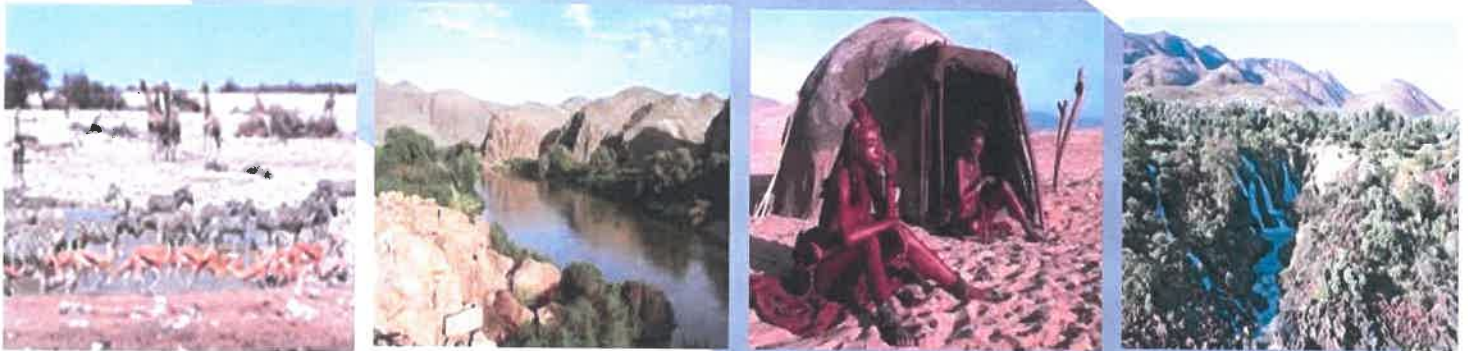




**REPUBLIC OF NAMIBIA**



**AUDIT REPORT ON THE ACCOUNTS OF THE**

# **REGIONAL COUNCIL OF THE KUNENE REGION**

**FOR THE FINANCIAL YEARS ENDED 31 MARCH 2017 AND 2018**

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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 Kunene Regional Council for the financial years ended 31 March 2017 and 2018, 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 2019**



**REPORT OF THE AUDITOR - GENERAL  
ON THE ACCOUNTS OF THE KUNENE REGIONAL COUNCIL  
FOR THE FINANCIAL YEARS ENDED  
31 MARCH 2017 AND 2018**

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**1. DISCLAIMER AUDIT OPINION**

I have audited the financial statements of the Regional Council of Kunene for the financial years ended 31 March 2017 & 2018. These financial statements comprise the Balance Sheet, Income statement, Statement of Cash Flow and Notes to Financial Statements for the years then ended, and a summary of significant accounting policies.

In my opinion, 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 appropriate audit evidence to provide a basis for an audit opinion. Accordingly I do not express an opinion on the financial statements.

**2. BASIS FOR DISCLAIMER AUDIT OPINION**

I conducted my audit in accordance with International Standards for Supreme Audit Institutions. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the entity in accordance with the Code of Ethics for Supreme Audit Institutions together with the ethical requirements that are relevant to my audit of the financial statements in Namibia, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the Code of Ethics.

I believe that the audit evidence I have obtained is not sufficient and appropriate to provide a basis for my opinion. A disclaimer of audit opinion is being expressed due to the following:

- Non-submission of supporting documents for Work in Progress of Capital Projects amounting to N\$ 534 473 for 2016/2017 financial year;
- Double payments of invoices for Work in Progress of Capital Projects amounting to N\$ 838 256;
- Non-submission of supporting documents for fuel and lubricants amounting to N\$ 1 929 448 (2017) and N\$ 1 233 704 (2018);
- Non-submission of supporting documents of Utilities expenses amounting to N\$ 103 463 (2017) and N\$ 53 650 (2018);
- Non-submission of supporting documents of Trade and Other payables amounting to N\$ 241 731 (2017) and N\$ 568 183 (2018);
- Overstatement of Income in the statement of comprehensive income amounting to N\$ 2 239 850 (2017) and N\$ 13 020 310 (2018); and
- Negative balances on the Creditors' age analysis amounting to N\$ 590 478 (2017) and N\$ 1 332 442 (2018).

### **3. OTHER INFORMATION**

Management is responsible for the other information. My opinion on the financial statements does not cover the other information and, accordingly, the auditor does not express any form of assurance conclusion thereon. In connection with the audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit or otherwise appears to be materially misstated. I have nothing to report in this regard.

