



REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

REGIONAL COUNCIL OF THE OSHIKOTO REGION

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012

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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 Oshikoto Region for the financial year ended 31 March 2012, 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, January 2014

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE
ACCOUNTS OF THE REGIONAL COUNCIL FOR THE OSHIKOTO REGION
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2012**

1. INTRODUCTION

The Regional Council for the Oshikoto region was established with effect from 31 August 1992 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 Councils 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 Namibia dollar. Deficits are indicated in brackets.

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 these were submitted during March 2013 for the financial year ended 31 March 2012. The Act allows a period of three months after year end.** The abridged balance sheet, Annexure A, is a true reflection of the original.

The following annexure are also attached to this report:

- Annexure B: Income and expenditure
- Annexure C: Cash flow statement
- Annexure D: Notes to the financial statements
- Annexure E: Detail income and expenditure statements

3. SCOPE OF THE AUDIT

Management's responsibility for the financial statements

The Accounting Officer of the Regional Council is responsible for the preparation and fair presentation of these financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them to report his opinion to National Assembly. The said firm conducted the audit in accordance with the International Standards of Supreme Auditing Institutions.

Those standards require that the firm complies with ethical requirements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

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 judgement, including the assessment of the risks of material misstatements 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 the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

4. AUDIT OBSERVATIONS AND COMMENTS

MATTERS REPORTED IN THE PRIOR YEAR

4.1 NON-SUBMISSION OF RECORDS

4.1.1 General Expenditure

General expenditure for the year under review, amounting to N\$ 3 354 987 could not be verified due to non-submission of supporting vouchers.

4.1.2 Delegated Function- Expenses

Delegated function-expenditure for the year under review, amounting to N\$ 112 285 could not be verified due to non-submission of supporting vouchers.

4.1.3 Delegated Function- Income

Delegated function-income for the year under review, amounting to N\$ 34 895 683 could not be verified due to non-submission of supporting documents.

4.1.4 Leave pay provision

An amount of N\$ 1 792 087 for leave pay provision was disclosed under Trade and other payables in the financial statements. The auditors were unable to confirm the accuracy of the figure as no supporting documents were submitted for audit purposes.

RECOMMENDATIONS

It is recommended that the Regional Council improves its filing system and also comply with the provisions of the State Finance Act, 1991 (Act 31 of 1991). It is recommended that supporting documents should always be provided for audit purposes as required by Section 26(1)(b)(i) and (ii) of the State Finance Act, 1991.

4.2 PROVISIONS FOR DOUBTFUL DEBTS

An amount of N\$ 2 045 950 was provided for doubtful debts, however no explanation could be given on how the amount was calculated as the Oshikoto Regional Council Credit Control Policy and Procedures dated 21/11/2005 does not mention the provision for doubtful debts.

Furthermore, according to the calculation of auditors provision for doubtful debts was over-provided for by N\$ 1 022 695.

RECOMMENDATION

The Chief Regional Officer is recommended to revise the Oshikoto Regional Council Credit Control Policy and Procedure and provide for aspects such as provision for doubtful debts.

4.3 DEBTORS

The auditors found that various customers paid for connection fees of water, but were not billed for any consumption of water during the year under review.

RECOMMENDATION

The Chief Regional Officer is recommended to ensure that customers are billed for water consumption at all settlement areas.

4.4 STOCK/INVENTORY

During the year under review the Council did not prepare the mini-stock report for consumables at year end.

RECOMMENDATION

It is recommended that the Council prepares a report on consumables at financial year end and disclose it in the annual financial statements.

CURRENT YEAR OBSERVATIONS

4.5 FIXED ASSETS

The audit found that the Council General Ledger disclosed two unexplained balances of N\$ 1 811 034 credit balance with a description of "Transfer to Omuthiya TC" and N\$ 232 189 debit with the description of "transfer from WIP" under Land and Building.

The audit also noted that the Council's asset general ledger had unexplained references, wrong cheque number allocations and payments which Council could not explain.

