



REPUBLIC OF NAMIBIA



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF TSUMEB
FOR THE FINANCIAL YEAR ENDED 30 JUNE 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 Municipality of Tsumeb for the financial year ended 30 June 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.

WINDHOEK, August 2016

A handwritten signature in black ink, appearing to read 'Junias Etuna Kandjeke'.

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
MUNICIPALITY OF TSUMEB FOR THE FINANCIAL YEAR
ENDED 30 JUNE 2015**

1. REPORT ON THE FINANCIAL STATEMENTS

1.1 INTRODUCTION

The accounts of the Municipality of Tsumeb for the year ended 30 June 2015 are being reported on in accordance with the provisions set out in Section 85 of the Local Authorities Act, 1992 (Act 23 of 1992).

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

Figures in the report are rounded off to the nearest Namibia Dollar. Deficits are indicated in (brackets).

I certify that I have audited the accompanying financial statements of Municipality of Tsumeb for the year ended 30 June 2015. These financial statements comprise the following:

Annexure A: Balance Sheet;
Annexure B: Income Statement;
Annexure C: Cash Flow statement;
Annexure D: Notes to the Annual Financial Statements;

The financial statements were submitted by the Accounting Officer to the Auditor-General in compliance with Section 87(1) of the Local Authorities Act, 1992, except that they were only submitted on 31 January 2016 instead of three months (3 months) after the year end as required by the Act.

The financial statements, notes to 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 86 of the Local Authorities 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.

4. ACKNOWLEDGEMENT

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

5. KEY AUDIT FINDINGS

5.1 Understatement of bad debts provision

The auditors' reasonableness test calculation of provision for bad debts based on the recovery rate using three months receipt after year end, resulted in an estimated provision for bad debts of N\$ 81 114 903. This amount is significantly higher than the bad debts provision in the financial statements of N\$ 27 546 785. This has resulted in provision for bad debts being understated by N\$ 53 568 118.

Recommendation

It is recommended that the Municipality should intensify its debt collection process. Also, bad debts provision estimates should be revised in accordance with possible recoverability of debts.

5.2 Leave pay provision and severance pay

Leave pay provision and severance pay of N\$ 3 862 950 recorded in the general ledger differs from the amount as per FINSTEL system amount of N\$ 5 693 898.

Recommendation

It is recommended that the Municipality should always reconcile leave pay and severance pay listing to the FINSTEL system.

6. BASIS FOR QUALIFIED AUDIT OPINION


- The bad debts provision is understated by N\$ 53 568 118; and
- Unexplained difference on the leave pay provisions amounting to N\$ 1 830 948.

7. QUALIFIED AUDIT OPINION

The accounts of the Municipality of Tsumeb for the financial year ended 30 June 2015 summarised in Annexures A to D, were audited in terms of the provision of Section 85 of the Local Authorities Act, 1992, read with Section 25(1)(b) of the State Finance Act, 1991.

In my opinion, except for the possible effects of the matters described in the Basis for Qualified Audit Opinion paragraph, the financial statements present fairly, in all material respects the financial position of the Municipality of Tsumeb as at 30 June 2015, and their financial performance and cash flows for the year then ended in accordance with Section 25(d) of the State Finance Act, 1991.

WINDHOEK, August 2016


JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL

8. FINANCIAL RESULTS

The results of the operations and transactions on the Revenue Account for the year are as follows:

	Revenue	Expenditure	Surplus/ (Deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus/(deficit) 01/07/2014				(17 480 183)
General services				
Non-profitable	20 198 956	41 288 219	(21 089 263)	
Self-supporting	18 906 775	9 049 122	9 857 653	
Trading accounts				
Electricity	6 018 483	466 549	5 551 934	
Water	20 873 442	15 316 234	5 557 208	
Deficit for the year	65 997 656	66 120 124	(122 468)	(122 468)
Accumulated deficit				(17 602 651)
Adjustments and utilisations (see note 12 Annexure D)				(2 458 334)
Total Accumulated deficit 30/06/2015				(20 060 985)

9. CURRENT BANK ACCOUNT

	2015	2014
	N\$	N\$
Cash / Overdraft balance as 30 June 2015	1 520 314	(9 553 402)
Add: Outstanding cheques	(7 222 939)	9 886 676
Less: Unexplained difference	238	-
Less: Outstanding deposits	(11 569)	(11 700)
Bank balance	(5 713 956)	321 574

The amount of outstanding cheques emphasises the negative cash flow position of the Municipality.