### **4. RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Recognised Accounting Practice and 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. In preparing the financial statements, management is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible of overseeing the entity's financial reporting process.

### **5. AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs), will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.


As part of an audit in accordance with the International Standards for Supreme Audit Institutions, I exercise professional scepticism throughout the audit, I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion;
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls;
- Obtain an understanding of internal control relevant to the audit 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;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence, obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the entity to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit;
- Provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards;
- From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my report unless law or regulation precludes public disclosure about the matter or, when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **6. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

The financial statements were submitted to the Office of the Auditor-General by the Accounting Officer in compliance with Section 40 (1) of the Regional Council Act 1992, (Act 22 of 1992), except that they were only submitted on 10<sup>th</sup> September 2018, instead of three months after year-end as required by the Act.



**WINDHOEK, June 2019**

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## ANNEXURE A

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

		<b>2018</b>	<b>2017</b>	<b>2016</b>
	Note	N\$	N\$	N\$
<b>ASSETS</b>				
<b>Non-current assets</b>		<b>105 362 970</b>	<b>104 577 643</b>	<b>101 948 013</b>
Property, plant and equipment	2	56 577 884	54 884 789	8 036 008
Work in Progress	3	45 988 528	46 896 296	93 912 005
Investments (Shares in Nored)		2 796 558	2 796 558	-
<b>Current assets</b>		<b>94 660 126</b>	<b>80 039 256</b>	<b>81 774 795</b>
Trade Debtors	4	8 619 983	8 012 814	-
Other Receivable Vat Control Account		6 523 527	4 367 665	3 126 975
Inventory		24 053	-	631 562
Build Together Work in progress/Stock		490 085	490 085	6 044 419
Cash & Cash Equivalents	5	79 002 478	67 168 692	<sup>a)</sup> 71 971 838
<b>Total assets</b>		<b>200 023 096</b>	<b>184 616 899</b>	<b>183 722 807</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>	9	<b>189 116 395</b>	<b>176 074 569</b>	<b>172 044 998</b>
Accumulated Fund		166 688 504	161 291 921	158 591 921
Retained Earnings		14 782 648	28 240 226	7 298 246
Net Profit/Loss		7 645 243	(13 457 578)	6 154 831
<b>Current Liabilities</b>		<b>10 906 703</b>	<b>8 542 331</b>	<b>11 677 810</b>
Trade and other payables	11	10 906 703	8 542 331	<sup>b)</sup> 11 677 810
<b>Total equity and liabilities</b>		<b>200 023 098</b>	<b>184 616 900</b>	<b>183 722 808</b>

<sup>a)</sup> Non-disclosure of bank accounts in the financial statements.

<sup>b)</sup> The amount not the same compared to the prior year audited report.



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

		<b>2018</b>	<b>2017</b>	<b>2016</b>
	Note	N\$	N\$	N\$
<b>Income</b>	6	<b>170 869 251</b>	<b>189 242 863</b>	<b>52 713 353</b>
<b>Expenditure</b>	8	<b>165 195 887</b>	<b>205 111 234</b>	<b>48 211 274</b>
<b>Operating surplus/(deficit)</b>		<b>5 673 364</b>	<b>(15 868 371)</b>	<b>4 502 079</b>
Interest Received		1 971 878	2 410 793	1 652 752
<b>Net surplus/(deficit) for the year</b>		<b>7 645 242</b>	<b>(13 457 578)</b>	<b>6 154 831</b>

**REGIONAL COUNCIL OF THE KUNENE REGION**  
**STATEMENT OF CASH FLOW FOR THE YEARS ENDED 31 MARCH**

	Note	<b>2018</b>	<b>2017</b>
		N\$	N\$
<b>Cash generated from operation</b>	10	<sup>e)</sup> 7 222 530	(4 873 516)
Cash generated from investment activities		-	-
Net cash flow from operating activities		7 222 530	(4 873 516)
<b>Cash flow from investing activities</b>		(785 328)	(2 629 629)
Purchases of Property Plant&Equipment		<sup>d)</sup> (785 328)	(2 629 629)
<b>Net Cash Inflow/OutFlows from Financing Activities</b>		<b>5 396 583</b>	<b>2 700 000</b>
Development Capital Projects		5 396 583	2 700 000
Total Cash Movement		<sup>e)</sup> 11 833 786	(4 803 145)
Cash at the begining of the year		67 168 693	71 971 838
<b>Total Cash at the end of the period</b>		<b>79 002 479</b>	<b>67 168 693</b>

<sup>e)</sup> Different amounts calculated from Balance Sheet.