The audit noted that items purchased and recorded in the General Ledger were deleted and no explanation was given to the auditors, although these items are still in the Council's possession.

Recommendation

Council is recommended to update its General Ledger to reflect the correct number and value of assets.

4.6 CASH AND BANK

4.6.1 Bank accounts

The audit noted that two bank accounts with a combined balance of N\$ 4 160 396 as at 31 March 2012 were not included in the Annual Financial Statements of the Council.

Recommendation

The Council is recommended to disclose all amounts and figures which pertain to the year under review in the annual financial statements.

4.7 INTEREST CHARGED ON OVERDUE DEBTORS' ACCOUNTS

The Government Gazette dated 15 July 2011 states that a percentage of 2.5 shall be charged on late payments of water bills per month. However, the audit revealed that no interest was charged on overdue debtors' accounts as per the gazetted tariffs.

RECOMMENDATION

The Council is recommended to ensure that interest is charged on overdue debtors' accounts as per the gazetted tariffs.

4.7 DEBTORS

It was noted that several customers' accounts amounting to N\$ 258 765 dating as far back as 2009/2010 financial year were not billed. The auditors were unable to verify the reason for the decision as no supporting documents were submitted for audit purposes.

RECOMMENDATION

The Chief Regional Officer is recommended to keep evidence supporting the decision for not billing some customers' accounts.

4.8 EMPLOYEE COSTS

4.9.1 RECONCILIATION BETWEEN GENERAL LEDGER AND MONTHLY PAY SHEETS

A difference of N\$ 284 483 was observed between the General Ledger and the Salary Sheets.

RECOMMENDATION

The Regional Council is recommended to ensure that monthly reconciliations are done.

4.9 GOOD CORPORATE GOVERNANCE

4.9.1 AUDIT COMMITTEE

The Regional Council does not have an audit committee; hence the following risks have been identified:

- Lack of audit committee will result in the Internal audit unit's audit plan and charter not being approved;
- no reviews will be done on any significant findings of internal investigations; and
- Lack of an enforcement mechanism by management on recommendations by the internal auditors.

4.9.2 CONTROLS AROUND INFORMATION TECHNOLOGY

- The Council does not have an IT strategic plan which could result in IT goals not contributing to the departments' strategic objectives and related costs and risks.
- The Council does not have an IT steering committee, and this could result that IT governance which forms part of the organizational governance structure not adhered to.
- Lack of defined IT training programmes could result in IT function failing to meet operations as well as creating reliance on key staff members.
- The Council does not have a security policy; therefore there is no clear direction to maintain information security across the Council and to properly safeguard the its assets.
- The Council does not have a disaster recovery plan, and this can lead to the Council not be able to recover from any disasters.
- The Council does not have formal approved user account management policy, therefore without a sound and approved framework users do not have any rules and procedures to follow in order to minimize risk of errors, fraud and the loss of data confidentiality, integrity and availability.

4.9.3 CONTROL ENVIRONMENT

The Council does not have a risk assessment policy in place; therefore the absence of a risk assessment policy might result in an inability to identify and respond to risks when it occur on a timely basis.

5. ACKNOWLEDGEMENT

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

6. DISCLAIMED AUDIT OPINION

The accounts of the Regional Council for the Oshikoto Region for the financial year ended 31 March 2012 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).

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

- Expenditure to the amount of N\$ 3 354 987 could not be verified;
- Income from the delegated function amounting to N\$ 34 895 683 could not be verified;
- Leave pay provision amounting to N\$ 1 792 087 was wrongly disclosed;
- Provision for doubtful debt was over provided by N\$ 1 022 695;
- Stock was not disclosed in the financial statement;
- Two unexplained balances amounting to N\$ 1 811 034 credit and N\$ 232 189 debit were found in the general ledger.
- Two bank accounts amounting to N\$ 4 160 396 were not disclosed in the financial statements;
- Items purchased were deleted from the general ledger;
- Unexplained references, wrong cheque numbers and payments were found in the general ledger;
- No interest of 2.5% was charged on overdue debtors;
- Several customers' accounts amounting to N\$ 258 765 were not billed;
- A difference of N\$ 284 483 was observed between general ledger and the salary sheet;
- Lack of controls around information technology systems; and
- No risk profile for the council.

