank call account (001)

	N\$
Closing balance of the bank statement/bank reconciliation	7 250 500.81
Closing balance of the cash-book	10 749 500.81
	<u>(3 499 000.00)</u>

This was due to the total amount of N\$ 3 499 000 that was transferred from the call account to another account, but was not recorded in the cash-book.

Standard Bank Drought Relief

	N\$
Closing balance of the bank statement/bank reconciliation	2 173.02
Closing balance of the general ledger	1 752.62
	<u>420.40</u>

The bank statement, bank reconciliation and cash-book agreed. The cash-book did not agree with the general ledger with a closing balance of N\$ 1 752.62. This was due to bank charges of N\$ 420.40 that were not recorded in the cash-book.

Standard Bank Call (002)

	N\$
Closing balance of the bank statement/bank reconciliation	1 688 918.23
Closing balance of the cash-book	4 213 918.23
	<u>(2 525 000.00)</u>

The difference was due to the total amount of N\$ 2 525 000 that was transferred from the call account to another account, but was not recorded in the cash-book.

Standard Bank Call (003)

	N\$
Closing balance of the bank statement/bank reconciliation	189 532.92
Closing balance of the cash-book	3 409 532.92
	<u>(3 220 000.00)</u>

The difference could not be explained.

5.15 Debtors (2006)

The trial balance reflects an amount of N\$ 145 975 as a debtor. On verification of the said amount, it could not be traced to any debtors list for the year under review.

5.16 Investment – Channel Life (2006)

The Council could not provide a certificate of an investment to the amount of N\$ 4 375 966 to prove the balance at the end of the financial year and could not explain how they arrived at the amount in the general ledger.

5.17 Trade and other payables – Accrued creditors (2006)

At the time of the audit, the creditors list reflected a total amount of N\$ 134 362, while the general ledger reflected a total amount of N\$ 122 660. This resulted in a difference of N\$ 11 702 by which creditors are understated in the balance sheet.

At the time of the audit no supporting documents relating to creditors to the amount of N\$ 91 570 could be submitted for audit purposes:

Date	Details	Cheque no	Amount
			N\$
31/03/06	Telecom	104326	37 704
31/03/06	City of Windhoek	104330	37 207
31/03/06	MTC	104320	500
31/03/06	Marine Security Co	104325	4 617
31/03/06	Crown Security Co	104324	6 061
31/03/06	Nashua	104329	5 489
			91 578

6. QUALIFIED AUDIT OPINION

The accounts of the Regional Council of the Khomas region for the financial years ended 31 March 2006 and 2007 have been audited in terms of Section 38 of the Regional Councils Act, 1992 (Act 22 of 1992) and Section 25(1)(b) of the State Finance Act, 1991 (Act 31 of 1991).

The audit opinion has been qualified due to the following reasons:

- Differences totalling N\$ 985 855 were found between the financial statements and the general ledger (2006).
- Interest received has been understated by N\$ 135 452 and investments as well (2007).
- No proper fixed asset register has been kept by the Council with the result that the auditors could not confirm the correctness of the values reflected in the balance sheets as well as the existence and completeness thereof.
- No supporting vouchers for expenditure transactions to the value of N\$ 953 979 (2007) and N\$ 1 463 253 (2006) have been submitted to enable the auditors to confirm the correctness and validity thereof.
- The correctness of the expenditure on salaries and wages could not be confirmed due to a pending fraud case (2006).
- Income of N\$ 700 000 towards the Early Childhood Development could not be verified (2006).
- Stale cheques to the value of N\$ 237 562 have not been written back (2007).
- A debtor amount of N\$ 145 975 could not be verified (2006).
- An investment amount of N\$ 4 375 966 could not be verified against an investment certificate (2006).

- Creditors to the amount of N\$ 91 578 could not be verified.

Except for the above-mentioned issues, in my opinion, the accounts fairly present the financial position of the Council for the years ended 31 March 2006 and 2007 and the results of its operations and cash flow for the years then ended.