<sup>d)</sup> Amount calculated from Note 2 (Additions) different from this amount.

<sup>e)</sup> Amounts will be different due to the above figures of which are different still.

**REGIONAL COUNCIL OF THE KUNENE REGION  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH  
2017 AND 2018**

**1. ACCOUNTING POLICIES**

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

The annual financial statements are prepared in line with the accrual concept. It should be noted, however, that income and expenditure in relation to delegated functions is accounted for during the year under review on a cash accounting basis, in line with the State Finance Act, 1992; and since all liabilities relating to the delegated functions remains with the line ministries and all unexpended delegated functions funds are returned to the state account, it does not materially affect the Regional Council's Financial Statements.

The principal accounting policies of the Regional Council, which are set out below have been consistent and comply with the Namibian Statement of Generally Accepted Accounting Practices. The Financial Statements have been prepared in accordance with the requirements of the Namibian Regional Councils Act.

**2. FIXED ASSETS AND DEPRECIATION**

Fixed assets are stated at cost or at valuation where assets have been acquired by grant or donation, less depreciation written off over the expected useful lives as determined by the Regional Council from time to time. Fixed assets acquired with loan funds are not depreciated until the loan is repaid, unless the expected lifetime of the asset is less than the repayment period of the loan in which case depreciation is calculated on the shortfall.

**PROPERTY PLANT AND EQUIPMENT MARCH 18**

	<b>Land and Buildings</b>	<b>Machinery, Equipment &amp; Vehicles</b>	<b>Office Furniture &amp; Compter Equipment</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
<b>Opening Balance-01/04/2017</b>	<b>38 095 331</b>	<b>15 547 676</b>	<b>1 241 782</b>	<b>54 884 789</b>
Gross Carrying Amount	40 351 935	24 064 085	2 807 421	67 223 441
Accumulated Depreciation	(2 256 604)	(8 516 409)	(1 565 639)	(12 338 652)
	<b>4 575 289</b>	<b>(2 608 920)</b>	<b>(273 273)</b>	<b>1 693 095</b>
Depreciation Charge	(907 558)	(3 836 405)	(711 840)	(5 455 803)
Additions	5 482 847	1 227 484	438 567	7 148 898
<b>Closing Balance-31/03/2018</b>	<b>42 670 620</b>	<b>12 938 756</b>	<b>968 509</b>	<b>56 577 885</b>
Gross Carrying Amount	45 834 782	25 291 570	3 245 988	74 372 340
Accumulated Depreciation	(3 164 162)	(12 352 814)	(2 277 479)	(17 794 455)

**REGIONAL COUNCIL OF THE KUNENE REGION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH**  
**2017 AND 2018 (Continues)**

**PROPERTY PLANT AND EQUIPMENT MARCH 17**

	<b>Land and Buildings</b>	<b>Machinery, Equipment &amp; Vehicles</b>	<b>Office Furniture &amp; Compter Equipment</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
<b>Opening Balance-01/04/2016</b>	<b>6 280 596</b>	<b>1 190 441</b>	<b>564 972</b>	<b>8 036 009</b>
Gross Carrying Amount	7 979 150	6 817 966	1 503 300	16 300 416
Accumulated Depreciation	(1 698 554)	(5 627 525)	(938 328)	(8 264 407)
	<b>31 814 735</b>	<b>14 357 236</b>	<b>676 811</b>	<b>46 848 782</b>
Depreciation Charge	(253 442)	-2 554 785	(492 290)	(3 300 517)
Adjustments Cost	1 856 943	22 794	415 485	2 295 222
Adjustments depreciation	(304 608)	(334 099)	(135 021)	(773 728)
Additions	30 515 842	17 223 326	888 637	48 627 805
<b>Closing Balance -31/03/2017</b>	<b>38 095 331</b>	<b>15 547 677</b>	<b>1 241 783</b>	<b>54 884 791</b>
Gross Carrying Amount	40 351 935	24 064 086	2 807 422	67 223 443
Accumulated Depreciation	(2 256 604)	(8 516 409)	(1 565 639)	(12 338 652)

**REGIONAL COUNCIL OF THE KUNENE REGION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH**  
**2017 AND 2018 (Continue)**