10. INVESTMENTS

The investments as at 30 June were as follows:

	2015		2014	
	Investment	Revenue	Investment	Revenue
	N\$	N\$	N\$	N\$
Commercial Banks	9 715 938	1 068 949	16 733 293	1 177 637
Shares in Central-North Electricity Distribution Company (Pty) Ltd	56 058 969	-	56 058 969	629 950
Totals	65 774 907	1 068 949	72 792 262	1 807 587

Investments held at year-end were allocated as follows:

Funds	2015	2014
	N\$	N\$
Revenue account	56 058 969	56 058 969
Build Together Fund	5 371 249	4 529 774
Dantago Hoda	300 697	217 750
Khaibasen Group	162 925	108 308
Khomas Group	225 230	145 705
Natural Disaster Fund	350 000	300 000
Omwene Tukwafa Group	261 887	174 810
Peace Maker	266 382	182 096
Renewal Group	239 029	10 554 536
Fixed Property Fund	2 024 446	-
Self Study Scheme	125 966	62 694
Twatameka Two Savings	388 127	307 683
	9 771 996	72 642 325

Interest earned on investments is allocated to different funds, reserves and surpluses on a percentage based on the opening balance.

11. FUNDS AND ACCOUNTS

The position of the funds and accounts at year end is shown in note 8 in annexure D.

12. TRADE ACCOUNTS

12.1 Operating results

The results for the financial year under review and the previous year were as follows:

	Water	
	2015	2014
	N\$	N\$
Sales	20 873 442	14 153 473
Less Cost of sales	12 808 261	10 516 196
Gross profit	8 065 181	3 637 277
Net (expenditure)	(2 507 972)	(2 131 771)
NET SURPLUS	5 557 209	1 505 506
Gross surplus percentage on sales	38.6%	25.7%
Net profit % on sales	26.6%	10.6%

12.2 WATER DISTRIBUTION RESULTS IN CUBIC METERS:

	Water	
	2015	2014
	Units	Units
Units pumped	1 786 920	2 761 170
Units Sold	1 755 366	2 277 003
Loss	(31 554)	(484 167)
Net profit % on sales	(2%)	(17.5%)

12.3 ELECTRICITY

	ELECTRICITY	
	2015	2014
	kw	kw
Receipts from Cenored	6 018 483	6 018 482
Expenses	(466 549)	(453 171)
Net Surplus	5 551 933	5 565 311

13. SELF-SUPPORTING EXTERNAL SERVICES

Results on self-supporting services for the year were as follows:

	Income	Expenses	Surplus	Surplus
	2015	2015	2015	2014
Sewerage	9 892 368	4 246 582	5 645 787	3 836 941
Cleansing	9 014 407	4 802 541	4 211 866	2 003 435
	18 906 775	9 049 123	9 857 653	5 840 376

14. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE

No fruitless or unauthorised expenditure was incurred during the audit.

15. SUSPENSE ACCOUNT

There were no suspense accounts in for the year.

16. IRREGULARITIES AND LOSSES

There were no irregularities and losses by persons employed by the Municipality or by persons outside the Municipality.

17. CAPITAL PROJECTS

17.1 Capital expenditure for the year was as follows:

Nature of project	Revenue account	Loans	Total expenditure 2015	Total expenditure 2014
	N\$	N\$	N\$	N\$
Cemetery and parks	266 494	187 433	453 927	39 631
Civic buildings	103 696	-	103 696	25 900
Council's general expenses	173 078	-	173 078	893 430
Cleansing	205 214	2 235 903	2 441 117	-
Fire brigade	-	-	-	8 083
Human Resources	96 925	-	96 925	95 825
Sewerage	202 197	4 830 572	5 032 769	2 415
Stores	1 253	-	1 253	-
Town Clerk's department	13 937	-	13 937	10 835
Town Engineer's department	-	-	-	7 209
Town Treasurer's department	244 726	-	244 726	98 124
Tsumeb Cultural Village	-	-	-	2 959
Workshop	-	-	-	2 391
Water supply	229 267	-	229 267	-
Water distribution	83 250	-	83 250	-
	1 620 037	7 253 908	8 873 945	1 186 802

18. BURSARIES

No bursaries were granted during the year.

