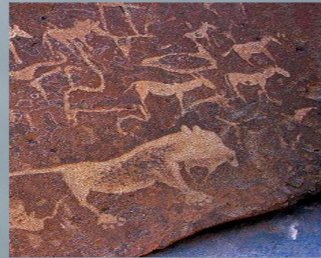




REPUBLIC OF NAMIBIA



REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE

NATIONAL HERITAGE COUNCIL

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2008

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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 National Heritage Council for the financial year ended 31 March 2008, 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, October 2010

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT of the AUDITOR- GENERAL
on the ACCOUNTS of the NATIONAL HERITAGE COUNCIL
for the financial years ended 31 MARCH 2008**

1. INTRODUCTION

The accounts of the National Heritage Council for the year ended 31 March 2008 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the National Heritage Act, 2004 (Act 27 of 2004).

The firm PKF of Windhoek has been appointed in terms of Section 26 (2) of the State Finance Act, 1991, to audit the accounts of the Council on behalf of the Auditor-General and under his supervision.

Figures in the report are rounded off to the nearest Namibia Dollar.

2. FINANCIAL STATEMENTS

The Council's financial statements were only submitted to the Auditor-General by the Accounting Officer on 6 July 2009. Section 22 (2)(b) of the National Heritage Act, 2004 requires that such statements must be submitted within three months after the end of the financial year. The financial statements are filed in the Office of the Auditor-General.

The following annexures are also attached to this report:

Annexure A: Report of the Council
Annexure B: Balance Sheet
Annexure C: Income Statement
Annexure D: Cash Flow Statement
Annexure E: Notes to the Financial Statements
Annexure F: Detailed Income Statement

3. SCOPE OF THE AUDIT

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

The audit as carried out by the said firm, included -

- a) examination on a test basis of the evidence relevant to the amounts, disclosure and regularity of the financial transactions included in the financial statements;
- b) assessment of the significant estimates and judgements made by the Accounting Officer of the Council in the preparation of the financial statements and whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed; and
- c) evaluation of the overall adequacy of the presentation of information in 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 irregularities;
- in all material respects, the expenditure and income have been applied for the purposes intended; and
- the financial transactions conform to the authorities which govern them.

4. AUDIT OBSERVATIONS AND COMMENTS

4.1 REVENUE

Cash proceeds of N\$ 3 014 961 (2007: N\$ 2 869 919) were received as entrance fees and income from kiosks from the various sites.

	2008	2007
	N\$	N\$
ENTRANCE FEES		
Heroes' Acre	92 281	49 926
Petrified Forest	950 770	864 840
Twyfelfontein	1 694 135	1 626 546
Brandberg	266 475	314 407
INCOME FROM KIOSKS	3 003 661	2 855 719
Hoba Kiosk - Grootfontein	3 300	2 700
Twyfelfontein - Kiosk Rental	8 000	11 500
	11 300	14 200
	3 014 961	2 869 919

The completeness and accuracy of income relating to entrance fees and kiosks could not be verified as insufficient supporting documentation was provided.

4.2 SHARE OF INCOME RECEIVED, DISTRIBUTED TO CONSERVANCIES

	2008	2007
	N\$	N\$
Share of income paid to conservancies	1 092 079	1 026 876
	1 092 079	1 026 876

The share of income paid to conservancies is calculated at a fixed percentage of entrance fees received. The completeness and accuracy of entrance fees could not be verified and as a result the completeness and accuracy of share of income paid to conservancies could not be verified.

4.3 FIXED ASSET REGISTER

The fixed asset register for the "Government" part of the trial balance contains a lump sum for opening balances. Due to a lack of description of the assets, no physical verification to verify the existence of the assets could be performed. The fixed asset register for the "Own" part of the trial balance did not agree to the trial balance. The financial statements contain land and buildings amounting to N\$ 217 134. These represent improvements to heritage sites and should be classified as such in the financial statements. The same situation prevailed in the preceding year.