**PROPERTY PLANT AND EQUIPMENT MARCH 16**

	<b>Land and Buildings</b>	<b>Machinery, Equipment &amp; Vehicles</b>	<b>Office Furniture &amp; Computer Equipment</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
<b>Opening Balance-01/04/2015</b>	<b>6 280 597</b>	<b>3 186 002</b>	<b>284 267</b>	<b>9 750 866</b>
Gross Carrying Amount	7 979 150	8 044 790	1 321 105	17 345 045
Accumulated Depreciation	(1 698 553)	(4 858 788)	(1 036 838)	(7 594 179)
	-	<b>(1 995 561)</b>	<b>83 685</b>	<b>(1 911 876)</b>
Depreciation Charge	-	-768 737	-	(768 737)
Adjustments	-	(1 226 824)	(98 510)	(1 325 334)
Additions	-	-	182 195	182 195
<b>Closing Balance-31/03/2016</b>	<b>6 280 597</b>	<b>1 190 441</b>	<b>564 972</b>	<b>8 036 010</b>
Gross Carrying Amount	7 979 150	6 817 966	1 503 300	16 300 416
Accumulated Depreciation	(1 698 553)	(5 627 525)	(938 328)	(8 264 406)

The estimated useful economic lives for each category of asset are as follows:

Buildings	50 Years
Vehicles	5 Years
Computer Equipment	3 Years
Office Equipment	3 Years
Furniture and Fittings	3 Years
Construction Equipment	5 Years
Land	No depreciation

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken into account in determining operating profit.

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

**3. WORK IN PROGRESS (WIP)-CAPITAL PROJECTS**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
	N\$	N\$	N\$
Construction of Fransfontein	14 719 817	12 067 839	-
Construction of Gaidaman T/A	-	4 540 997	2 543 677
Construction of Khorixas Cultural	67 702	67 702	67 702
Construction of Okangwati	369 968	369 968	369 968
Construction of Sesfontein Sewer	137 872	-	-
Construction & Upgrading KRC H/Q	4 200 840	4 200 840	1 280 742
Drilling of Okangwati Borehole	6 343 876	5 348 065	5 348 065
Drilling of Omakange Borehole	72 468	-	-
Electrification Of Okangwati	381 659	-	-
Fencing & Guard House for R/Dev	-	5 482 847	-
Ohamaremba Borehole Drilling	624 090	568 490	-
Okapundja Borehole Drilling	218 422	-	-
Opuwo Rural Constituency Office	15 865 323	11 354 825	1 585 072
Retification of Existing Faulty	2 146 886	2 055 118	2 055 118
Sesfontein Water Reticulation	36 171	36 171	-
Zebra Rest Camp	803 433	803 433	64 299
Sesfontein	-	-	4 147 145
Opuwo Constituency Office	-	-	2 979 072
Sesfontein Settlement Office	-	-	863 998
Otuzemba	-	-	7 382 437
Fransfontein Water Retic.	-	-	1 739 715
Okangwati Pipeline	-	-	757 076
Opuwo Pipeplines	-	-	2 307 846
Kamanjab Tsumamas	-	-	276 211
Amaloo Toilets	-	-	10 491 937
Interlock Const.	-	-	1 285 198
Swartboo T/A	-	-	1 443 703
Krc Heoad Office	-	-	26 778 782
Hai/Hom	-	-	3 446 016
Fransfontein Settle Office	-	-	637 297
Karukoye	-	-	1 263 234
Fencing & Guarding	-	-	3 414 416
Sesfontein Sewer Retic.	-	-	10 926 072
Wml	-	-	437 206
Okanguwati	-	-	20 000
	<b>45 988 527</b>	<b>46 896 295</b>	<b>93 912 004</b>

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

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**4. TRADE DEBTORS**

Trade receivables are carried at anticipated realisable value. An estimate is made for doubtful debts 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.

	<b>2018</b>	<b>2017</b>	<b>2016</b>
	N\$	N\$	N\$
VAT	6 523 527	4 367 665	-
BTP	7 624 886	7 466 084	-
S&T +Other Customers	995 097	546 730	-
	<b>15 143 510</b>	<b>12 380 479</b>	<b>-</b>

**5. 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 KUNENE REGION**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 MARCH**  
**(Continue)**

