



**REPUBLIC OF NAMIBIA**



**AUDIT REPORT ON THE ACCOUNTS OF THE**

# **REGIONAL COUNCIL OF THE KUNENE REGION**

**FOR THE FINANCIAL YEARS ENDED 31 MARCH 2014 AND 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 of the Kunene region for the financial years ended 31 March 2014 and 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'.

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, June 2017**



**REPORT OF THE AUDITOR-GENERAL ON THE  
ACCOUNTS OF THE REGIONAL COUNCIL OF THE KUNENE REGION  
FOR THE FINANCIAL YEARS ENDED 31 MARCH 2014 AND 2015**

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**1. Report on the Financial Statements**

**1.1 INTRODUCTION**

The accounts of the Kunene Regional Council for the financial years ended 31 March 2014 and 2015 are being reported on in accordance with provisions set out in the Regional Council Act, 1992 (Act No. 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 Kunene Regional Council for the financial years ended 31 March 2014 and 2015. These financial statements comprise of the following:

Annexure A: Balance sheet;  
Annexure B: Income statement;  
Annexure C: Cash flow statement; and  
Annexure D: Notes to the financial statements.

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 40(1) of the Regional Council Act, 1992, except that both financial statements were only submitted on 11 September 2015 instead of three months (3 months) after the year end as required by the Act.

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

**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 (ISSAIs). These standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

## **Powers and duties**

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

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

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

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

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

I believe that the audit evidence I have obtained is not sufficient and appropriate to provide a basis for the audit opinion.

## **4. ACKNOWLEDGMENT**

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

## **5. KEY AUDIT FINDINGS**

### **5.1 BALANCE SHEET VERSUS TRIAL BALANCE**

A difference amounting to (N\$ 6 125 519) was observed between the balance sheet and trial balance for the year ending 31 March 2014.

## **Recommendation**

It is recommended that the Council should ensure that figures disclosed in the financial statements are in agreement with the trial balance and general ledger. It is further recommended that the Council should perform regular reconciliations to avoid possible misstatements of the financial statements.

## **Management response**

*The Council did not provide comments to the finding.*

## **5.2 MOTOR VEHICLE EXPENSES**

The auditors could not confirm the completeness on fuel expenditure amounting to N\$ 3 612 199 for the year 2014. Not all transport receipt vouchers and log sheet books were provided for audit purposes.

## **Recommendation**

It is recommended that the Council should provide all the requested documents for audit purposes.

## **Management response**

*The Council did not provide comments.*

## **5.3 OTHER EXPENDITURES**

Supporting documents amounting to N\$ 2 378 250 for the year 2014 were not provided for audit purposes.

## **Management response**

*The Council did not provide comments to the finding.*

## **5.4 TRADE AND OTHER PAYABLES**

The balance of N\$ 1 438 392 for the year 2014 and N\$ 657 118 for the year 2015 relating to creditors could not be confirmed due to the non-submission of documents.

## **Recommendation**

It is recommended that the Council should provide all the requested documents for audit purposes.

## **Management response**

*The Council agrees with the auditors that the mentioned balances could not be confirmed due to the fact that when the Council moved from Pastel Partner, age analysis were not created in Pastel Evolution but in Pastel Partner. The situation will however be rectified with the 2015/2016 financial statements.*

## **5.5 MINUTES OF COUNCIL MEETINGS**

The Council did not submit the minutes of Council meetings held during the 2014 and 2015 financial years.

### **Recommendation**

It is recommended that the Council should provide all the requested documents for audit purposes.

### **Management response**

*The Council agrees that minutes of Council meetings were not provided. However, the situation will be rectified as per auditors' recommendations.*

## **5.6 2014 - GOVERNMENT SUBSIDIES**

An amount of N\$ 2 230 111 received from the line Ministry for salary adjustment was not disclosed in the financial statements for the 2014 financial year.

### **Recommendation**

It is recommended that the Council should disclose all revenue received.

### **Management response**

*It is true that the amount of N\$ 2 230 111 the Regional Council receive from the Ministry for salary adjustment and was not disclosed in the financial statements. However the error will be rectified by way of passing journal entries. Recommendations from auditors will be carried out and all funds received from Ministries will be disclosed.*

## **5.7 5% ASSESSMENT RATES LEVY**

The auditors were not provided with transactions lists of income for rates and taxes from its respective local authorities for financial year ending 31 March 2014, therefore the 5% levy received could not be verified.