4.4 PAYROLL

No payroll register was available during the audit. The pay slips for May, June, December and February were summarised and the following differences were identified:

Month	Pay slip summary	General Ledger	Difference
	N\$	N\$	N\$
May 2007	210 603	119 012	91 591
June 2007	107 456	119 012	(11 556)
December 2007	181 767	139 110	42 657
February 2008	70 765	154 732	(83 967)

5. FINANCIAL RESULTS

The results of the various operations and of transactions on the revenue and expense account for the year are as follows:

	Revenue	Expenditure	(deficit Surplus/)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus at 01/04/2007				2 146 074
National Heritage Council - operating	3 119 822	(2 211 238)	908 584	
National Heritage Council - interest	267 390	-	267 390	
Government funding - operating	10 898 791	(10 297 164)	601 627	
Government funding - interest	123 660	-	123 660	
	14 409 663	(12 508 402)	1 901 261	
Surplus for the year				1 901 261
Accumulated surplus at 31/03/2008				4 047 335

6. BANK ACCOUNTS

The cash-book reflected a favourable balance of N\$ 5 878 447 (2007: Net favourable N\$ 4 027 858) while the bank statements reflected a favourable balance of N\$ 6 136 976. Cheques not presented for payment totalling N\$ 258 529 were outstanding at year-end.

On 31 March 2008 there was N\$ 5 493 568 (2007: N\$ 4 027 858) invested at commercial banks.

The interest earned for the year ended 31 March 2008 amounted to N\$ 391 050 (2007: N\$ 190 798).

7. FUNDS: CAPITAL PROJECTS

The position of the capital projects at the end of the year is shown in note 4, Annexure of the notes to the financial statements. All movements in the capital project accounts could be satisfactory verified.

8. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

No fruitless, unauthorised or avoidable expenditure was revealed during the audit.

9. SUSPENSE ACCOUNTS

No suspense accounts were noted.

10. IRREGULARITIES AND LOSSES

No irregularities and losses were revealed by the audit for the year under review.

11. BURSARIES

No bursaries were granted during the year under review.

12. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

During the year under review Council received contributions from the Government as follows:

Grant income	3 309 000
Eenhana Shrine - Building	<u>7 588 987</u>
	10 897 987
Less: Classified as capital projects	<u>(7 588 987)</u>
Net grant income as per income statement	<u><u>3 309 000</u></u>

(Eenhana Shrine - project not started and classified as funds-capital projects - see paragraph 7).

13. VISITS TO FOREIGN COUNTRIES

No expenditure was incurred on visits to other countries during the year under review.

14. CLAIMS AGAINST THE COUNCIL

No material claims against the National Heritage Council were received during the year under review.

15. GIFTS / DONATIONS BY / TO THE NATIONAL HERITAGE COUNCIL

No gift or donation was paid to/by the Council for the year under review.

16. TRANSFER OF PROPERTY TO / FROM GOVERNMENT

There was no transfer of property to / from Government for the year under review.

17. TRADE PAYABLES

Trade payables at 31 March were:

	2008	2007
	N\$	N\$
Trade payables		
- Own	113 799	94 502
- Government	53 642	130 617
	167 441	225 119

18. APPROVED BUDGET

The Council could not provide auditors with proof that the budgets presented were the final approved budgets.

19. SPECIAL INVESTIGATIONS

No special investigations were carried out during the year.

20. GENERAL

20.1 Internal controls

The design of the accounting and internal controls are satisfactory, however the execution of the controls are not properly implemented. Proper segregation of duties is not feasible due to the small number of staff employed. While increased management involvement reduces risks, the risk arises that management and Council override existing controls, a potential dangerous practice which the Council should vigilantly guard against.

20.2 FORMAL AND INFORMAL QUERIES

Formal queries are embodied in this report.

Informal queries were addressed to the acting director and dealt with locally.

21. ACKNOWLEDGEMENT

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

22. DISCLAIMED AUDIT OPINION

The accounts of the National Heritage Council for the financial year ended 31 March 2008, summarised per Annexure B, were audited by me in terms of the provisions of Section 27 of the National Heritage Act, 2004, read with section 25(1)(b) of the State Finance Act, 1991.

Due to the significance of the matters referred to in paragraph 4, I am unable to form an opinion as to whether these financial statements fairly present the financial position of the Council on 31 March 2008, the results of its operations and cash flow for the year then ended in the manner required by the National Heritage Act, 2004, and the State Finance Act, 1991.