CASH AND CASH EQUIVALENTS	2018	2017	2016
	N\$	N\$	N\$
BW MICT	228 741	19 655	-
BWK Cash for Work Call	334 751	316 769	1 899 028
BWK Lands	23 916	1 939	-
BWK Rural Dev	2 186 923	1 378 378	514 150
Cash Control -Fransfontein	4 000	860	-
Cash Control Kamanjab	2 173	1 128	-
Cash Control Khorixas	23	928	-
Cash Control-Head Office	77 750	173 060	-
Cash Control-Okangwati	463	371	-
Cash Control-Outjo Constituency	-	119	-
DIRECTORATE OF Education	28 425 206	15 877 108	-
DIRECTORATE OF WORKS	383 638	346 905	-
FNB Btp Revolving	4 576 766	4 406 386	5 470 302
FNB Build Together Call	81 898	86 546	187 890
FNB Build	1 466 421	1 267 144	1 009 941
FNB Call Account	1 630 384	2 247 702	2 231 232
FNB Call Account	8 453 767	7 452 632	8 280 015
FNB Capital Proj Call	22 875 338	30 527 011	44 460 826
FNB Capital Project	3 855 081	257 241	9 351 303
FNB CHEQ MAIN	1 731 680	464 915	(3 857 210)
FNB Dev Trust Fund	292 724	285 127	7 389
FNB Disaster Fund	(184 646)	4 218	(79 131)
FNB Gender Equality	617 714	340 707	589 521
FNB Hiv/Aids	198 071	2 955	(134 776)
FNB Nacoma	1 527 715	1 526 254	2 041 357
BTP RECEIT ACCOUNT	-	-	(285 417)
Fransfontein STD Receipt	211 982	182 633	-
	<b>79 002 479</b>	<b>67 168 691</b>	<b><sup>0</sup>71 686 420</b>

<sup>0</sup> Non-disclosure of bank accounts in the financial statements.



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

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**6. REVENUE**

**6.1 Government Subsidy**

The regional council receives subsidy from the Ministry of Urban and Rural Development. This subsidy is used for the day to day running of the Regional Council

**a. Rate levies from Local Authorities**

As per Regional Council Act of 1992, Kunene Regional Council levies an amount equal to 5% of all rates and taxes invoiced.

**b. Dividend, Royalties and Surcharges**

The Regional Council receives dividend and royalties in respect of surcharges levied on its behalf by NORED & Cenored.

INCOME	<b>2018</b>	<b>2017</b>	<b>2016</b>
	N\$	N\$	N\$
Government Subsidy	49 291 464	48 995 881	48 337 503
Income From Settled Areas	58 983	38 563	6 718
Rural Development Project Income	1 636 440	1 148 316	-
5% Rates And Taxes -Local Authority	211 171	428 930	-
Hiring ,Rental And Related Charges	200 109	166 174	152 842
Dividends And Surcharges	487 153	339 799	566 453
Grants And Donations	-	442 079	758 522
Other Income	362 522	301 835	151 689
Delegated Functions Income	118 621 410	137 381 287	2 739 626
	<b>170 869 252</b>	<b>189 242 864</b>	<b>52 713 353</b>

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

**7. DELEGATED FUNCTIONS**

The Regional Council is currently performing the following functions as delegated by central government ministries, in accordance with the decentralisation Enabling Act 2000 (Act 33 of 2000)

- Ministry of Gender and equality
- Office of the Prime Minister
- Ministry of Agriculture and Forestry
- Ministry of works and Transport
- Ministry of Health and Social Services
- Directorate of Education
- Directorate of Maintenance
- Ministry of Land Reform
- Ministry of ICT

**DELEGATED FUNCTIONS  
INCOME**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
	N\$	N\$	N\$
Ministry of Gender	1 586 256	1 354 133	786 992
Office of Prime minister	615 191	603 089	1 952 634
Land	205 733	2 200	-
Education	114 125 869	129 290 084	-
ICT	245 360	20 000	-
Agriculture	11 000	-	-
Health	599 154	-	-
Min of Works	1 232 847	6 111 781	-
	<b>118 621 410</b>	<b>137 381 287</b>	<b>2 739 626</b>

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

**DELEGATED FUNCTIONS  
EXPENDITURE**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
	N\$	N\$	N\$
Ministry of Gender	1 296 000	1 981 889	1 902 692
Office of Prime minister	784 848	611 743	2 501 656
Land	180 910	-	-
Education	101 577 771	126 119 651	-
ICT	35 788	-	-
Agriculture	-	-	-
Health	529 669	-	-
Min of Works	1 196 114	6 428 155	-
<b>TOTAL DELEGATED FUNCTIONS EXPENDITURE</b>	<b>105 601 100</b>	<b>135 141 438</b>	<b>4 404 348</b>
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>13 020 310</b>	<b>2 239 849</b>	<b>(1 664 722)</b>