WINDHOEK, January 2014

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

REGIONAL COUNCIL FOR THE OSHIKOTO REGION

BALANCE SHEET AS AT 31 MARCH

	Notes	2012 N\$	2011 N\$
Assets		104 625 563	87 905 083
Property, Plant & Equipment	4.1	104 605 563	87 885 083
Investments in joint ventures	5	20 000	20 000
Current Assets		54 949 555	47 741 359
Investments	6	729 732	729 732
Accounts Receivable	7	7 999 722	6 645 271
Cash and cash equivalent	8.1	46 220 101	40 366 356
Total Assets		159 575 118	135 646 442
Equity and liability		156 936 973	131 558 302
Capital Development Fund		83 406 526	93 959 957
Build-Together Fund		1 365 000	1 365 000
Accumulated funds	10	72 165 447	36 233 345
Current Liabilities		2 638 145	4 088 140
Trade and other payables	9	2 428 798	2 714 315
Bank overdraft	8.2	209 347	1 373 825
Total Equity and Liabilities		159 575 118	135 646 442

REGIONAL COUNCIL FOR THE OSHIKOTO REGION

ABRIDGED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH

	Notes	2012	2011
		N\$	N\$
Income		26 729 834	22 509 948
Expenditure		31 181 329	26 107 209
Operating surplus/(Loss)before investment income and finance costs		(4 451 495)	(3 597 261)
Other Income		267 067	337 851
Investment interest earned	12	1 088 315	1 709 633
Finance costs	13	(9 999)	(4 527)
Adjustment	10	-	(10 304 002)
Net income/ (loss) for the year		(3 106 112)	(12 196 157)
Accumulated income/(deficit)		35 932 102	
- At the beginning of the year		36 233 345	48 429 502
-At the end		72 165 447	36 233 345

REGIONAL COUNCIL FOR THE OSHIKOTO REGION

CASH FLOW STATEMENTS AS AT 31 MARCH

	Notes	2012 N\$	2011 N\$
Cash flows from operating activities			
Cash (used in) generated from operations	14	33 503 838	(3 790 752)
Interest income		1 088 315	1 709 633
Finance costs		(9 999)	(4 527)
Net cash from operating activities		34 582 154	(2 085 646)
Cash flow from investing activities			
Property, plant and equipment	4.1	(29 027 381)	(11 143 248)
Decrease (Increase) of Investments		-	924 167
Net cash out flow from investing activities		(29 027 381)	(10 219 081)
Cash flows from financing activities			
Capital development funds		500 000	35 000 000
Net cash inflow from financing activities		500 000	35 000 000
Total cash movement for the period		6 054 773	22 695 273
Cash at the beginning of the period		39 955 981	16 297 259
Total Cash at the end of the period		46 010 754	38 992 532

REGIONAL COUNCIL FOR THE OSHIKOTO REGION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements are in accordance 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 Function is accounted for during the year on a cash accounting basis, in line with the State Finance Act, 1992, however, since all liability in relation to Delegated Functions remains with the relevant Line Ministry and all unexpected Delegated Funds are returned to the State Account as at 31 March, this does not materially affect the Regional Council financial statements.

The principal accounting policies of the Regional Council, which are set out below, have been consistent and comply with Namibian Accepted Accounting Practices. The financial statements have been prepared in accordance with the requirements of the Namibian Regional Council's Act.

1.1 Fixed assets and depreciation

Fixed assets are stated at historical cost or at valuation where assets have been acquired by grant or donation, less depreciation written 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.