Windhoek, October 2010

JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

NATIONAL HERITAGE COUNCIL

REPORT OF THE COUNCIL

For the year ended 31 March 2008

The executive committee present their annual report which forms part of the financial statements of the National Heritage Council for the year ended 31 March 2008.

NATURE OF BUSINESS

The operation of the National Heritage Council is dependant on continued donations and grants from the Ministry of Youth, National Service, Sport and Culture and on entrance fees collected from heritage sites.

STATEMENTS OF RESPONSIBILITIES

The management is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice.

The management is also responsible for the system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of assets and to prevent and to detect misstatements and loss. Nothing has come to the attention of the executive committee to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The financial statements have been prepared on the going concern bases, since the executive committee has every reason to believe that the council has adequate resources in place to continue in operation for the foreseeable future.

FINANCIAL RESULTS

The results of the Council and state of its affairs are set out in the attached financial statements. The Council's surplus amounted to N\$ 1 901 260 (2007: N\$ 1 145 548).

ACCOUNTANTS

Ascec Accounting Services CC has acted as accountants of the Council during the year.

SUBSEQUENT EVENTS

No material events have occurred subsequent to the year end that will materially affect the financial statements.

**NATIONAL HERITAGE COUNCIL
BALANCE SHEET
as at 31 March**

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		N\$	N\$
ASSETS			
NON CURRENT ASSETS			
		387 408	390 479
Property, plant and equipment	2	387 408	390 479
CURRENT ASSETS			
		5 881 101	4 480 656
Accounts receivable		-	200 000
Prepayments		-	8 993
Cash and cash equivalents	3	5 881 101	4 271 663
TOTAL ASSETS		6 268 509	4 871 135
CAPITAL, RESERVES AND LIABILITIES			
FUNDS			
		6 101 068	4 404 344
Accumulated surplus		4 047 334	2 146 073
Capital projects	4	2 053 734	2 258 271
CURRENT LIABILITIES			
		167 441	466 791
Accounts payable - National Heritage Council		113 799	94 502
Accounts payable - GRN		53 642	130 617
Bank overdrafts	3	-	241 672
TOTAL EQUITY AND LIABILITIES		6 268 509	4 871 135

ANNEXURE C

NATIONAL HERITAGE COUNCIL

INCOME STATEMENT

For the year ended 31 March

Notes	National Heritage Council Income	GRN Income	2008	2007
	N\$	N\$	N\$	N\$
Revenue				
Other Operating income	3 014 961	10 897 987	13 912 948	4 869 919
Sundry income	104 861	804	105 665	5 151
	<u>3 199 822</u>	<u>10 898 791</u>	<u>14 018 613</u>	<u>4 875 070</u>
Operating expenses	<u>(2 211 238)</u>	<u>(10 297 165)</u>	<u>(12 508 403)</u>	<u>(3 920 320)</u>
Operating surplus	908 584	601 626	1 510 210	954 750
Interest received	<u>267 390</u>	<u>123 660</u>	<u>391 050</u>	<u>190 798</u>
Net surplus for the year	1 175 974	725 286	1 901 260	1 145 548
Accumulated surplus/(deficit) at beginning of the year	<u>3 027 489</u>	<u>(881 415)</u>	<u>2 146 074</u>	<u>1 000 525</u>
Accumulated surplus/(deficit) at the end of the year	<u>4 203 463</u>	<u>(156 129)</u>	<u>4 047 334</u>	<u>2 146 073</u>

**NATIONAL HERITAGE COUNCIL
CASH FLOW STATEMENT
For the year ended 31 March**

	<u>Notes</u>	<u>2008</u>	<u>2007</u>
		N\$	N\$
OPERATING ACTIVITIES			
Cash received from grants and entrance fees		13 912 948	4 869 919
Cash paid to suppliers and employees		<u>12 193 163</u>	<u>3 851 946</u>
Cash generated by operations	7.1	1 719 785	1 017 973
Interest received		391 050	190 798
Finance charges		<u>(1 706)</u>	<u>(1 810)</u>
Cash inflow from operating activities		<u>2 109 129</u>	<u>1 206 961</u>
INVESTING ACTIVITIES			
Acquisitions of fixed assets		<u>(53 482)</u>	<u>(348 219)</u>
Cash outflow from investing activities		<u>(53 482)</u>	<u>(348 219)</u>
FINANCING ACTIVITIES			
(Decrease)/Increase in capital projects		<u>(204 537)</u>	<u>1 500 000</u>
Net cash (outflow)/ inflow from financing activities		<u>(204 537)</u>	<u>1 500 000</u>
Net Increase in cash and cash equivalents		1 851 110	2 358 742
Net cash and cash equivalents at the beginning of year		<u>4 029 991</u>	<u>1 671 249</u>
Net cash and cash equivalents at the end of year	7.2	<u><u>5 881 101</u></u>	<u><u>4 029 991</u></u>