19. CONTRIBUTIONS/GRANTS

No contributions other than reported in the financial statements were made during the year.

20. COMPENSATION PAYMENTS

There were no compensation payments made during the year.

21. VISITS TO FOREIGN COUNTRIES

There was one (1) visit to China (2 delegates) and one (1) visit to India (3 delegates). These visits were approved by the Municipality.

22. GIFTS/DONATIONS TO THE LOCAL AUTHORITY

The Local Authority received no gifts or donations.

23. TRANSFER OF PROPERTY TO/FROM THE GOVERNMENT

No property was transferred to/from others during the year under review.

24. DEBTORS AND CREDITORS

24.1 Debtors on 30 June comprise the following:

	2015	2014
	N\$	N\$
Services accounts	95 159 922	92 600 436
VAT provision	1 754 008	1 400 679
Sundries	393 064	302 259
Less: Provision for doubtful debts	(27 546 785)	(36 737 377)
Less: Customer deposits	(1 402 232)	(1 375 874)
TOTAL	68 357 977	56 190 123

24.2 Creditors on 30 June comprise the following:

	2015	2014
	N\$	N\$
Accruals	374 277	80 088
Provisions	7 040 653	6 673 044
Arrears for loan interest and redemptions	22 325 074	20 678 527
Sundries	-	7 793
Unutilised funds for specific purposes	21 146 479	21 382 084
	50 886 483	48 821 536

25. ASSESSMENT RATES

Net proceeds from assessment rates were N\$ 9 134 629 (2014: N\$ 8 670 970). The tariffs for private and business property were N\$ 0.236 (2014: N\$ 0.2355) per dollar per year for site valuations and N\$ 0.006 (2014: N\$ 0.006) per dollar per year for the valuation of improvements.

26. LOANS

26.1 External loans:

External loan balances were N\$ 15 282 784 (2014: N\$ 9 082 735). The balances correspond with the outstanding balances as per actuarial tables and the general ledger. Redemption payments are not up to date as stated in paragraph 24.2.

26.2 Internal loans

Internal loan balances were N\$ 7 033 305 (2014: N\$ 262 787) are eliminated in the abridged balances sheet. All new internal loans advanced during the year were authorised and all assets financed by internal loans were capitalised.

26.3 Due to the Municipality

Balances due to the Municipality by home owners amounted to N\$ 2 751 383 (2014: N\$ 3 054 760).

27. SALE OF ERVEN

No erven sales were noted for the period.

28. PROPERTY SOLD ON AN INSTALMENT BASIS

No properties were sold on an instalment basis.

29. TARIFF ADJUSTMENTS

New tariffs were implemented timeously and correctly.

30. APPROVALS

30.1 Excess on approved budget

Over-expenditure on the approved budget was approved at Council meetings as and when necessary.

31. STOCK AND EQUIPMENT

31.1 Motor vehicles

The Municipality could not supply a breakdown of a list of vehicles, its values and fuel consumption.

31.2 Inventory

Adequate systems of control over recording of inventory were maintained. Inventory counts are performed twice per year. Slow moving inventory was identified and adequate provision was made for obsolete items. Housekeeping is up to standard.

32. SPECIAL INVESTIGATIONS

There were no special investigations disclosed during the year under review.

BALANCE SHEET AT 30 JUNE

	Notes	2015	2014
		N\$	N\$
ASSETS			
Non-current assets		124 960 983	116 033 749
Property, plant and equipment	2	56 434 693	40 186 727
Investments	3	65 774 907	72 792 262
Loans receivable	4	2 751 383	3 054 760
Current assets		68 847 894	56 557 972
Inventory	5	489 917	427 759
Debtors and other receivables	6	68 357 977	56 130 213
Total assets		193 808 877	172 591 721
FUNDS AND LIABILITIES			
Funds and reserves		121 948 793	105 134 048
Capital outlay	7	34 329 003	23 852 805
Funds and accounts	8	87 619 790	81 281 243
Non-current liabilities		15 282 784	9 082 735
Long-term loans	9	15 282 784	9 082 735
Current liabilities		56 577 299	58 374 938
Creditors and other payables	10	50 886 482	48 821 536
Bank overdraft	11	5 690 817	9 553 402
Total funds and liabilities		193 808 876	172 591 721