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

Computer equipment	50 years
Machinery and equipment	5 years
Motor vehicles	5 years
Office furniture and equipment	3 years
Computer equipment	3 years

REGIONAL COUNCIL FOR THE OSHIKOTO REGION

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(continued)**

Land and infrastructure assets are not depreciated.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

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.

1.2 Inventories

Inventories are measured at lower cost and net realizable value. The cost of inventories should comprise all cost of purchases, cost of conversion and other cost incurred in bringing the inventories to their present location and condition.

1.3 Trade receivables

Trade receivables are carried at anticipated realizable value. The cost of inventories should comprise all cost of purchases, cost of conversion and other conversion and cost incurred in bringing the inventories to their present location and condition.

2. REVENUE

2.1 Contributions, Grants and Financial Aid from MRLGH&RD

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

2.2 Rates levied from Local Authorities

The Oshikoto Regional Council per the Regional Council's Act of 1992, levies an amount equal to 5% of the rates levied on all rateable property in constituent local authority areas.

2.3 Royalties and surcharges

The Oshikoto Regional Council receives royalties in respect of surcharges levied on its behalf by Nored. These rates are based on approved tariffs by the Electricity Control Board and may vary from time to time.

REGIONAL COUNCIL FOR THE OSHIKOTO REGION

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

3. DELEGATED FUNCTIONS

The Oshikoto Regional Council is currently performing the following functions as delegated by central government ministries, in accordance with the Decentralization Enabling Act, 2000.

When under delegation the Regional Council only acts as an agent for a particular line Ministry, while the latter retains full control and overall responsibility to approve the related budget. After approval, the approved budget is transferred to the Regional Council via cash tranches.

Line Ministry	Delegated function	2012	2011
		N\$	N\$
Revenue		40 945 354	647 605
Ministry Gender Equality & Child Welfare	Early Childhood	519 051	84 556
Ministry of Regional & Local Government	Social Housing Scheme	-	-
Ministry of Regional & Local Government	Micro Finance	369 320	108 308
Ministry of Regional & Local Government	Drought Relief		2 000
Ministry of Agriculture	World Food Day	7 000	-
Ministry of Regional & Local Government	Cash for Work	-	350 615
Ministry of Health and Social Services		34 880 254	-
Ministry of Regional & Local Government	Oshikoto Emergency Fund	166 697	85 126
Ministry of Regional & Local Government	Okashana RDC	4 987 594	-
Office of the Prime Minister		15 429	-
Expenses		(1 907 131)	(432 460)
Ministry Gender Equality & Child Welfare	Early Childhood	(109 089)	(94 373)
Ministry of Regional & Local Government	Rural Development	(1 549 000)	(34 293)
Ministry of Regional & Local Government	Drought Relief	(136 756)	(114 203)
Ministry of Agriculture	World Food Day	(6 152)	(347)
Ministry of Regional & Local Government	Oshikoto Emergency Fund	-	(1534)
French Embassy	ORC (187 710)	(106 134)	(187 710)
SULPLUS/(DEFICIT)		1 907 131	215 145