### **Management response**

*The Council agrees that auditors were not provided with transactions list of levy for rates and taxes from its respective local authorities for financial year ending 31 March 2014.*

## **5.8 TRADE AND OTHER RECEIVABLES**

The balance of N\$ 191 962 for the year 2014 and N\$ 3 505 561 for the year 2015 could not be confirmed due to the non-submission of the age analysis and debtors ledger.



## **Recommendation**

It is recommended that the Council should provide all the requested documents for audit purposes.

## **Management response**

*The Council agrees with the auditors findings that amounts indicated in the queries could not be confirmed due non submission of the age analysis and debtors ledger.*

## **5.9 VALUE ADDED TAX**

The auditors were unable to confirm the balance for VAT amounting to (N\$ 13 994) for the year 2014 and N\$ 1 627 218 for the year 2015 due to non-submission of VAT reconciliations.

## **Recommendation**

It is recommended that the Council should provide all reconciliations for audit purposes.

## **Management response**

*The Council agrees with the audit observation.*

## **5.10 BUILD TOGETHER MATERIALS**

The auditors were unable to confirm the inventory amounting to N\$ 5 273 083 disclosed in the financial statements due to non-submission of documents for Build Together materials for the years under review. This finding has been recurring in prior years. The accountability on this area was not being tested again. The finance department issues payments for materials but the materials are not accounted for at the time of audit. This has been going on in prior years. On this audit, the officials responsible were on leave. The build together list of the beneficiary was not provided.

## **Recommendation**

It is recommended that the Council should provide all the requested documents for audit purposes. It's also recommended that the Council should account for the material purchased and to provide the list of beneficiaries equal to the amount. It is further recommended that the Council should provide the value of the build together closing stock and the location. Staff responsible for this area should be available during the time of audit.

## **Management response**

*The Council agrees with the audit observation.*

## **5.11 GENERAL LEDGER VERSUS VIP PAYROLL REPORT**

A difference amounting to N\$ 1 121 906 was observed between the general ledger and VIP payroll report for the year ending 2014. Furthermore the Council did not provide all VIP Payroll reports for September 2014.

## **Recommendation**

It is recommended that all transactions reflected in the general ledger should correspond to the VIP payroll report. The Council should provide all supporting documents for auditing purposes.

## **Management response**

*Point is noted and corrections will be done accordingly in Pastel Evolution. Recommendations from the auditors will be implemented.*

## **5.12 RENTAL OF OFFICIAL HOUSES BY MANAGEMENT CADRE**

The auditors observed that some of the Management Cadre is renting official houses while they are receiving housing allowances entitled to them. The Council should note that this is in contravention of the Public Service Staff Rule; D.VII Section 5.1.1 subsection (b) (c) and Section 6.2.3 which states “ A member who occupies official quarters must either purchase the quarters or vacate it within 3 months of receiving the benefit.”

## **Recommendation**

It is recommended that the Council should adhere to Public Service staff rule; D.VII Section 5.1.1 subsection (b) (c) and Section 6.2.3.

## **Management response**

*The Point is noted, although management cadres are paying according to the prescribed rates.*

## **5.13 REPAYMENT FOR BUILD TOGETHER LOANS**

It was observed with concern that the Council did not disclose Build Together Beneficiaries although it was noted that some beneficiaries have been repaying their loans. Furthermore there is no proper reconciliation performed to update these accounts.

## **Recommendations**

It is recommended that the Council should disclose the repayment of Build Together loans in their financial statements, and perform reconciliations on Build Together Beneficiaries.

## **Management response**

*Point is noted. The Council will ensure that the build together module is implemented to make sure that proper recording and processing is done in Pastel Evolution. The Accounting system at all times will also be properly reconciled and updated..*

## **5.14 PROVISIONS FOR DOUBTFUL DEBTS**

The Council did not make provision for bad debts on outstanding debtors in the financial statements for the financial years under review due to the absence of a Credit Control Policy.

## **Recommendation**

It is recommended that the Council should ensure that a Credit Control Policy which includes aspects such as provision for doubtful debts is drafted, approved and implemented.