WINDHOEK, December 2009

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

ANNEXURE A

REGIONAL COUNCIL OF THE KHOMAS REGION

BALANCE SHEETS AS AT 31 MARCH

	Notes	2007	2006	2005
			N\$	N\$
ASSETS				
Non-current assets		41 253 384	37 841 210	34 210 525
Property, plant & equipment	3	35 456 972	34 235 311	34 179 782
Work in progress	4	5 796 412	3 605 899	30 743
Investments	5	4 025 123	8 274 706	11 974 419
Current assets		21 367 403	11 798 357	13 812 204
Accounts receivable	6	2 708 198	1 664 643	3 394 910
Cash on hand and bank	7	18 659 205	10 133 714	10 417 293
Total assets		66 645 910	57 914 273	59 997 147
EQUITY AND LIABILITIES				
Accumulated funds	8	66 308 287	57 513 386	58 906 834
Current liabilities		337 623	400 887	1 090 313
Trade creditors		134 736	189 094	176 036
Other liabilities	9	202 887	211 793	914 277
Total equity and liabilities		66 645 910	57 914 273	59 997 147

REGIONAL COUNCIL OF THE KHOMAS REGION

INCOME STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH

	Notes	2007	2006	2005
		N\$	N\$	N\$
Income	10	21 635 103	10 286 137	11 680 464
Expenditure	11	15 644 621	12 940 815	10 361 877
Net operating surplus/(loss)		5 990 482	(2 654 678)	1 318 587
Interest on current account		2 460 054	1 043 630	1 114 990
Accumulated income/(deficit)		8 450 536	1 611 048	2 433 577
Accumulated funds	8			
- At the beginning of the year		57 513 386	58 906 834	56 473 257
- Delegated funds		282 994	-	-
- Adjustments		61 371	217 600	-
- At the end of the year		66 308 287	57 513 386	58 906 834

REGIONAL COUNCIL OF THE KHOMAS REGION

CASH FLOW STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 MARCH

	2007	2006	2005
	N\$	N\$	N\$
Cash flow from operating activities			
Surplus over expenditure for the year adjusted for non-cash items	5 990 482	(2 654 678)	1 318 587
Movement in current assets (increase)/ decrease	(1 043 555)	1 730 267	(1 497 055)
Net cash inflow from operations	4 946 927	(294 411)	(178 468)
Net cash flow of investing activities			
Interest received	2 460 054	1 043 630	1 114 990
Investments – (Increase)/decrease	4 249 583	3 699 713	(1 322 104)
Property, plant and equipment acquired value adjustments	(3 412 173)	(3 630 685)	(2 324 654)
Net change in cash and cash equivalents	8 244 391	188 247	(2 710 236)
Adjustments	61 371	217 600	-
Current liabilities – (Decrease)/increase	(63 264)	(689 426)	732 682
Delegated funds	282 993	-	-
CASH AND CASH EQUIVALENTS			
- Beginning of the year	10 133 714	10 417 293	12 394 847
- End of the year	18 659 205	10 133 714	10 417 293

REGIONAL COUNCIL OF THE KHOMAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

1. ACCOUNTING POLICIES

The annual financial statements are prepared in accordance with and comply with Namibian Statements of Generally Accepted Accounting Practice.

The annual financial statements are prepared under the historical cost convention. The following accounting policies are consistent, in all material respects, with those of the previous year.

The annual financial statements are prepared in line with the accruals concept.

All fixed assets are stated at historical cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful economic life. The estimated useful economic lives for each category of asset are as follows:

Buildings	50 Years
Furniture, Fixtures & Fittings	5 Years
Motor Vehicles	5 Years
Office Equipment	3 Years
Computer Equipment	3 Years

Land and Infrastructure assets are not depreciated. It is assumed that Land will appreciate in value over time, and that infrastructure assets (i.e. water, sewerage and electricity networks) will maintain their value due to the necessity regular maintenance.

Buildings that are still under construction are classed as Work in Progress, and are not depreciated until the work is fully completed.

The motor depreciation policy has been changed from 3 years useful life to 5 years useful life. This is in line with the Ministry of Regional and Local Government, Housing and Rural Development's financial accounting policies and procedures manual.

2. REVENUE AND EXPENDITURE

2.1 Government Transfers: MRLGH&RD

The Council receives administrative grants from the Ministry of Regional and Local Government, Housing and Rural Development. The grants are for the day-day operations of the Council. The Council received N\$ 11 698 482.50: 2007 material grant but for the 2006 financial year no such grants were received as it had funds carried forward from prior periods.

REGIONAL COUNCIL OF THE KHOMAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH

2.2 Rates levy from local authorities

The Council per the Local Authorities Act of 2000, Section 76A levies an amount equal to 5% of the rates levied on all rateable property situated in local authority areas. Rates receivable amounted to N\$ 6 901 741: 2007 and N\$ 5 092 394: 2006 (N\$ 6 007 094: 2005).