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE

		2015	2014
		N\$	N\$
INCOME		65 997 656	54 957 013
EXPENDITURE		<u>(66 120 124)</u>	<u>(56 482 509)</u>
NET OPERATING LOSS		(122 468)	(1 525 496)
Transfer to internal funds		<u>-</u>	<u>(1 067 178)</u>
Net deficit after transfer from/(to) Funds		<u>(122 468)</u>	<u>(2 592 674)</u>
Appropriation Account	12	<u>(2 458 334)</u>	<u>(17 603 043)</u>
Net deficit for the year after appropriation		(2 580 802)	(20 195 717)
Accumulated surplus (deficit) at the beginning of year		<u>(17 480 183)</u>	<u>2 715 534</u>
Accumulated deficit at the end of the year		<u>(20 060 985)</u>	<u>(17 480 183)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE

	Notes	2015	2014
		N\$	N\$
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from customers		65 997 657	52 229 829
Cash generated by increase in working capital		(76 345 100)	(53 786 300)
Cash utilised by operations	13	(10 347 443)	(1 556 471)
Increase in Fund Accounts		10 619 892	17 843 836
Increase in capital outlay		6 317 321	-
Net Cash Flow from Operating Activities		6 589 770	16 287 365
CASH FLOW FROM INVESTING ACTIVITIES			
Net capital expenditure		(16 247 966)	(1 186 802)
Net (decrease)/increase in loans receivable		303 377	-
Net (increase)/decrease in investments		7 017 355	(15 353 122)
		(8 927 234)	(16 539 924)
CASH FLOW FROM FINANCING ACTIVITIES			
(Decrease) increase in long term liabilities		6 200 049	(86 299)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS			
		3 862 585	(338 858)
CASH AND CASH EQUIVALENTS – AT THE BEGINNING OF THE YEAR			
		(9 553 402)	(9 214 544)
CASH AND CASH EQUIVALENTS – AT THE END OF THE YEAR			
		(5 690 817)	(9 553 402)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

1. ACCOUNTING POLICIES**1.1 Basis of presentation**

1.1.1 These financial statements have been prepared to conform to the stipulations of the Local Authorities Act, 1992 (Act 23 of 1992) and Standard Municipal Accounting Policy.

1.1.2 The financial statements are prepared on the historical cost basis, adjusted for fixed assets as more fully detailed in Accounting Policy Note 1.4. The accounting policies are consistent with those applied in the previous year, except if otherwise indicated.

1.1.3 The financial statements have been based on a full accrual system of income and expenditure accounting.

1.2 Provisions and reserves

The basis used in determining the more important provisions and reserves is as follows:

1.2.1 Repairs and maintenance

The annual saving or over-expenditure on maintenance for civic buildings is transferred to this reserve.

The annual saving or over-expenditure on road maintenance is transferred to the reserve for road maintenance and is reviewed annually when the estimates for the following financial year are prepared.

1.2.2 Replacement of movable assets

Provision is made towards the replacement of all movable assets with a cost price in excess of N\$ 2 000. These provisions are based on the estimated replacement values, which are revised annually.

Movable assets with a value exceeding N\$ 15 000 are financed by way of hire purchases, leases or internal loans.

1.2.3 Insurance claims

Self-insurance has been limited to minor risks whereas major risks such as public liability, comprehensive vehicle and house insurance, fire, etc. are insured externally by the Council's insurance brokers on an open tender basis.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

1.3 Tariff policy

With the exception of electricity sales, all other services are rendered at cost or below cost. With reference to sewerage and sanitation services the policy of no-loss/no-profit is applicable. Surpluses or deficits on these services are transferred to Tariff Stabilisation Funds.

Surpluses on the electricity account are utilised to subsidise the deficit on the Rate and General Account.

The Tariff Stabilisation Fund balance for water is limited to a maximum of 10% of the total income on the water account for that specific financial year. Any further surpluses on the water account must be transferred to the Capital Development Fund in order to finance water-related capital projects.

