



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
TOWN COUNCIL OF ARANOS  
FOR THE FINANCIAL YEARS ENDED 30 JUNE 2015**

Published by authority

Price (Vat excluded) N\$ 34.00  
Report no: 2017/13



**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 Town Council of Aranos 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.

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

**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

**WINDHOEK, March 2017**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS  
OF THE TOWN COUNCIL OF ARANOS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

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**1. Report on the Financial Statements**

**1.1 INTRODUCTION**

The accounts of the Town Council of Aranos for the financial year ended 30 June 2015 is presented to the National Assembly in accordance with the provision set out in the Local Authorities Act, 1992 (Act 23 of 1992).

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 the Town Council of Aranos for the financial year ended 30 June 2015. These financial statements comprise of the following;

Annexure: A Balance Sheet  
Annexure: B Income Statement  
Annexure: C Cash Flow Statement  
Annexure: D Notes to the financial statement and general information

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.

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 (1) 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.

I believe that the audit evidence I have obtained is insufficient and inappropriate to provide a basis for the adverse audit opinion.

## **4. ACKNOWLEDGMENT**

The courtesy and assistance extended to the Auditor-General and his staff members by the Town Council's staff during the audit are appreciated.

## **5. KEY AUDIT FINDINGS**

### **5.1 Good Corporate Governance**

There was no sufficient system of internal control at the Town Council for the year under review which the auditors could rely upon. There is no evidence of management monitoring key aspects of the business operations and assessing internal controls to detect or prevent fraud.

#### **Recommendation**

**It is recommended that the Council ensure that control measure are put in place and perform regular management checks.**

### **5.2 BUILD TOGETHER DEBTORS**

At the time of the audit it was observed that contracts for build together debtors were not signed by the Chief Executive Officer of the Council.

#### **Recommendation**

**It is recommended that the Council ensure that all contracts are signed to avoid/mitigate any risks the Council might be exposed to.**

#### **Management comment**

*The Chief Executive Officer shall sign all un-signed contracts for the Decentralized Built Together Debtors.*

### **5.3 PROVISION FOR BAD DEBTS**

A difference of N\$ 1 854 075 was observed between the auditors recalculated amount of N\$ 7 243 726 and the amount reflected in the annual financial statements of N\$ 5 389 650.

#### **Recommendation**

**It is recommended that the Council come up with a credit policy with regard to calculating doubtful debts.**

#### **Management comment**

*The credit policy / financial management policy should be refined and updated to cater for the provision of Bad debts.*

## 5.4 NATIS

The total revenue receivable from Natis was N\$ 497 801 but the Council only recorded the amount of N\$ 92 558 which was received instead of the whole amount.

### Recommendation

**It is recommended that the Council should adhere to the accrual basis of accounting which is to recognise revenue when products are delivered or services are provided and not when cash is received.**

### Management comment

*Basically NATIS is treated as a Sundry Debtor but as from 01 July 2016 it will be treated as a Normal Debtor and this will possibly remove any complications in the future.*

## 5.5 Electricity Sale

A difference of N\$ 191 645 was observed between the revenue received for electricity amounting to N\$ 2 145 152 and the amount disclosed in the financial statements as N\$ 1 953 507.

### Recommendation

**It is recommended that the Council should adhere to the accrual basis of accounting which is to recognise revenue when it is received..**

### Managment comment

*To solve this matter it must be discussed with NAMPOWER to have access to its electricity meter to take readings on time.*

## 5.6 ROYALTIES

The total revenue receivable from Selco was N\$ 953 219 but the Council only recorded the amount of N\$ 721 232 which was received instead of the whole amount.

### Recommendation

**It is recommended that the Council should adhere to the accrual basis of accounting which is to recognise revenue when it is received.**

### Management Comment

*Basically SELCO is treated as a Sundry Debtor but as from 01 July 2016 it will be treated as a Normal Debtor and this will possibly remove any complications in the future.*



## **5.7 ADJUSTMENT**

An unexplained adjustment of N\$ 422 716 was made to reconcile the cash book balance to the bank statement balance.

### **Recommendation**

**It is recommended that the Council should investigate the reasons for such high adjustment and avoid the re-occurrence of it in future.**

### **Management Comment**

*This appears to be phantom amounts and we require approval to remove it from reconciliation.*

## **5.8 EXTERNAL LOANS**

At the time of the audit it was observed that the Council reduced its loan amount with N\$ 73 230 even though no loan repayment was made during the 2014/2015 financial year.