## **Management response**

*The Council already drafted a Credit Control Policy that is in a draft format. It will be presented to the Management Committee for recommendation to the Ordinary Council Meeting. Therefore the point is noted and the recommendations will be carried out as advised.*

## **5.15 GENERAL OBSERVATION**

The auditors could not confirm the completeness of expenditure; this as a result of transactions being recorded on date of payment, and not on the dates invoices are processed which is contrary to the accrual basis of accounting.

## **Recommendations**

It is recommended that the Council record transactions when they occur and not when they are paid.

## **Management response**

*The point is noted. The Council will make sure that error of omission will not be repeated again. All transactions will be recorded when they occur and not when they are paid.*

## **5.16 CASH AND BANK**

The auditors observed during the audit that bank accounts with a combined balance of N\$ 10 009 143 for the year 2014 and N\$ 2 788 864 for the year 2015 were not disclosed in the Council's financial statements.

## **Recommendation**

It is recommended that all the bank accounts should be disclosed in the Council's financial statements and the bank reconciliations are done correctly.

## **Management response**

*Year 2014: Point is noted, it was an oversight that the mentioned accounts were not processed. The error will be rectified. However the account does not belong to the Council. It was an error which can be rectified.*

*Year 2015: Point is noted, accounts were not processed. However the error will be rectified and proper reconciliation will be carried out to avoid misrepresentation.*

## **5.17 BANK RECONCILIATION AND CASH BOOK**

The auditors observed that bank reconciliations and cash books are not updated. Furthermore the cash book does not have a closing balance at the end of the financial years under review.

### **Recommendation**

It is recommended that the Council does monthly bank reconciliations and daily updates are carried out on the cash book. Furthermore the Council should balance off their cash books at year end.

### **Management response**

*Point is noted and proper reconciliation will be done by each accountant.*

## **5.18 CHEQUES**

Outstanding cheques amounting to N\$ 15 452 270 for the year 2015 were not reversed from the bank reconciliations after being processed in the bank statement.

### **Recommendation**

It is recommended that the Council should write back stale cheques.

### **Management response**

*Point is noted, the Council will make sure that stale cheques are written back.*

## **5.19 INVENTORY**

The auditors were not provided with the Mini Stock Report; therefore, the value of consumable stock could not be verified. Furthermore, the value of the consumable stock was not disclosed in the Council's financial statements for the years under review.

### **Recommendation**

It is recommended that the Council should ensure that inventory is disclosed in the financial statements.

### **Management response**

*Point noted the Council will make sure that the inventory / closing stock as at 31 March each year will be reflected in the financial statements.*

## **5.20 MOTOR VEHICLES**

The balance sheet reflects additions to Machinery and Vehicles at N\$ 730 485. These additions are not reflected in the general ledger.

The audit observed a difference amounting to N\$ 6 673 634 between the general ledger and fixed asset register.

## **Management response**

The Council did not provide comments to the finding.

### **5.21 BUILDING**

A difference of N\$ 9 988 199 was found between the general ledger and fixed asset register for the 2015 financial year.

The fixed asset register is not updated as assets are purchased and purchase invoices in the general ledger are processed inclusive of VAT.

#### **Recommendation**

It is recommended that the Council should ensure that amounts disclosed in the fixed assets register agree with those disclosed in the general ledger. The fixed asset register should be updated upon every purchase of assets (stock). It is recommended that invoices should be processed in the general ledger exclusive of VAT.

#### **Management response**

*The differences in general ledger and fixed asset register will be rectified by way of journal entries. As it was said earlier fixed assets are now linked to Pastel Evolution Procurement section will update as soon as stock is received and invoices who will be processed immediately to avoid non recording of items.*

### **5.22 DEPRECIATION**

The Council is depreciating its Furniture and Fittings over 3 years of its useful economic life cycle contrary to the Financial Accounting Policies and Procedures Manual for Regional councils paragraph 1 Accounting Policies Subsection 1.3 Fixed Assets and Depreciation which states that the Furniture Fixtures and Fittings should be depreciated over 5 years of its useful life cycle.

#### **Recommendation**

The Council is recommended to accurately calculate depreciation in accordance with the Financial Accounting Policies and Procedures Manual for Regional Councils.