3. FIXED ASSETS

YEAR 2007	Infrastructure, land & buildings	Motor vehicles	Computer & office equipment	Furniture, fixtures & fittings	Total
Cost	N\$	N\$	N\$	N\$	N\$
Cost as at 1 April 2006	33 105 828	1 750 052	846 541	1 709 826	37 412 247
Additions	1 651 350	648 899	187 043	176 358	2 663 650
Disposals	-	(166 833)	-	-	(166 833)
Cost as at 31 March 2007	34 757 178	2 232 118	1 033 584	1 886 184	39 909 064
Accumulated depreciation					
Opening balance	1 293 234	579 617	643 097	660 986	3 176 934
Depreciation charge for the year	662 117	277 639	114 632	276 381	1 330 769
Disposal	-	(55 611)	-	-	(55 611)
Accumulated depreciation as at 31 March 2007	1 955 351	801 645	757 729	937 367	4 452 092
Carrying value at 31 March 2007	32 801 827	1 430 474	275 854	948 817	35 456 972
YEAR 2006	Infrastructure, land & buildings	Motor vehicles	Computer & office equipment	Furniture, fixtures & fittings	Total
Cost	N\$	N\$	N\$	N\$	N\$
Cost as at 1 April 2005	33 014 925	1 014 239	686 446	1 435 586	36 151 196
Additions	90 903	735 813	160 095	274 240	1 261 051
Cost as at 31 March 2006	33 105 828	1 750 052	846 541	1 709 826	37 412 247
Accumulated depreciation					
Opening balance	632 905	453 739	577 830	306 941	1 971 415
Depreciation charge for the year	660 329	125 878	65 268	354 046	1 205 521
Accumulated depreciation as at 31 March 2006	1 293 234	579 617	643 098	660 987	3 176 936
Carrying value at 31 March 2006	31 812 594	1 170 435	203 443	1 048 839	34 235 311

REGIONAL COUNCIL OF THE KHOMAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

YEAR 2005	Infrastructure, land & buildings	Motor vehicles	Computer & office equipment	Furniture, fixtures & fittings	Total
Cost	N\$	N\$	N\$	N\$	N\$
Cost as at 1 April 2004	6 112 790	368 877	562 210	403 707	7 447 584
Additions	344 663	645 362	124 236	1 031 880	2 146 141
Capitalization of Work in Progress	26 557 472	-	-	-	26 557 472
Cost as at 31 March 2005	33 014 925	1 014 239	686 446	1 435 587	36 151 197
Accumulated depreciation					
Opening balance	510 000	350 390	417 979	116 457	1 394 826
Depreciation charge for the year	122 905	103 349	159 851	190 484	576 589
Accumulated depreciation as at 31 March 2005	632 905	453 739	577 830	306 941	1 971 415
Carrying value at 31 March 2005	32 382 020	560 500	108 616	1 128 646	34 179 782

	2007	2006	2 005
	N\$	N\$	N\$
4. WORK IN PROGRESS			
Katutura Central	406 225	406 225	-
Windhoek West	1 103 018	1 103 018	-
Soweto	590 413	590 413	-
Groot Aub Settlement – Water infrastructure	2 292 056	249 685	-
Kapps farm – Water infrastructure	224 696	187 548	30 743
Katutura East	514 341	433 900	-
Khomasdal North	635 110	635 110	-
Aris farm	30 553	-	-
	5 796 412	3 605 899	30 743

5. INVESTMENTS

Treasury Bills	4 025 123	3 898 740	6 980 886
Metropolitan 10 year lump sum investment	-	-	1 417 567
Metropolitan 5 year endowment policy	-	4375 966	3 575 966
	4 025 123	8 274 706	11 974 419

Investment are initially carried at cost and thereafter at fair value/ guaranteed value with unrealised gains or losses accrued in the income statement. Fair value is determined as net realizable value.