1.4 Property, plant and equipment

(i) Property, plant and equipment is stated

- at historical cost; or
- at valuation (based on the market price at the date of transfer) where assets have been acquired by grant or donations.

(ii) Depreciation

The loans redeemed are considered tantamount to a provision for depreciation.

Apart from advances from various internal funds and external loans, assets may also be acquired through:

- Appropriations from revenue, in which case the total cost of the asset is a direct and immediate charge against revenue and no further provision for depreciation is required.

1.5 Inventory

The value of commodities is reflected at cost plus freight charges. A financing charge on the average stock value less average working capital held during the financial year is annually charged to the stores account based on the average rate of interest earned by Council on its investments during that financial year. Stores levies of 17,4% for stock items, 1,5% for motor vehicles and computer ware purchases and 7,7% for all other direct purchases have been charged to cover overheads.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**

1.6 Funds**1.6.1 Stores working capital**

Appropriations are made on an annual basis from the operating account to the working capital account. The working capital account should over time be equal to the Council's investment in inventory.

1.6.2 Betterment Fund

The purpose of this Fund is to provide for future improvements of municipal assets. Part of the proceeds from the sale of land as well as interest earned on internal loans and investments accumulate in this Fund.

1.6.3 Betterment Contribution Fund

The purpose of this Fund is to provide for the future rezoning of erven. Income is derived from interest earned on investments and internal loans.

1.6.4 Endowment Fund

The purpose of this Fund is to provide for the future sub-division of erven. Income is derived from the proceeds of sub-division of erven as well as interest earned on investments and internal loans.

1.6.5 Housing Fund

The purpose of this Fund is to provide for housing loans. Income is derived from interest earned on secured housing loans and investments as well as profits made on the resale of housing scheme houses. Interest paid on external loans is charged to this Fund.

1.6.6 Capital Development Fund

The purpose of this Fund is to fund expenditure in general, mostly by way of internal loans at favourable terms. It is funded from savings on budgeted over actual capital expenditure, thus income, interest earned on moneys invested and internal loans given, as well as any contributions as may be decided upon by the City Council.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**

1.7 Interest on investments

Interest earned on investments is allocated to the different Funds and surpluses on a percentage earned based on the opening balances.

	2015	2014
	N\$	N\$
2. PROPERTY, PLANT AND EQUIPMENT		
Income assets	4 345 134	3 013 669
Loan assets	30 264 561	23 411 196
General capital assets	21 824 997	13 761 862
	56 434 693	40 186 727

3. INVESTMENTS

Cash investments allocated to:

-Commercial Banks	9 715 938	16 733 293
-Central-North Electricity Distribution Company	56 058 969	56 058 969
	65 774 907	72 792 262

The investment in Central North Electricity Distribution Company (Pty) Ltd comprises a 12.6% (2014: 12.6%) holding in the share capital of Central North Electricity Distribution Company (Pty) Ltd, at equity value.

ALLOCATED AS FOLLOWS:

Build Together Fund	5 371 249	4 529 774
Fixed Property Fund	2 024 446	-
Dantago Hoda	300 697	217 750
Khaibasen Group	162 925	108 309
Khomas Group	225 230	145 705
Natural Disaster Fund	350 000	300 000
Omwene Tukwafa Group	261 887	174 810
Peace Group	239 029	159 937
Peace maker	266 382	182 096
Renewal Fund	-	10 544 536
Revenue Account	56 058 969	56 058 969
Self study scheme	125 966	62 694
Twatameka Two Savings	388 127	307 682
	65 774 907	72 792 262