#### **Management response**

*Point is noted. This was an oversight and it will be corrected according to the account policies and manual procedures for Regional Council paragraph 1 Accounting Policies Subsection 1.3 Fixed Assets and Depreciation.*

## 6. BASIS OF DISCLAIMER AUDIT OPINION

- Unexplained difference amounting to (N\$ 6 125 519) for the year 2014;
- Non submission fuel expenditue amounting to N\$ 3 612 199 for the year 2014;
- Non submission of vouchers for other expenditures amounting to N\$ 2 378 250;
- Non submission payables documents amounting to N\$ 1 438 392 for the year (2014) and (N\$ 657 118) (2015) were not verified;
- Unrecorded salary adjustment from amounting to N\$ 2 230 111;
- Non submission of age analysis reports amounting to N\$ 3 505 561;
- Non submission of VAT reconciliations amounting to N\$ 1 627 218;
- Unexplained difference of N\$ 1 121 906 between the ledger and the payroll report;
- Non disclosure of bank accounts amounting to N\$ 10 009 143 (2014) and N\$ 2 788 864 (2015);
- Outstanding cheques amounting to N\$ 15 452 270 (2015) were not reversed;
- A difference between general ledger and fixed asset register for Motor vehicle at cost amounting to N\$ 6 673 634;and
- A difference between general ledger and fixed asset register for Building at cost amounting to N\$ 9 988 199.

## 7. DISCLAIMER OF OPINION

The accounts of the Kunene Regional Council for the financial years ended 31 March 2014 and 2015 have been audited in terms of Section 40(1) of Regional Council Act, (Act No, 22 of 1992).

In my opinion because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, I have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, I do not express an opinion on the financial statements.

WINDHOEK, June 2017



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

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

	Note	2015 N\$	2014 N\$	2013 N\$
<b>ASSETS</b>				
<b>Non-Current Assets</b>		<b>80 166 774</b>	<b>53 821 233</b>	<b>42 892 031</b>
Property, Plant & Equipment	2	9 750 866	8 566 876	8 169 260
Work in Progress		70 415 908	45 254 357	34 722 771
<b>Current Assets</b>		<b>66 832 652</b>	<b>16 896 207</b>	<b>34 596 413</b>
Cash on hand and Bank	7.1	58 054 008	11 445 156	26 424 379
Accounts Receivable	9	3 505 561	177 968	3 285 595
Consumable stock		-	-	277 329
Stock: Build together Materials	8	5 273 083	5 273 083	4 609 110
<b>Total Assets</b>		<b>146 999 426</b>	<b>70 717 440</b>	<b>77 488 444</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Accumulated Funds</b>		<b>138 739 919</b>	<b>65 888 121</b>	<b>75 372 329</b>
Development Fund: Capital project	10	135 373 989	67 407 676	71 948 210
Development Fund: Build Together		10 378 576	10 378 576	10 378 576
Retained income		(7 012 646)	(11 898 131)	(6 954 457)
<b>Current Liabilities</b>		<b>8 259 507</b>	<b>4 829 319</b>	<b>2 116 115</b>
Bank overdraft	7.2	7 289 407	3 390 927	151 196
Other current liabilities		-	-	882 147
Accounts payable	3	970 100	1 438 392	1 082 772
<b>Total Equity and Liabilities</b>		<b>146 999 426</b>	<b>70 717 440</b>	<b>77 488 444</b>

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

	<b>Note</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
		N\$	N\$	N\$
<b>Income</b>	4	44 237 392	30 330 642	28 719 127
Expenditure	5	41 128 249	35 396 106	32 256 216
		<b>3 109 143</b>	<b>(5 065 464)</b>	<b>(3 537 089)</b>
Interest earned	6	1 776 342	121 790	566 362
<b>Net operating surplus/ (Deficit)</b>		<b>4 885 485</b>	<b>(4 943 674)</b>	<b>(2 970 727)</b>
<b>Accumulated income/(deficit)</b>				
At the beginning of the year		(11 898 131)	(6 954 457)	(3 983 730)
<b>End of the year</b>	11	<b>(7 012 646)</b>	<b>(11 898 131)</b>	<b>(6 954 457)</b>