REGIONAL COUNCIL OF THE KHOMAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2007	2006	2005
	N\$	N\$	N\$
6. ACCOUNTS RECEIVABLE			
City of Windhoek	1 743 119	1 486 139	3 089 425
Park foods debtors	522 565	-	115 443
Embezzled funds	332 753	132 369	-
Other receivables	47 342	1 857	4 360
S & T advances	62 419	44 278	185 683
	2 708 198	1 664 643	3 394 911

7. CASH AND CASH EQUIVALENTS

FNB 32 Day account	165 905	154 506	123 317
FNB Call account	145 517	137 751	131 056
HIV/AIDS Call account	285 145	272 369	258 066
HIV/AIDS Current account	8 153	8 873	9 593
Standard Bank			
- 32 Day account	384 763	493 521	463 405
- Call account	5 405 170	1 688 918	1 015 941
- Call account	287 508	189 533	655 693
- Current account	(1 411 541)	(460 203)	484 130
- Prest Park account	120 746	396 192	2 374 447
- Call account	7 489 637	7 250 501	4 899 210
- Drought Relief	986	1 753	2 435
- 32 Day account	5 777 216	-	-
	18 659 205	10 133 714	10 417 293

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term, highly liquid investments readily convertible to amounts of cash and subject to insignificant risk in changes in value.

8. ACCUMULATED FUNDS

Balance, beginning of the year	57 513 386	58 906 834	56 473 257
(Deficit)/Surplus for the year	8 450 536	(1 611 048)	2 433 577
Prior year adjustments	282 994	-	-
Prior year adjustments	61 371	217 600	-
	66 308 287	57 513 386	58 906 834

REGIONAL COUNCIL OF THE KHOMAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

	2007	2006	2 005
	N\$	N\$	N\$
9. OTHER LIABILITIES			
Receiver of Revenue	190 424	204 203	766 559
Pension - GIPF	1	-	91 527
Pension - MPOOBPF	-	-	422
Social Security Commission	1 057	2 460	6 326
Medical Aid - Ministry of Finance	5 310	5 130	8 910
Housing subsidy	7 406	-	25 840
Insurance	(1)	-	34 274
Garnishee	(1 310)	-	(19 581)
	202 887	211 793	914 277
10. INCOME			
Government transfers: MRLGH&RD	12 220 957	24 516	5 039 229
Rates levy from local authorities	6 901 741	5 092 394	6 007 094
Grant income – NPC infrastructure development	1 700 000	3 600 000	-
Rates iro Permission to Occupy (PTO)	13 264	4 984	-
Rental income – Prestige Park	362 626	418 783	421 240
Rental income – Community Hall and offices	51 774	16 080	4 960
Other income	174 440	1 753	12 378
Delegated funds	210 301	1 127 627	195 563
	21 635 103	10 286 137	11 680 464
11. EXPENDITURE			
Advertising & promotions	47 230	66 288	66 955
Bank charges	50 394	43 515	44 407
Books, magazines and other publications	6 482	14 639	9 785
Cleaning material	32 806	27 834	59 645
Community contributions	-	386 878	-
Computer expenses	66 826	148 796	243 104
Courier and postages	2 642	5 588	3 209
Decorations	-	601	47 979
Delegated functions	467 221	120 974	488 546
Depreciation	1 330 768	1 205 520	576 589
Donations	-	-	14 156
Disasters & emergencies	180	24 415	-
Electricity and water	563 333	442 903	425 624
Entertainment expenses	259 694	118 798	125 015
General expenses	-	4 276	8 009
Inauguration expenses	-	-	203 622

(continued)

REGIONAL COUNCIL OF THE KHOMAS REGION

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH (continued)

11. EXPENDITURE (continued)

	2007	2006	2 005
	N\$	N\$	N\$
HIV/AIDS activities	256 497	12 400	-
Insurance paid	241 219	272 976	201 783
Interest paid	-	2 143	1 041
Hiring costs	-	-	8 540
Motor vehicle expenses	445 193	275 696	185 580
National days	802 320	751 789	-
Printing & stationery	163 320	126 012	80 030
Professional fees	224 955	135 516	66 941
Protective clothing	51 862	12 133	7 367
Rentals paid	106 726	53 019	167 579
Repairs & maintenance	180 396	94 523	442 566
Salaries & wages	8 393 299	7 007 593	5 491 633
Security	396 832	154 261	120 020
Staff training	343 492	231 609	243 277
Staff welfare	-	85 500	31 873
Subscriptions	175 000	173 380	150 000
Telephone expenses	359 562	385 764	428 827
Travel & subsistence	676 372	632 476	418 175
Total expenditure	15 644 621	12 940 815	10 361 877
Net operating surplus for the year	5 990 482	(2 654 678)	1 318 587
NET FINANCIAL INCOME			
Interest received	2 460 054	1 043 630	1 114 990
SURPLUS/(DEFICIT) FOR THE YEAR	8 450 536	(1 611 048)	2 433 577