**8. EXPENDITURE**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
	N\$	N\$	N\$
Remuneration	27 348 349	24 456 530	24 568 017
Employer's Contributions - Gipf & Mop	3 270 515	-	-
Other Conditions Of Service	4 980 618	1 012 429	-
Subsistence And Travel	3 583 449	4 581 049	5 419 408
Materials And Supplies	368 205	314 438	1 252 617
Transport	2 012 864	3 669 092	1 865 173
Utilities	4 091 983	4 168 658	4 129 869
Maintanance Expenses	103 242	1 467 703	273 397
Property Rental And Related Charges	226 158	272 134	136 058
Other Services And Expenses	2 265 282	5 664 942	5 431 590
Depreciation	5 455 803	3 300 517	-
Membership Fee&License Renewal	112 704	482 026	30 320
Grants And Hiv	398 670	1 820 809	700 478
Rural Development Projects Expenses	834 626	10 893 303	-
Build Together Expenses	1 323	-	-
Delegated functions-Line Ministry Exp	105 601 100	135 141 437	4 404 348
Traditional Authority Capital Projects	4 540 997	7 866 165	-
<b>TOTAL EXPENDITURE</b>	<b>165 195 888</b>	<b>205 111 232</b>	<b>48 211 275</b>

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

**9. STATEMENTS OF CHANGES IN EQUITY**

**STATEMENT OF CHANGES IN EQUITY MARCH 18**

**Accumulated Fund and Reserves**

	<b>Opening Balance as at 01/04/2017</b>	<b>Adjustments</b>	<b>Additions</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Net Surplus	14 782 648	-	7 645 243	22 427 891
Development Fund Capital Projects	150 913 345	-	5 396 583	156 309 928
Build Together Revolving Funds	10 378 576	-	-	10 378 576
	<b>176 074 569</b>	<b>-</b>	<b>13 041 826</b>	<b>189 116 395</b>

**STATEMENT OF CHANGES IN EQUITY MARCH 17**

**Accumulated Fund and Reserves**

	<b>Opening Balance as at 01/04/2016</b>	<b>Adjustments</b>	<b>Additions</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Net Surplus	13 453 077	14 787 148	(13 457 578)	14 782 647
Development Fund Capital Projects	148 213 345	-	2 700 000	150 913 345
Build Together Revolving Funds	10 378 576	-	-	10 378 576
	<b>172 044 998</b>	<b>14 787 148</b>	<b>(10 757 578)</b>	<b>176 074 568</b>

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

**STATEMENT OF CHANGES IN EQUITY MARCH 16**

**Accumulated Fund and Reserves**

	<b>Opening Balance as at 01/04/2015</b>	<b>Adjustments</b>	<b>Additions</b>	<b>Total</b>
	N\$	N\$	N\$	N\$
Net Surplus	7 298 246	-	6 154 831	13 453 077
Development Fund Capital Projects	135 373 989	-	12 839 356	148 213 345
Build Together Revolving Funds	10 378 576	-	-	10 378 576
	<b>153 050 811</b>	<b>-</b>	<b>18 994 187</b>	<b>172 044 998</b>

**10. CASH GENERATED FROM OPERATING ACTIVITIES**

	<b>2018</b>	<b>2017</b>
	N\$	N\$
Net loss for the year	7 645 243	(13 457 578)
Changes in receivables+inventories	<sup>g)</sup> (2 787 085)	(3 067 607)
Changes in liabilities	2 364 372	(3 135 480)
Adjustment to retained income	-	14 787 149
<b>Cashflow from operating activities</b>	<b>7 222 530</b>	<b>(4 873 516)</b>

<sup>g)</sup> Amounts different from those recalculated from the balance sheet.

**11. TRADE AND OTHER PAYABLES**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
	N\$	N\$	N\$
Creditors Control	1 187 413	2 499 203	(305 044)
Salaries-Provision for leave	9 718 502	6 043 127	-
Btp unknow reciepts	788	-	-
Grants	-	-	216 455
Grn Control Account	-	-	10 613
Oroi	-	-	(121 148)
Khorixas Town Council	-	-	(657 118)
Micro finance	-	-	(445 010)
Small Capital Projects	-	-	(10 110)
Vat Control Account	-	-	(3 126 975)
Suspense Account	-	-	12 703 757
	<b>10 906 703</b>	<b>8 542 330</b>	<b>8 265 420</b>