### **Recommendation**

**It is recommended that the Council should ensure that reconciliation is done regularly to avoid misstatements.**

### **Management Comment**

*This issue will be addressed and corrected before submitting the next financial statements.*

## **5.9 LOAN ASSETS (BANK FINANCE CHEVROLET CRUZE)**

A difference of N\$ 126 519 was observed between the loan asset ( Chevrolet Cruze) amount in the financial statements amounting to N\$ 161 673 and the amount in the bank statements of N\$ 35 154.

### **Recommendation**

**It is recommended that the Council should ensure that reconciliation is done regularly to avoid misstatements.**

### **Management Comment**

*This issue will be addressed and corrected before submitting the next financial statements.*

## 5.10 FIXED ASSET REGISTER

It was observed that the fixed asset register does not have dates for when assets were bought, thus the correctness of the depreciation and netbook value could not be relied upon. It was further observed that assets are not marked with serial numbers; therefore physical inspection could not be performed. Street Gravel was depreciated with N\$ 17 385 while it was still work in progress.

### Recommendation

**It is recommended that the Council should ensure that the fixed asset register have date of acquisitions and serial numbers for all assets bought. It is further recommended that the Council ensure that only depreciable assets are depreciated.**

### Management Comment

*The recommendations will be implemented as from 01 July 2016. The issue of depreciation will also be catered for in the credit policy.*

## 5.11 SECURITY SERVICES

At the time of the audit it was observed that there is no contracts between the Council and the security company providing security service.

### Recommendation

**It is recommended that the Council should ensure that all contractual services do have contracts in place and are signed to avoid/mitigate any risks the Council might be exposed to.**

### Management Comment

*There were no contracts; however, this will be rectified in the following financial year.*

## 6. BASIS FOR ADVERSE OF AUDIT OPINION

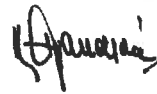
- Provisions for doubtful debts was understated with N\$ 1 854 075;
- Build together contracts are not signed;
- No contracts for security services;
- Revenue for NATIS was understated by N\$ 405 243;
- Electricity sale was understated by N\$ 191 645;
- Revenue receivable from Selco was understated by N\$ 231 987;
- Unexplained Adjustment of N\$ 422 716 made on the bank reconciliation;
- External Loans were understated by N\$ 73 230;
- Loan Assets was overstated by N\$ 126 519;
- Incomplete fixed asset register; and
- Street Gravel was depreciated with N\$ 17 385.

**7. ADVERSE AUDIT OPINION:**

The accounts of the Aranos Town Council for the financial year ended 30 June 2015 summarised in annexures A to D were audited by me in terms of Section 85 of the local Authorities Act, 1992, read with Section 25(1)(b) of the State Finance Act, 1991.

In my opinion because of the significance of the matters discussed and listed in the Basis for Adverse Opinion paragraph, these annual financial statements do not present fairly the financial position of the Aranos Town Council as at 30 June 2015 and its financial performance and cash flows for the year then ended.

**WINDHOEK, March 2017**



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## 8. GENERAL INFORMATION

The Council did not prepare the information requested as per Auditor-General Circular D3/2013.

## 9. FINANCIAL RESULTS

The results of the operations of, and transactions on the Revenue account for the year were as follows:

### 2015

	Revenue	Expenditure	Surplus / (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus on 01/07/2014				2 260 530
<b>General accounts</b>				
- Non-profitable services	5 196 014	6 564 804	(1 368 790)	
- Self-supporting services	2 241 884	3 353 275	(1 111 391)	
- Rates and Taxes	1 008 948	58 168	950 780	
<b>Trade accounts</b>				
- Electricity	2 679 147	1 681 188	997 959	
- Water	12 677 492	9 372 169	3 305 323	
Surplus for the year	23 803 485	21 029 604	2 773 881	2 773 881
Adjustments and utilisations (See Note 10, Annexure D)				5 034 411
Accumulated surplus at 30/06/2015				(2 480 293)
				<b>2 554 115</b>

## 10. CURRENT BANK ACCOUNT

	2015	2014
	N\$	N\$
Cash-book balance at 30 June	702 815	590 615
Outstanding cheques	275 891	72 557
Adjustments	(422 716)	(462 772)
Balance as per bank statement	<b>555 990</b>	<b>200 400</b>

## 11. INVESTMENTS

The investments as at 30 June were as follows:

	2015	2014
	N\$	N\$
Commercial banks	7 947 003	6 123 874
	<b>7 947 003</b>	<b>6 123 874</b>
<b>The investments were allocated as follows:</b>		
Fixed Property Fund	1 009 908	1 009 908
Housing Fund	163 513	128 895
Build Together Fund	974 888	861 765
Capital Fund	67 106	67 106
Social Housing Project	99 252	99 252
Staff Benefits Fund	3 394 612	1 082 305
Bank account investment	2 237 724	2 874 643
	<b>7 947 003</b>	<b>6 123 874</b>

## 12. TRADE ACCOUNTS

12.1 The results of operations were as follows:

	2015	2014
	N\$	N\$
<b>Electricity</b>		
Sales and royalties	2 674 740	2 764 341
Cost of bulk purchases	(1 159 190)	(1 330 873)
Gross profit	1 515 550	1 433 468
Nett loss/income - normal operations	(171 643)	232 387
Nett surplus / (loss) before capital expenditure	1 343 907	1 665 855
Less: Capital expenditure	(345 948)	(32 389)
Nett surplus / (loss) for the year	<b>997 959</b>	<b>1 633 466</b>
Gross profit % on bulk purchases	130.74 %	107.71 %
Nett surplus before capital expenditure % on bulk purchases	115.93 %	125.17 %
<b>Water</b>		
Sales	3 638 302	2 150 943
Cost of bulk purchases	(2 035 613)	(1 245 958)
Gross profit	1 602 689	904 985
Nett income - other	1 702 635	(1 612 016)
Net surplus/(loss) for the year	<b>3 305 324</b>	<b>(707 031)</b>
Gross profit % on bulk purchases	78.7 %	72.63 %
Nett surplus / (loss) % on bulk purchases	162.37 %	(56.75) %

### 13. DISTRIBUTION LOSSES

The Council did not keep statistics of distribution losses.

### 14. FRUITLESS UNAUTHORISED OR AVOIDABLE EXPENDITURE

No such expenditure was revealed during the audit.

### 15. SELF-SUPPORTING SERVICES

The results for the year under review were as follows:

<b>Service</b>	<b>Income 2015</b>	<b>Expenses 2015</b>	<b>Surplus/ (deficit) 2015</b>	<b>Surplus/ (deficit) 2014</b>
	N\$	N\$	N\$	N\$
Street roads and storm water	387 421	642 190	(254 769)	351 062
Townlands and pound	65 934	28 965	36 969	11 131
Housing	190 513	780 493	(589 980)	282 740
Natis	92 558	149 906	(57 348)	193 335
Cleansing services	734 544	896 073	(161 529)	105 466
Sewerage	770 913	855 648	(84 735)	27 483
	<b>2 241 883</b>	<b>3 353 275</b>	<b>(1 111 392)</b>	<b>971 217</b>

### 16. SUSPENSE ACCOUNTS

No suspense accounts are carried in the accounts.

### 17. IRREGULARITIES AND LOSSES

The auditors did not find any irregularities and losses for the year under review.

## 18. CAPITAL PROJECTS

	2015	2014
	N\$	N\$
<b>Expenditure:</b>		
General administration	108 211	-
Workshop	207 148	-
Sport Grounds and Parks	29 366	-
Streets Roads and Storm Water	537 789	-
Public Buildings	757 260	-
Cleansing Services	48 335	-
Electricity	345 948	-
	<b>2 034 057</b>	-
<b>Financed by:</b>		
Revenue account	2 034 057	-
	<b>2 034 057</b>	-

According to the financial statements (votes) expenses of a capital nature amounted to N\$ 2 034 057: 2015 and N\$ 6 540 074: 2014. According to the fixed asset register these amounts should have been N\$ 4 551 507: 2015 and N\$ 8 202 216: 2014 respectively.

This results in an unexplained difference of (N\$ 2 517 450): 2015 and (N\$ 1 662 142) : 2014. The Council should look into this difference and rectify this issue.

## 19. BURSARIES

No bursaries were granted during the year.

## 20. CONTRIBUTIONS GRANTS AND FINANCIAL AID

No compensation payments were allocated or paid during the year under review.

## 21. COMPENSATION PAYMENTS

No compensation payments were made during the year under review.

## 22. VISITS TO FOREIGN COUNTRIES

Council did not pay for any visits to foreign countries during the year under review.

## 23. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the Local Authority.

## 24. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

No gifts and donations were allocated or paid during the year.

## 25. TRANSFER OF PROPERTY

No transfer of property has been made to / from Local Authority for the period under review.

