



**REPUBLIC OF NAMIBIA**



**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE  
TOWN COUNCIL OF EENHANA  
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 Town Council of Eenhana 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, April 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  
TOWN COUNCIL OF EENHANA  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2015**

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**1. INTRODUCTION**

The accounts of the Town Council of Eenhana for the year ended 30 June 2015 are being reported on in accordance with the provisions set out in the State Finance Act, 1991 (Act 31 of 1991) and the Local Authorities Act, 1992 (Act 23 of 1992).

The firm MAC & Associates of Windhoek has been appointed in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the Town Council 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).

The financial statements were submitted on time by the Accounting Officer to the Auditor-General on 7 December 2015 in compliance with Section 87 (1) of the Local Authorities Act, 1992.

**2. FINANCIAL STATEMENTS**

The Town Council's financial statements were submitted to the Auditor-General by the Accounting Officer in compliance with Section 87(1) of the Local Authorities Act, 1992. The audited financial statements are in agreement with the general ledger and are filed in the Office of the Auditor-General. The abridged balance sheet on Annexure A is a true reflection of the original signed by the Accounting Officer.

The financial statements also include:

- Annexure B: Abridged income statement
- Annexure C: Cash flow statement
- Annexure D: Notes to the financial statements

**3. SCOPE OF THE AUDIT**

***Management's Responsibility for the Financial Statements***

The Accounting Officer of the Town Council is responsible for the preparation and fair presentation of these financial statements and for ensuring the regularity of the financial transactions in accordance with Section 86 of the Local Authority Act of 1992. 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 these statements and on the regularity of the financial transactions included in them and to report his opinion to the National Assembly. The said firm conducted the audit in accordance with International Standards on Auditing. Those standards require that the firm comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 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. AUDIT OBSERVATIONS AND COMMENTS**

##### **4.1 Understatement of liabilities**

The liabilities per financial statements at 30 June 2015 are understated by N\$ 2 987 901 due to an error of omission.

##### **4.2 Omission of equity investment**

The equity investment by the Town Council in Local Authorities Electricity Company (Pty) Limited is not reflected in the financial statements.

##### **4.3 Understatement of property plant and equipment**

The financial statements are reflecting property, plant and equipment at a value of N\$ 56 916 898 while the fixed assets register is reflecting N\$ 57 496 496 resulting in an understatement of N\$ 579 598.

##### **4.4 Unexplained difference on the bank reconciliation and unrecorded direct deposits**

The bank reconciliation at 30 June 2015 had an unexplained difference of N\$ 3 241 164 that was written off against the appropriation account, consequently, the auditors were unable to verify the accuracy of the reported balances of the appropriation account and bank account. In addition, direct deposits amounting to N\$ 768 281 were not recorded in the cashbook resulting in an understatement of the said account.

##### **4.5 Understatement of VAT receivable**

The financial statements are reflecting VAT receivable of N\$ 9 108 810 while the amount received subsequent to year end relating to 30 June 2015 period amounted to N\$ 12 765 562 resulting in an understatement of N\$ 3 656 752.

##### **4.6 Inventory valuation**

The inventory value reflected in the financial statements is based on FINSTEL system which was last updated during the 2012 financial year except for the adjustment of N\$ 12 976. Though an inventory count was done by the Council at year end, the inventory valuation was not done. In addition, the auditors did not observe the counting of inventory at year end since they had not yet been appointed as auditors. Consequently, and owing to the nature of the Town Council's accounting records, the auditors were unable to verify the physical quantities and value of the reported inventories.

#### 4.7 Lack of breakdown of the balance of the Build Together Incomplete Projects account

There was no breakdown nor reconciliation of the balance of the Build Together Incomplete Projects account amounting to N\$ 721 504. As a result, the auditors were unable to verify the validity of the said amount.

#### 4.8 Understatement of the bulk water purchases

The bulk water purchases and the bank account balance are understated by N\$ 441 780 due to incorrect transactions posted to the said two accounts.

#### 4.9 Unsubstantiated interest credited to the Erven Sales Fund

Unsubstantiated interest amounting to N\$ 2 122 411 was credited to the Erven Sales Fund, as a result, the auditors were unable to verify the validity of the said amount.