ANNEXURE D

REGIONAL COUNCIL FOR THE OSHIKOTO REGION

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

4.1 PROPERTY, PLANT AND EQUIPMENT

	Assets under construction	Land and buildings	Machinery and vehicles	Office furniture, equipment and computers	Total
	N\$	N\$	N\$	N\$	N\$
31 March 2012					
Opening carrying amount	210 381	85 452 708	1 561 753	660 240	87 885 082
Additions	26 832 044	106 528	1 619 266	469 543	29 027 381
Transfers	(17 800 028)	17 800 028	-	-	-
Transfers to Omuthiya Town Council	(9 242 397)	(1 811 034)	-	-	(11 053 431)
Depreciation charge	-	-	(617 499)	(635 499)	(1253 469)
Closing carrying amount	-	101 548 230	2 563 520	493 813	104 605 563
Cost	27 042 425	85 559 236	5 143 964	4 300 006	122 045 631
Capitalized WIP	(17 800 028)	17 800)	-	-	-
Transfer to Omuthiya Town Council	(9 242 397)	(1 811 034)	-	-	(11 053 431)
Accumulated Depreciation	-	-	(2 580 444)	(3 806 193)	(6 386 637)
Closing carrying amount	-	101 548 230	2 563 520	493 813	104 605 563
31 March 2011					
Opening net book value	2 129 177	91 409 389	1 344 177	1 283 040	96 165 783
Additions	10 380 785	-	631 966	130 497	11 143 248
Transfers	(12 299 581)	12 299 581	-	-	-
Transfer to Omuthiya Town Council	-	(18 256 262)	-	-	(18 256 262)
Depreciation charge	-	-	(414 390)	(753 297)	(1 167 687)
Closing carrying amount	210 381	85 452 708	1 561 753	660 240	87 885 082
Cost	12 509 862	91 409 389	3 524 698	3 830 463	111 274 412
Capitalized WIP	(12 299 581)	12 299 581	-	-	-
Transfer to Omuthiya Town Council	-	(18 256 262)	-	-	(18 256 262)
Accumulated Depreciation	-	-	(1 962 945)	(3 170 222)	(5 133 167)
Closing carrying amount	210 281	85 452 708	1 561 753	660 241	87 884 983

REGIONAL COUNCIL FOR THE OSHIKOTO REGION

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

	2012	2011
	N\$	N\$
4.2 ASSETS CONSTRUCTED AND UNDER CONSTRUCTION		
Elambo Onkumbula pipeline	-	153 438
Omuthiya Head Office Complex	-	510 916
Construction of Oniipa Constituency Office	-	36 636
Construction of Onamishu Community Hall	492 185	210 381
Construction of Omuntele Community Hall	-	22 706
Tsumeb SME Park	-	277 727
Small Scale - Onathing open Market	-	37 698
Okankolo constituency office	-	39 766
Omuthiya Town Council Office	-	246 295
Omuthiya- Electricity rectification	2 509 586	5 634 393
Tsumeb constituency office	-	-
Oshikoto Regional Office Complex in Omuthiya	-	-
Omuthiya - Oxidation ponds and gravel roads	-	2 607 648
Rural Sanitation Project	17 097 462	-
Omuthiya – MV and LV	251 645	-
Omuthiya – Roads	3 693 283	-
Omuthiya - Sewerage reticulation, pump station & pump	2 787 883	603 181
Total	26 832 044	10 380 785

REGIONAL COUNCIL FOR THE OSHIKOTO REGION

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

	2012	2011
	N\$	N\$
5. INVESTMENT IN JOINT VENTURE		
Joint Venture:Etosha Safari Lodge	20 000	20 000
	20 000	20 000

The carrying amounts of Joint ventures are shown net of impairment losses.

6. INVESTMENTS

Metropolitan Fedsure Life: Endowment policy	729 732	729 732
	729 732	729 732

Current assets

At fair value through profit and loss	729 732	729 732
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7. ACCOUNTS RECEIVABLE

Trade receivables	1 639 074	809 611
Value added tax	2 228 551	740 112
Build-Together debtors	4 132 097	5 095 548
Total	7 999 722	6 645 271

8.1. Bank balances and cash on hand

FNB General Expenses Call account	680 677	877 581
FNB Capital Project Current account	280 028	94 722
FNB Capital Project Call account	38 577 586	37 132 577
BTP disbursement- current account	116 889	-
BTP Receipt -Current account	551 637	406 080
Build Together Call account	451 674	691 602
Ondonga Traditional / Current account	3 710	4 662
Food for work	-	340 467
Settlement call account	190 236	109 037
FNB Drought Aid Fund Current account	182 066	165 231
Social Housing Scheme - Current account	449 166	406 397
Early Child /Dev. - Current account	516 362	107 705

(continued)