**REGIONAL COUNCIL FOR THE KUNENE REGION**  
**CASHFLOW STATEMENT FOR THE YEARS ENDED 31 MARCH**

	<b>2015</b>	<b>2014</b>	<b>2013</b>
	N\$	N\$	N\$
<b>Cash flow from operating activities</b>			
Cash receipt from customers	92 897 263	33 438 269	32 571 807
Cash paid to suppliers	(37 114 552)	(35 818 039)	(31 411 449)
Cash (utilised) by operations	<b>55 782 711</b>	<b>(2 379 770)</b>	<b>1 160 358</b>
Plus: Interest received	1 776 342	121 790	566 362
Net cash flow from operating activities	<b>57 559 053</b>	<b>(2 257 980)</b>	<b>1 726 720</b>
<b>Cash flow from investing activities</b>			
Capital Projects expenditure	(25 161 551)	(10 531 586)	(7 496 326)
Purchase of motor vehicles	(2 214 676)	(1 022 902)	(131 470)
Purchase of property, equipment, asset under construction	-	-	(346 322)
	<b>(27 376 227)</b>	<b>(11 554 488)</b>	<b>(7 974 118)</b>
<b>Cash flow from financing activities</b>			
Transfer of capital projects	12 527 546	(4 540 534)	10 865 222
	<b>12 527 546</b>	<b>(4 540 534)</b>	<b>10 865 222</b>
Net increase/ (decrease) in cash and cash equivalents	42 710 372	(18 353 002)	4 617 824
Cash and cash equivalent beginning of the year	8 054 229	26 407 231	21 789 407
<b>Cash and cash equivalent end of the year</b>	<b>50 764 601</b>	<b>8 054 229</b>	<b>26 407 231</b>

**REGIONAL COUNCIL OF THE KUNENE REGION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH**

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**1. Basis of preparation**

The annual financial statements are prepared in accordance with the Namibian statement of Generally Accepted Accounting Practice.

The annual financial statements are prepared under historical convention as modified by revaluation of certain marketable securities.

**1.1 REVENUE RECOGNITION**

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Regional Council and the revenue can be reliably measured.

The following specific recognition criteria must also be met before revenue is recognised:

- Government grants are recognised as and when received.
- Interest is recognised on a time proportion basis which takes into account the effective yield on the assets over the period it is expected to be held.
- Income from water, electricity and other services are recognised when the services are rendered. Income from prepaid water and electricity is recognised as when received.

**1.2 PROPERTY, PLANT AND EQUIPMENT**

All property, plant and equipment are initially recorded at cost and adjusted for any impairment value. Depreciation is calculated on the straight-line method to write off the cost of each asset, or the revalued amounts, to their residual values over their estimated useful life.

The depreciation rates applicable to each category of property, plant and equipment are as follows:

Buildings	50 Years	2% pa
Machinery and Equipment	5 Years	20% pa
Motor Vehicles	5 Years	20% pa
Furniture and Fittings	3 Years	33.33% pa
Office equipment	3 Years	33.33% pa
Computer equipment	3 Years	33.33% pa

**REGIONAL COUNCIL OF THE KUNENE REGION  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 MARCH (Continued)**

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### **1.3 GOVERNMENT GRANTS**

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant is related 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 they are intended to compensate.

Where the grant relates to an asset, the fair value is credited to the Capital Project Fund.

### **1.4 FINANCIAL INSTRUMENTS**

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

### **1.5 CAPITAL PROJECTS**

Capital projects include all direct and related indirect expenditure on contracts.

The stage of completion is based on the inspection performed. Once commissioned, they are transferred to other categories of fixed assets. Capital projects relating to settlements are transferred to the settlements once the settlement is proclaimed a Village or Town Council.

## REGIONAL COUNCIL OF THE KUNENE REGION

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

## 2. PROPERTY, PLANT AND EQUIPMENT

2013	Land and	Machinery &	Office furniture,	Total
	Buildings	Vehicles	equipment & computer	
	N\$	N\$	N\$	N\$
Cost as at 1 April 2012	7 979 150	5 040 450	741 545	13 761 145
Additions/(Disposals)	-	131 470	214 852	346 322
<b>Cost as at 31 March 2013</b>	<b>7 979 150</b>	<b>5 171 920</b>	<b>956 397</b>	<b>14 107 467</b>
<b>Accumulated Depreciation as at 1 April 2012</b>	1 219 805	3 550 990	611 059	5 381 854
Charge for the year	172 603	324 186	59 564	556 353
<b>Accumulated Depreciation as at 31 March 2013</b>	<b>1 392 408</b>	<b>3 875 176</b>	<b>670 623</b>	<b>5 938 207</b>
<b>Net book value as at 31 March 2013</b>	<b>6 586 742</b>	<b>1 296 744</b>	<b>285 774</b>	<b>8 169 260</b>