### 5. ACKNOWLEDGEMENT

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

### 6. FINANCIAL RESULTS

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

	Revenue	Expenditure	Surplus/ (deficit)	Balance
	N\$	N\$	N\$	N\$
Accumulated surplus on 01/07/2014				(2 274 274)
General accounts				
- Rates and General	1 900 567	14 116 498	(12 215 931)	
- Non-profitable services	33 644 881	16 948 264	16 696 617	
- Self-supporting services	4 711 292	5 095 760	(384 468)	
Trade accounts				
- Water	5 996 611	2 462 074	3 534 537	
- Electricity	634 195	3 035 546	(2 401 351)	
	46 887 546	41 658 142	5 229 404	5 229 404
Adjustments and utilisations (See note 11, Annexure D)				(3 667 060)
<b>Accumulated deficit on 30/06/2015</b>				<b>(711 930)</b>

## 7. CURRENT BANK ACCOUNT

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Cash-book balance at 30 June - Balance sheet	(2 858 446)	2 060 060
Outstanding deposits	(53 254)	(35 327)
Outstanding cheques	1 765 608	906 987
Unexplained difference	-	(2 611 369)
Direct deposits not in cashbook	768 281	-
<b>Balance as per bank statement</b>	<b>(377 811)</b>	<b>320 351</b>

As explained on item 4.4, the bank account (cash and cash equivalents ) is qualified.

## 8. INVESTMENTS

The investments as at 30 June 2015 are as follows:

<b>Institution</b>	<b>2015 Investment</b>	<b>2014 Investment</b>
	N\$	N\$
Commercial banks	<b>38 971 424</b>	<b>29 226 157</b>
<b>Distribution</b>		
Mayoral Fund	102 556	102 982
Build Together Fund	7 894 720	8 426 181
Capital Development Fund	15 715 296	15 715 296
Sports Complex Development Fund	43 461	43 736
Trade and Business Expo Fund	6 149 153	4 937 962
Erven Sales Fund	2 267 641	-
Revenue	6 798 597	-
	<b>38 971 424</b>	<b>29 226 157</b>

## 9. FUND ACCOUNTS

The position of the Funds and Accounts at year end is reflected in note 9 of Annexure D.



## 10. TRADE ACCOUNT

10.1 The results of water operations are as follows:

	Water	
	2015	2014
	N\$	N\$
Sales	5 812 151	4 601 981
Cost of sales	(2 378 588)	(2 713 325)
Gross surplus	3 433 563	1 888 656
Other income/(expenses)	101 974	(3 328)
<b>Net surplus</b>	<b>3 534 537</b>	<b>1 885 328</b>
Gross surplus percentage on sales	59.1%	41.0%
Net surplus percentage on sales	60.8%	40.9%

10.2 Distribution results are as follows:

	Water	
	2015	2014
	m <sup>3</sup>	m <sup>3</sup>
Units sold	310 482	302 827
Units bought	(280 647)	(310 998)
Distribution gain/(loss)	<b>29 835</b>	<b>(8 171)</b>
Gain/(loss) as percentage of units bought	10.6%	(2.6%)

## 11. SELF-SUPPORTING SERVICES

11.1 The results for the year under review are as follows:

Service	Income 2015	Expenses 2015	Surplus/ (deficit) 2015	Surplus/ (deficit) 2014
	N\$	N\$	N\$	N\$
Civic buildings	6 331	2 239 778	(2 233 447)	(779 652)
Licenses and vehicle registration	1 790 948	772 778	1 018 170	416 695
Cleansing services	1 341 129	1 038 148	302 981	266 014
Sewerage	1 572 884	1 045 056	527 828	498 080
	<b>4 711 292</b>	<b>5 095 760</b>	<b>(384 468)</b>	<b>401 137</b>

As reported in the previous year, the Council must turn the loss making services into self-supporting services.

**12. FRUITLESS, UNAUTHORISED OR AVOIDABLE EXPENDITURE**

There were no such expenses.

**13. SUSPENSE ACCOUNTS**

Suspense accounts were cleared on a regular basis.

**14. IRREGULARITIES AND LOSSES**

There were no such expenses.

**15. CAPITAL PROJECTS**

The following expenditure was incurred on capital projects:

Nature of projects/acquisitions	Financed by	Total expenditure 2015	Total expenditure 2014
	Revenue account		
	N\$	N\$	N\$
Councils General Expenses	595 826	595 826	102 131
Town Planning and Development	10 774 965	10 774 965	8 977 007
Streets and Storm Water	2 620 418	2 620 418	2 443 147
Cleaning Services	165 914	165 914	9 591
Open Market Stalls	129 191	129 191	602 730
Town Treasurer	290 430	290 430	99 757
Health	-	-	10 500
Parks and Sports Grounds	86 957	86 957	-
Civic Buildings and Housing	2 081 206	2 081 206	649 496
Cemetery	21 197	21 197	-
Local Economic Development and Tourism	11 368	11 368	41 718
Community Centres	10 164	10 164	-
Electricity Services	2 227 872	2 227 872	-
<b>TOTAL</b>	<b>19 015 508</b>	<b>19 015 508</b>	<b>12 936 077</b>

**16. STUDY LOANS/BURSARIES**

No bursaries or study loans were granted during the year under review (2014: N\$ 78 006).