REGIONAL COUNCIL FOR THE OSHIKOTO REGION

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH
(continued)**8.1. Bank balances and cash on hand (continued)**

	2012	2011
	N\$	N\$
Bank Windhoek	-	1 478
HIV/AIDS- Current account	9 214	-
Wesbank Fleet Management account		-
Okashana RDC-Current account	-	10 505
Okashana RDC- Call account	3 948 399	18 312
Rural Development Project	7 597	-
King Nehale MDG Fund	254 860	-
Total	46 220 101	40 366 356

8.2. Bank overdraft

BTP disbursement - current account	-	(6 840)
General expense - current account	(209 262)	(1 360 749)
HIV/AIDS - current account	(85)	(85)
Wesbank Fleet Management - current account	-	(6 151)

46 010 754	38 992 531
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Current assets	46 220 101	40 366 356
Current liabilities	(209 347)	(1373825)
	46 010 754	38 992 531

9. CREDITORS

Trade payables	636 711	922 228
Accrued leave pay	1 792 087	1 792 087
	2 428 798	2 714 315

10. ACCUMULATED FUNDS

Accumulated surplus	72 165 447	48 429 502
Prior Year Adjustment	-	(10 304 002)
Development Capital Funds	83 406 526	93 959 957
Build Together Capital Fund	1 365 000	1 365 000
Surplus for the year	-	(1 892 155)
Balance at the end of the year	159 936 973	131 558 302

REGIONAL COUNCIL FOR THE OSHIKOTO REGION

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

	2012	2011
	N\$	N\$
11. PRIOR YEAR ADJUSTMENTS TO ACCUMULATED FUNDS		
Adjustment on Capital Development Fund	-	(10 304 002)
	-	(10 304 002)
12. INVESTMENT REVENUE		
Bank	1 088 315	1 414 390
Metropolitan Fedsure Life: Endowment policy	-	295 243
	1 088 315	1 709 633
13. FINANCE COSTS		
Bank (Overdraft)	9 999	4 527-
14. CASH (USED IN) GENERATED FROM OPERATIONS		
(Loss) Surplus for the period	35 932 102	(1 892 155)
Adjustments for:		
Depreciation and amortization	1 253 469	1 167 761
Interest received	(1 088 315)	(1 709 633)
Finance costs	9 999	4 527
Changes in working Capital		
Trade and other receivables	(2 317 900)	(521 179)
Trade and other payables	(285 517)	(840073)
	33 503 838	(3 790 752)

REGIONAL COUNCIL FOR THE OSHIKOTO REGION

DETAILED INCOME AND EXPENDITURE STATEMENT

	Notes	2012 N\$	2011 N\$
INCOME			
Government transfer : MRLGH		22 469 017	19 648 344
Government grants – land compensation		993 354	
Rates levy from local authorities		268 416	100 664
Royalties and surcharges		368 622	271 218
Rental income		194 138	173 970
Donations		294 319	-
Water sales		2 141 968	1 977 901
		26 729 834	22 172 097
Other income			
Interest received	12	1 088 315	1 709 633
Sundry income		267 067	337 851
		28 085 216	24 219 581
EXPENDINTURE			
Administration		2 327 896	1 435 926
Depreciation, amortisation and impairments		1 253 469	1 167 761
Employee costs		18 927 922	16 035 188
Materials and supplies		605 300	569 078
Property rental, hiring and related activities		119 682	73 841
Repairs and maintenance		307 602	140 814
Subscriptions		44 841	63 826
Subsidies, grants and contribution expenses		354 906	494 457
Travel and subsistence allowances		1 044 925	1 262 965
Transport and freight		1 413 025	1 125 532
Utilities		1 492 474	2 226 279
Water purchases		3 289 287	1 726 687
		31 181 329	26 322 354
Operating (loss)surplus	3	(30 96 113)	(2 102 773)
Delegated functions	3	39 038 214	215 145
Finance costs	13	(9 999)	(4 527)-
		35 932 102	(1 892 155)