2014	Land and	Machinery &	Office furniture,	Total
	Buildings	Vehicles	equipment & computer	
	N\$	N\$	N\$	N\$
Cost as at 1 April 2013	7 979 150	5 171 920	956 397	14 107 467
Additions/(Disposals)	-	730 485	292 417	1 022 902
<b>Cost as at 31 March 2014</b>	<b>7 979 150</b>	<b>5 902 405</b>	<b>1 248 814</b>	<b>15 130 369</b>
<b>Accumulated Depreciation as at 1 April 2013</b>	1 392 408	3 875 176	670 623	5 938 207
Charge for the year	146 563	374 818	103 905	625 286
<b>Accumulated Depreciation as at 31 March 2014</b>	<b>1 538 971</b>	<b>4 249 994</b>	<b>774 528</b>	<b>6 563 493</b>
<b>Net book value as at 31 March 2014</b>	<b>6 440 179</b>	<b>1 652 411</b>	<b>474 286</b>	<b>8 566 876</b>

## REGIONAL COUNCIL OF THE KUNENE REGION

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

2015	Land and Buildings	Machinery & Vehicles	Office furniture, equipment & computer	Total
	N\$	N\$	N\$	N\$
<b>Cost as at 1 April 2014</b>	7 979 150	5 902 405	1 248 814	15 130 369
Additions/(Disposals)	-	2 142 385	72 291	2 214 676
<b>Cost as at 31 March 2015</b>	<b>7 979 150</b>	<b>8 044 790</b>	<b>1 321 105</b>	<b>17 345 045</b>
<b>Accumulated Depreciation as at 1 April 2014</b>	1 538 971	4 249 994	772 037	6 561 002
Charge for the year	159 582	608 794	264 801	1 033 177
<b>Accumulated Depreciation as at 31 March 2015</b>	<b>1 698 553</b>	<b>4 858 788</b>	<b>1 036 838</b>	<b>7 594 179</b>
<b>Net book value as at 31 March 2015</b>	<b>6 280 597</b>	<b>3 186 002</b>	<b>284 267</b>	<b>9 750 866</b>

## 3. TRADE AND OTHER PAYABLES

	2015	2014	2013
	N\$	N\$	N\$
Accounts Payables	-	1 082 772	1 082 772
VAT Control Account	1 627 218	-	-
Employees Loan Facility	-	(41 501)	-
Employees deduction-Addition P.A.Y.E	-	(177 814)	-
Old Mutual Group Scheme deduction	-	(92 989)	-
Bank Windhoek Finance	-	(128 943)	-
General Service-Commemoration days	-	9 998	-
Opuwo Cultural Village-Creditors	-	205 780	-
Khorixas Cultural Village	(657 118)	(709 435)	-
Pension Fund (GIPF/MOF)	-	192 297	-
Insurance Policy (Staff Contribution)	-	41 501	-
2.5% Commission Deduction (Staff)	-	1 600	-
Garnishee/Maintainance	-	210 930	-

## REGIONAL COUNCIL OF THE KUNENE REGION

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

## 3. TRADE AND OTHER PAYABLES (Continue)

	2015	2014	2013
	N\$	N\$	N\$
Staff Accomadation	-	7 208	-
Build Together Deduction	-	2 853	-
Worker's Union	-	41 536	-
IOL	-	43 893	-
Staff deductions-Municipal Services	-	4 735	-
NHE Employees deduction	-	9 533	-
Sundry Creditors	-	734 438	-
			-
<b>TOTAL</b>	<b>970 100</b>	<b>1 438 392</b>	<b>1 082 772</b>

## 4. GROSS REVENUE

## 4.1 Income from PTO`S/ Utility Income

Subsidies & grants	43 200 000	28 915 450	21 150 296
5% Assessment rates	107 550	240 620	151 713
Settlement Income	27 644	-	12 620
Grants and donations	-	2 000	4 031 892
Other income	902 198	441 485	1 469 454
Delegated Functions	-	731 087	1 903 152
	<b>44 237 392</b>	<b>30 330 642</b>	<b>28 719 127</b>