## 26. TRADE AND OTHER RECEIVABLES

	2015	2014
	N\$	N\$
Build Together Fund receivables	2 067 506	2 188 038
Services rates and taxes	7 792 265	6 627 291
Provision for bad debts	(5 389 350)	(6 316 538)
VAT claims	595 573	1 457 402
Other receivables	169 938	374 625
	<b>5 235 932</b>	<b>4 330 818</b>

## 27. TRADE AND OTHER PAYABLES

	2015	2014
	N\$	N\$
Loan instalments in arrears	2 046 432	2 464 753
Trade payables	455 674	51 414
Consumer deposits	29 309	30 281
Regional Council	52 189	37 022
	<b>2 583 604</b>	<b>2 583 470</b>

## 28. ASSESSMENT RATES

	2015	2014
	N\$	N\$
Proceeds from assessment rates	1 008 948	911 094

## 29. LOANS

### 29.1 External loans

	2015	2014
	N\$	N\$
Balance on loans		
- Capital section	1 001 393	912 950
	1 001 393	912 950
Instalments and interest in arrears	2 046 432	2 464 753
Total outstanding	<b>3 047 825</b>	<b>3 377 703</b>

No repayments were done on the loans from Government but are provided for under current liabilities as instalments and interest in arrears.

### 29.2 Due to the Town Council

No loans were due to the Town Council. Advances in terms of the housing fund are reflected as debtors.



### **29.3 Loans written off**

No loans were written off during the year under review.

### **30. SALE OF ERVEN**

Due to unavailability of a sale of erven register this information was not available.

### **31. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS**

Properties were sold on credit in terms of the Build Together Scheme for the year under review but the value thereof could not be provided by the Council.

### **32. TARIFF ADJUSTMENTS**

Tariff adjustments were duly approved and promulgated in the Government Gazette.

### **33. APPROVALS**

#### **33.1 Internal loans**

No further internal loans were granted during the year under review.

#### **33.2 Revenue written off**

No revenue was written off during the year under review.

### 34. INVENTORY AND EQUIPMENT

#### 34.1 Motor vehicles

2014	Sedan Vehicles		LDV's and Kombi's		Heavy vehicles (Lorries and busses)	
	Number	Value	Number	Value	Number	Value
On hand 01/07/2013	2	N\$ 2 293	3	N\$ 699 000	6	N\$ 889 400
Acquisitions	-	-	-	-	-	-
Depreciation	2	2 293	3	699 000	6	889 400
On hand 30/06/2014	-	(2 292)	-	(129 000)	-	(212 499)
	<b>2</b>	<b>1</b>	<b>3</b>	<b>570 000</b>	<b>6</b>	<b>676 901</b>
<b>2015</b>						
On hand 01/07/2014	2	1	3	570 000	3	662 501
Acquisitions	-	-	-	-	-	-
Depreciation	2	1	1	570 000	3	662 501
On hand 30/06/2015	-	-	-	(95 000)	-	(132 500)
	<b>2</b>	<b>1</b>	<b>1</b>	<b>475 000</b>	<b>3</b>	<b>530 001</b>

These figures were obtained from the fixed asset register.

#### 34.2 Inventory

No inventory was disclosed in the financial statements nor were any records available for the year under review.

### 35. FORMAL AND INFORMAL QUERIES

3.5.1 Formal queries are embodied in this report

3.5.2 Informal queries were discussed with the Town Council.

**TOWN COUNCIL OF ARANOS  
BALANCE SHEET AS AT 30 JUNE**

	<b>Notes</b>	<b>2015</b>	<b>2014</b>
		N\$	N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>35 169 495</b>	<b>29 227 594</b>
Property, plant and equipment	2	27 222 492	23 103 720
Investments	3	7 947 003	6 123 874
<b>Current assets</b>		<b>8 601 109</b>	<b>7 583 795</b>
Trade and other receivables	4	5 235 932	4 330 818
Build Together Projects in progress		2 658 824	2 658 824
Cash balances	5	706 353	594 153
<b>TOTAL ASSETS</b>		<b>43 770 604</b>	<b>36 811 389</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>		<b>40 185 607</b>	<b>33 314 969</b>
Capital outlay	6	26 221 099	22 190 770
Funds and accounts	7	13 964 508	11 124 199
<b>Long-term liabilities</b>	8	<b>1 001 393</b>	<b>912 950</b>
<b>Current liabilities</b>		<b>2 583 604</b>	<b>2 583 470</b>
Trade and other payables	9	2 583 604	2 583 470
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>43 770 604</b>	<b>36 811 389</b>