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2015	2014
	N\$	N\$
4. LOANS RECEIVABLE		
Build Together Fund	608 005	675 624
Build Together Fund – temporary advances	-	466 984
Dantago Hoadia	189 243	208 397
Fixed Property Fund	529	2 899
Housing Fund 1	(316 976)	(235 367)
Housing Fund 2	805 779	805 779
Housing Fund 2 – temporary advances	466 984	-
Khaibasen Group	136 044	150 727
Khomas Group	221 027	240 282
Omwene Tukwafa Group	234 494	255 040
Peace Group	152 579	□80 372
Peace Maker	172 104	198 918
Twatameka Two Savings	81 571	105 105
	2 751 383	3 054 760
5. INVENTORY		
Central stores	489 917	427 759
	489 917	427 759
6. DEBTORS AND OTHER RECEIVABLES		
Services accounts	95 159 922	92 600 436
VAT provision	1 754 008	1 400 679
Sundries	393 064	302 259
Less: Customer deposits	(1 402 232)	(1 375 874)
Less: Provision for bad debts	(27 546 785)	(36 737 377)
	68 357 977	56 190 123
7. CAPITAL OUTLAY		
Loans redeemed	8 158 872	7 077 274
Revenue Contributions	4 345 134	3 013 669
General Capital Contributions	21 824 997	13 761 862
	34 329 003	23 852 805

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**

	2015	2014
	N\$	N\$
8. FUNDS ACCOUNTS AND RESERVES		
Accumulated surplus	20 061 769	17 725 903
Betterment Fund	1 955 185	1 955 186
Capital Contribution Fund	4 153 041	3 845 765
Fixed Property Fund	27 312 832	26 200 362
Housing Fund	8 964 810	8 151 024
Renewal Fund	21 643 621	20 405 181
Funds for expenditure to be incurred:		
Dantaga Hoadia	489 940	426 147
Khaibasen Group	298 967	259 036
Khomas Group	446 257	385 986
Natural Disaster Fund	350 000	300 000
Omwene Tukwafa Group	496 381	429 849
Peace Group	391 608	340 309
Peace Maker	438 486	381 014
Self study scheme	125 966	62 694
Twatameka Two Savings	469 698	412 787
Interna loans difference	21 229	-
	87 619 790	81 281 243
9. LONG TERM LOANS		
The Government of Namibia	8 249 479	8 819 948
Commercial Banks	7 033 305	262 787
	15 282 784	9 082 735
10. TRADE AND OTHER PAYABLES		
Accruals	374 277	80 088
Provisions	7 040 653	6 673 044
Arrears on loan interest and redemption	22 325 074	20 678 527
Sundries	-	7 793
Unutilised funds for specific purpose	21 146 478	21 382 084
	50 886 482	48 821 536
11. BANK ACCOUNTS		
Current overdraft	5 690 817	9 553 402
	5 690 817	9 553 402

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)

	2015	2014
	N\$	N\$
12. ADJUSTMENTS TO APPROPRIATION ACCOUNT		
Adjustments – expenditure relating to 2013	-	712 946
Adjustments – revenue relating to 2013	-	174 306
Adjustment to VAT claims account		3 906 224
Bank reconciliation	(1 500)	(6 695)
Cash surplus	-	-
Censored dividend received	124 847	(629 950)
Dundee contribution	-	(164 965)
Proceeds of auction	-	(103 980)
Provision for audit fees reversed	-	(515 945)
Stale cheques reversed	(1 206 588)	(152 663)
Adjustments for the year ended 2015: Expenditure	1 100 405	-
Money not reflecting on account	500	-
Enviro-Fill 2013/2014	(2 082 620)	-
Movement on Tcv Stock	11 132	-
Salary Vote	(6 840)	-
Adjustment for the year: Revenue	(26 603)	-
Streets Subsidy	(371 067)	-
	<u>(2 458 334)</u>	<u>3 219 278</u>
Fair value gain: Censored	-	(20 822 321)
	<u>(2 458 334)</u>	<u>(17 603 043)</u>

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE (continued)

	2015	2014
	N\$	N\$
13. CASH UTILISED BY OPERATIONS		
Net (deficit) for the year	(122 467)	(2 592 674)
Adjustment: Appropriation Account	-	(3 219 278)
Adjustment: Other non cash items	-	4 423 532
	(122 467)	(1 388 420)
OPERATING DEFICIT BEFORE CHANGES IN WORKING CAPITAL		
CHANGES IN WORKING CAPITAL		
Increase in inventory	(62 158)	(120 544)
Increase in debtors	(12 227 764)	1 169 040
Increase in creditors and other payables	2 064 946	(1 216 547)
	(10 224 976)	(168 051)
CASH UTILISED BY OPERATIONS	(10 347 443)	(1 556 471)