## 5. EXPENDITURE

Personel Expenditure	19 328 218	15 649 146	12 306 552
Trasport Charges	3 949 373	3 612 199	2 956 632
Subsitence and Travel	4 235 412	4 284 417	3 422 544
Propety Rentals	258 152	393 508	519 056
Utilities	2 836 000	3 381 891	2 773 963
Maintenance and Repairs	438 096	291 157	455 341
Grants and Contributions	308 374	603 589	4 121 297
Settlement areas	-	18 803	1 600
General Expense	99 808	590 020	-
Depreciation Expense	1 033 177	625 286	565 852
Other Expenditure	5 852 788	4 453 752	2 920 804

## REGIONAL COUNCIL OF THE KUNENE REGION

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

5. EXPENDITURE (Continued)	2015	2014	2013
	N\$	N\$	N\$
Delegated Functions	2 788 851	1 492 338	2 211 501
Interest Payable	-	-	1 074
<b>Total Expenditure</b>	<b>41 128 249</b>	<b>35 396 106</b>	<b>32 256 216</b>

## 6. INTEREST EARNED

Bank Interest	-	-	566 362
Interest Received FNB HIV AND AIDS	323	33	-
Interest Received Disaster Fund	-	2 365	-
Interest Received Build Together Call	108	1 154	-
Interest Received FNB Cheque Account	744	195	-
Interest Received FNB Call Account	107 553	101 517	-
Interest Received FNB Gender Equity	4 538	1 245	-
Interest Received- Development Capital Projects	5 600	1 397	-
Interest Received FNB Capital Project	1 178 336	13 884	-
Interest Received Build Together Revenue	79 686	-	-
Bank Windhoek Cash for Work	332 009	-	-
<b>TOTAL</b>	<b>1 776 342</b>	<b>121 790</b>	<b>566 362</b>

## 7. CASH AND CASH EQUIVALENTS

## 7.1 Bank Balances

FNB Cheque account	1 301 914	-	175 572
FNB Build Together Receipt account	835 339	-	505 427
FNB Build Together Revolving account	4 851 025	-	9 710 371
FNB Build Together call account	245 072	21 198	701 117
FNB Capital Project call account	38 538 034	6 673 691	1 247 623
FNB Capital cheque account	1 420 456	1 916 695	907 730
FNB Disaster fund account	-	572 109	9 077
KRC Dev Trust Fund	-	-	8 982
Kunene Rural Development Project	1 570 771	-	65 574
FNB HIV AIDS	106 345	-	973 573
FNB Call account	1 550 184	-	5 615 019
FNB Gender Equality account	382 417	2 073 402	-
FNB Call account ...	1 985 605	188 061	666 431
BWK call account ...	5 266 846	-	5 793 550

## REGIONAL COUNCIL OF THE KUNENE REGION

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

## 7.1 Bank Balances (Continued)

	2015	2014	2013
	N\$	N\$	N\$
Fransfontein Std Receipt	-	-	44 333
<b>TOTAL</b>	<b>58 054 008</b>	<b>11 445 156</b>	<b>26 424 379</b>

## 7.2 Bank Overdraft

KRC Rural Dev Project	2 852 557	-	-
FNB Cheque account	-	653 942	7 309
FNB HIV/AIDS Account	-	241 993	-
FNB Gender Equality	4 436 850	-	143 887
Kunene Rural Development	-	2 494 992	-
<b>TOTAL</b>	<b>7 289 407</b>	<b>3 390 927</b>	<b>151 196</b>

## 8. STOCK: BUILD TOGETHER MATERIALS

Build together materials	<b>5 273 083</b>	<b>5 273 083</b>	<b>4 609 110</b>
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## 9. ACCOUNT RECEIVABLE

VAT/TAX Control Account	-	(13 994)	-
Disaster Fund-OPM	3 617 149	-	-
Sundry Debtors	(111 588)	191 962	3 285 595
<b>TOTAL</b>	<b>3 505 561</b>	<b>177 968</b>	<b>3 285 595</b>

## 10. DEVELOPMENT FUND: CAPITAL PROJECTS

Development fund: Capital projects	128 168 151	60 201 838	71 948 210
Development fund: Capital projects-Amaloo toilets	7 205 838	7 205 838	-
<b>TOTAL</b>	<b>135 373 989</b>	<b>67 407 676</b>	<b>71 948 210</b>

## 11. ACCUMULATED FUND

Surplus for the year	4 885 485	(4 943 674)	(2 970 727)
~ at the beginning of the year	11 898 131	6 954 457	3 983 730
<b>~ at the end of the year</b>	<b>(7 012 646)</b>	<b>11 898 131</b>	<b>6 954 457</b>