## ANNEXURE B

**TOWN COUNCIL OF ARANOS**  
**INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE**

	Notes	2015 N\$	2014 N\$
Income	14+15	23 599 361	18 102 430
Expenditure	13	(21 029 604)	(17 746 779)
Net operating profit / (loss)		2 569 757	355 651
Investment income	15	204 123	232 102
Net profit / (loss) for the year		2 773 880	587 753
Appropriation Account		(2 480 296)	(1 425 945)
Net Surplus after Appropriations		293 584	(838 192)
Revenue Account - Beginning of year		2 260 530	3 098 722
Revenue Account – End of the Year		<b>2 554 114</b>	<b>2 260 530</b>

**TOWN COUNCIL OF ARANOS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE**

	Notes	2015 N\$	2014 N\$
<b>Cash flow/(outflow) from operating activities</b>			
Cash receipts from customers		18 130 409	18 727 742
Cash paid to suppliers		(17 746 779)	(20 957 155)
Cash generated by operations	11	383 630*	(2 229 413)*
Investment income	15	204 123	232 102
Movement in fund accounts			
Fund accounts		2 546 724	344 848
		3 134 477	(1 652 463)
<b>Cash flow from investing activities</b>			
Net capital expenditure		(73 230)	(46 997)
Change in investments		2 546 724	1 544 606
		2 473 494	1 497 609
<b>Cash flow from financing activities</b>			
Change in long-term loans		(88 443)	(65 429)
<b>Net movement in cash and cash equivalents</b>			
		112 200	(220 383)
<b>Cash and cash equivalents</b>			
Beginning of the year		594 153	814 536
<b>Cash and cash equivalents</b>			
End of the year		<b>706 353</b>	<b>594 153</b>

Note:

\* The amounts do not agree to note 11 of the notes to the financial statements.

**TOWN COUNCIL OF ARANOS**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE**

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**1. Accounting policies**

The annual financial statements have been prepared on the historical cost basis and incorporate the following accounting policies which are consistent with those applied in the previous year. The financial statements are prepared on a going-concern basis.

**1.1 Property, plant and equipment**

Property, plant and equipment are stated at cost or valuation where assets have been acquired by grant or by donation.

**1.2 Investments**

Investments are reflected at face value.

**1.3 Trade receivables**

Accounts receivable are recorded at originated cost less an allowance for bad debts.

**1.4 Cash and cash equivalents**

It consist of cash on hand and the current account with banks, all of which are available for immediate use by Council.

**1.5 Trade and other payables**

All financial liabilities are recorded at cost.

**1.6 Internal Funds**

Internal Funds were created as follows by Council:

**Fixed Property Fund**

Proceeds from the sale of land that have been developed by the Aranos Town Council, accumulates in this fund. Costs incurred on the development of land are charged to this fund.

**Housing Fund**

The purpose of this Fund is to provide for housing loans. Income to this fund is transferred from the general income account, external loans from Government and interest on investments and loans.

**Capital Reserve Fund**

This Fund was created to make provision for unforeseen expenditures as approved by the Council.

**Build Together Fund**

The purpose of the Fund is to enable the poorer part of the population to acquire affordable housing. Income is derived from Government contributions, redemption payments and interest.

## ANNEXTURE D

**TOWN COUNCIL OF ARANOS**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE (Continued)**

	2015	2014
	N\$	N\$
<b>2. Property, plant and equipment</b>		
Property development, vehicles, plant and equipment	<u>27 222 492</u>	<u>23 103 720</u>
<b>3. Investments</b>		
Commercial banks	<u>7 947 003</u>	<u>6 123 874</u>
The investments were allocated as follows:		
Housing Fund	163 513	128 895
Capital Reserve Fund	67 106	67 106
Fixed Property Fund	1 009 908	1 009 908
Social Housing Project	99 252	99 252
Staff Benefit Fund	3 394 612	1 082 305
Build Together Fund	974 888	861 765
Bank account investments	2 237 724	2 874 643
<b>Total</b>	<u>7 947 003</u>	<u>6 123 874</u>
<b>4. Trade and other receivables</b>		
Build Together Fund receivables	2 067 506	2 188 038
VAT claims	595 573	1 457 402
Services, rates and taxes - Consumers	7 792 265	6 627 291
Other receivables SELCo/NATIS	169 938	374 625
Provision for bad debts	(5 389 350)	(6 316 538)
	<u>5 235 932</u>	<u>4 330 818</u>
<b>5. Cash and bank</b>		
Cash on hand	3 538	3 538
Bank account	702 815	590 615
	<u>706 353</u>	<u>594 153</u>
<b>6. Capital outlay</b>		
General capital contributions	755 005	920 005
Loans redeemed	774 843	701 612
Revenue contributions	24 691 251	20 569 153
	<u>26 221 099</u>	<u>22 190 770</u>