**NATIONAL HERITAGE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2008**

1. ACCOUNTING POLICIES

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

The principal accounting policies set out below are consistent with those applied in the previous year and comply with Namibian Statements of Generally Accepted Accounting Practices.

1.2 Property, plant and equipment

Property, plant and equipment are stated at cost and are depreciated on the straight-line basis at rates appropriate to reduce it over its anticipated useful lives as follows:

- Camping equipment	20%
- Library books	20%
- Office equipment	20%
- Tools	10%
- Furniture and Fittings	15%
- Computer Equipment	20%

Land and Buildings are stated at revalued amount and is not depreciated.

1.3 Income / Revenue

Revenue comprises of grants received from the Government of Namibia, donations, entrance fees and interest received.

1.4 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching will be complied with. When the grant relates 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 it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income amount and is released to the income statement over the expected useful life to the relevant asset by equal annual installments.

1.5 Financial Instruments

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

ANNEXURE E

NATIONAL HERITAGE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March 2008

2. PROPERTY, PLANT & EQUIPMENT						2008
	Land & Buildings	Camping Equipment	Office Equipment	Tools & Equipment	Computer Equipment	Total
	N\$	N\$	N\$	N\$	N\$	N\$
Carrying amount 01/04/2007	217 134	4 287	90 569	41 208	37 281	390 479
At cost	217 134	22 764	199 901	54 261	224 640	718 700
Accumulated Depreciation	-	(18 477)	(109 332)	(13 053)	(187 359)	(328 221)
Additions	-	-	27 463	-	26 019	53 482
Current year charge	-	(1 366)	(34 876)	(10 452)	(9 859)	(56 553)
Carrying amount 31/3/2008	217 134	2 921	83 156	30 756	53 441	387 408
At cost	217 134	22 764	227 364	54 261	250 659	772 182
Accumulated Depreciation	-	(19 843)	(144 208)	(23 505)	(197 218)	(384 774)
					2008	2007
					N\$	N\$
3. CASH AND CASH EQUIVALENTS						
Nedbank of Namibia Limited - Current account					173 251	(136 796)
Nedbank of Namibia Limited - Investment account					1 663 067	1 520 560
Standard Bank - Current account					211 629	(104 903)
Standard Bank - Call account					3 792 394	2 642 680
Petty cash					2 654	2 134
Standard Bank Notice Deposit account					38 106	106 289
					5 881 101	4 029 991
4. CAPITAL PROJECTS						
Eenhana Capital Project					1 311 013	1 500 000
Cost for new Monuments and statues					586 018	586 018
Unveiling of statues					62 111	62 111
Inauguration of Omugulugoombashe					1 017	1 017
Maintenance and Restoration					93 010	106 000
Minor Works					3 125	3 125
Emblems, Signs & Road Signs					(2 560)	-
					2 053 734	2 258 271

NATIONAL HERITAGE COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (Continued)
For the year ended 31 March

	2007	2006
	N\$	N\$
5. STAFF COST		
Salaries and wages	2 133 799	1 752 985
Staff training	32 801	5 391
	2 166 600	1 758 376
6. INTEREST INCOME		
Interest received	391 050	190 798
7. CASH FLOW STATEMENT		
7.1 Reconciliation of net surplus to cash generated from operations:		
Net surplus for the year	1 901 260	1 145 548
Adjustment for:		
Depreciation	56 553	88 980
Interest received	(391 050)	(190 798)
Finance charges	1 706	1 810
Operating capital before working capital changes	1 568 469	1 045 540
Working capital changes		
(Decrease) / Increase in accounts payable	(57 678)	181 426
Decrease / (Increase) in accounts receivable	208 993	(203 993)
	1 719 785	1 017 973
7.2 CASH AND CASH EQUIVALENTS		
Cash and bank balances	5 881 101	4 029 991
	5 881 101	4 029 991

ANNEXURE F

**NATIONAL HERITAGE COUNCIL
DETAILED INCOME STATEMENT**

For the year ended 31 March

	National Heritage Council Income	GRN Income	2008	2007
	N\$	N\$	N\$	N\$
OPERATING REVENUE	3 014 961	10 897 987	13 912 948	4 869 919
Grant Income	-	3 309 000	3 309 000	2 000 000
Hoba Kiosk Grootfontein	3 300	-	3 300	2 700
Heroes Acre	92 281	-	92 281	49 926
Petrified Forest	950 770	-	950 770	864 840
Twyfelfontein	1 694 135	-	1 694 135	1 626 546
Brandberg	266 475	-	266 475	314 407
Kiosk Rental - Twyfelfontein	8 000	-	8 000	11 500
Eenhana SHRINE – Funds Received	-	7 588 987	7 588 987	-
Other Income	372 251	124 464	496 715	195 949
Sundry income	104 861	804	105 665	5 151
Interest received	267 390	123 660	391 050	190 798
Total Revenue	3 387 212	11 022 451	14 409 663	5 065 868
Expenditure				
Eenhana SHRINE Expenses – Air tickets	-	87 045	87 045	-
Advertising and promotions	3 612	23 721	27 333	12 217
Audit fees	20 401	20 401	40 802	10 094
Bank charges	10 265	18 389	28 654	20 848
Bus tickets	-	6 040	6 040	21 600
Cleaning	13 900	29 038	42 938	24 266
Computer expenses	468	20 950	21 418	5 157
Council and committee expenses	1 294	43 658	44 952	29 503
Courier and postage	-	633	633	1 095
Depreciation	16 364	40 189	56 553	88 980
Electricity and water	-	362 198	362 198	229 160
Balance carried forward	66 304	8 154 203	8 220 508	529 601

ANNEXURE F

**NATIONAL HERITAGE COUNCIL
DETAILED INCOME STATEMENT (Continued)**

For the year ended 31 March

Balance brought forward	66 304	8 154 203	8 220 508	529 601
Gas and fuel supply	23 875	7 666	31 541	15 641
Insurance	31 490	34 582	66 072	6 403
Interest paid	1 464	242	1 706	1 810
Legal expenses	-	-	-	9 613
Miscellaneous / Contingency Fund	770	1 685	2 455	-
Office expenses	142	17 553	17 695	2 145
Printing and stationary	22 219	-	22 219	17 057
Protective clothing	62 287	882	63 169	3 161
Professional services	55 027	-	55 027	11 819
Publications & Periodicals	-	1 536	1 536	42 835
Renovation of houses & structures	58 360	-	58 360	-
Repairs and maintenance	945	24 923	25 868	58 056
Royalties	24 000	-	24 000	24 000
Site management, repairs and operational costs	10 763	-	10 763	33 084
Salaries and wages	311 214	895 620	1 206 834	967 583
Housing/Car allowance	4 800	93 280	98 080	253 888
P A Y E	16 808	227 629	244 437	-
Overtime	30 868	5 710	36 578	81 096
Bonus / 13th cheque	18 124	54 335	72 459	59 382
Pension / GIPF	39 392	215 403	254 795	206 259
Social Security Commission	2 718	9 750	12 468	9 093
Medical Aid Scheme	66 472	141 676	208 148	172 684
Security	5 304	3 170	8 474	39 407
Shares of income paid to conservancies	1 092 079	-	1 092 079	1 026 876
Training	333	32 468	32 801	5 391
Staff welfare	-	28 625	28 625	3 678
Strategic planning	-	-	-	72 745
Twyfelfontein Visitors Centre	1 560	-	1 560	1 380
Telephone and fax	13 955	77 376	91 330	101 818
Subsistence & Travelling	205 840	98 623	304 463	90 282
Vehicle lease costs	44 125	170 227	214 352	160 214
Total expenses for the year	2 211 238	10 297 165	12 508 403	3 920 320
Surplus/(deficit) for the year	1 175 974	725 286	1 901 260	1 145 548