**TOWN COUNCIL OF ARANOS**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE (Continued)**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
<b>7. Funds and accounts</b>		
Build Together Fund	6 676 002	6 476 203
Capital Reserve Fund	67 106	67 106
Fixed Property Fund	1 009 908	1 009 908
Housing Fund	163 513	128 895
Social Housing Project	99 252	99 252
Staff Benefits Fund	3 394 612	1 082 305
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	2 554 115	2 260 530
	<b>13 964 508</b>	<b>11 124 199</b>
<b>8. Long-term liabilities</b>		
The Government of Namibia	1 001 393	912 950
	<b>1 001 393</b>	<b>912 950</b>
<b>9. Trade and other payables</b>		
Loan instalments in arrears	2 046 432	2 464 753
Trade payables	455 674	51 414
Consumer deposits	29 309	30 281
Regional Council	52 189	37 022
	<b>2 583 604</b>	<b>2 583 470</b>
<b>10. Adjustments through accumulated funds account</b>		
Adjustments	(2 480 293)	(1 425 945)
	<b>(2 480 293)</b>	<b>(1 425 945)</b>

## ANNEXURE D

**TOWN COUNCIL OF ARANOS**  
**NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE (Continued)**

	2015	2014
	N\$	N\$
<b>11. Cash generated by operations</b>		
Net surplus / (deficit) for the year	(2 773 881)	(587 752)
Adjustments to appropriation account	(2 480 293)	(1 425 945)
Additions to fixed assets expensed	-	46 997
Hire purchase redemption expensed	88 443	65 428
Operating cash flow before changes in working capital	(5 165 731)	(1 901 272)
Trade and other receivables	(905 114)	(508 484)
Unexplained adjustment	-	1 436 649
Trade and other payables	132	(800 620)
Cash generated by operations	<b>(6 070 713)*</b>	<b>(3 210 376)*</b>
Note:		
* The amounts do not agree to the cash flow statements.		
<b>12. Funds accounts</b>		
Build Together & fixed property grants from GRN	-	79 982
Sundry income	-	125 175
Sundry expenses	-	(2 457)
Interest received	-	142 148
Servicing of properties	-	<b>344 848</b>
<b>13. Expenditure</b>		
General administration	3 120 107	2 619 114
Council's general expenses	632 825	588 992
Workshop	1 546 024	1 024 336
Cemeteries	37 051	9 610
Fire Brigade	224 303	179 555
Licenses	87 566	37 398
Sewerage Farm	30 016	2 396
Sport grounds & parks	97 740	234 053
Streets, roads & stormwater	642 190	279 542
Public buildings	789 172	5 937 639
Townlands and found	28 965	38 415
Housing	780 493	356 016
Unexplained Journal	-	980 963

## TOWN COUNCIL OF ARANOS

## NOTES TO THE FINANCIAL STATEMENTS AS AT 30 JUNE (Continued)

	2015	2014
	N\$	N\$
NATIS	149 906	138 46
Assessment rates	58 168	18 015
Cleansing services	896 073	569 619
Sewerage	855 648	683 099
Electricity	1 681 188	1 560 036
Water	9 372 169	3 470 729
<b>Total Expenditure</b>	<b>21 029 604</b>	<b>17 746 779</b>
<b>14. Income</b>		
General administration	1 367 548	752 415
Council's general expenses	135 610	50 055
Workshop	85 000	29 000
Cemeteries	19 140	18 931
Fire Brigade	30 000	176 396
Licenses	841	1 050
Sport grounds & parks	279 000	221 145
Streets roads and storm water	387 421	630 604
Public buildings	3 278 875	7 181 123
Town lands and pound	65 934	49 546
Housing	190 513	638 756
NATIS	92 558	331 551
Assessment rates	1 008 948	911 094
Cleansing services	734 544	675 085
Sewerage	770 913	710 582
Electricity	2 679 147	3 193 501
Water	12 677 492	2 763 698
<b>Total Income</b>	<b>23 803 484</b>	<b>18 334 532</b>
<b>15. Investment income</b>		
Interest on Investments	204 123	232 102