**17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Contribution from Government	24 500 000	6 500 000

**18. COMPENSATION PAYMENTS**

Land compensation payments made during the year under review amounted to N\$ 5 962 002 (2014: N\$ NIL).

**19. VISITS TO FOREIGN COUNTRIES**

There were no foreign visits undertaken during the year under review (2014: N\$ 57 104).

**20. CLAIMS AGAINST THE LOCAL AUTHORITY**

There were no claims against the Local Authority.

**21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY**

There were no donations made during the year under review (2014: N\$ 2 000).

**22. TRANSFER OF PROPERTY**

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

**23. TRADE AND OTHER RECEIVABLES/TRADE AND OTHER PAYABLES**

**23.1** Trade and other receivables at 30 June 2015 are as follows:

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Consumers	8 535 405	7 198 665
VAT receivable	9 108 810	7 232 806
Other	193 285	187 122
	17 837 500	14 618 593
Provision for bad debts	(5 443 033)	(4 646 213)
<b>Total</b>	<b>12 394 467</b>	<b>9 972 380</b>

**23.2** Trade and other payables at 30 June 2015 are as follows:

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Trade payables	686 608	324 448
Consumer and other deposits	700 830	417 175
Unknown deposits	375 024	-
Provision for leave pay	1 757 545	2 048 696
<b>Total</b>	<b>3 520 007</b>	<b>2 790 319</b>

**24. ASSESSMENT RATES**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
The net proceeds from assessment rates	4 832 092	4 713 791
<b>Residential</b>		
Tariffs per N\$1 valuation per month on site value	0 0300	0.030
Tariffs per N\$1 valuation per month on improvement value	0 0030	0 0026
<b>Business</b>		
Tariffs per N\$1 valuation per month on site value	0.0300	0 0300
Tariffs per N\$1 valuation per month on improvement value	0 0200	0 0200

## **25. LOANS**

### **25.1 External and internal loans**

There were no external or internal loans.

### **25.2 Housing loans due to the Council**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Build Together loans	8 070 438	9 459 629
Incomplete Projects loans	721 504	-
Erven loans	1 108 653	-
	9 900 595	9 459 629

## **26. SALE OF ERVEN**

The proceeds of erven and plots sold amounted to N\$ 5 880 623 (2014: N\$ 5 738 962) of which N\$ 2 122 411 and N\$ 3 758 212 were allocated to the Erven Sales Fund and Revenue account respectively.

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

Council sold properties on both cash and instalment bases during the year under review.

## **28. TARIFF ADJUSTMENTS**

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

## **29. APPROVALS**

All overspending was approved by the Council.

## **30. INVENTORY AND EQUIPMENT**

### **30.1 Motor vehicles stock**

The Town Council did not provide the required stock of motor vehicles.

### **30.2 Inventories**

Inventory comprises of stationery and consumables amounting to N\$ 530 911 (2014: N\$ 543 773). As stated on item 4.6 inventory is qualified.

### **32. GENERAL**

The accounting and internal controls are reasonable except where indicated otherwise in this report. Proper segregation of duties is not feasible due to the small number of staff employed. While increased management involvement does reduce risks, the risk arises that management and Council override existing controls, a potentially dangerous practice which the Town Council should vigilantly guard against. The integrity of staff in appropriate positions should however be reviewed to ensure that qualified personnel are employed in respective positions.

### **33. FORMAL AND INFORMAL QUERIES**

**33.1** Formal queries are embodied in this report.

**33.2** Informal queries were discussed with the Town Council's management and are as follows:

- Trade and other receivables (slow debt collection); and
- Overstatement of NATIS agency fees.

### **35. BASIS FOR QUALIFIED AUDIT OPINION**

#### **35. QUALIFIED AUDIT OPINION**

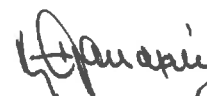
The accounts of the Town Council of Eenhana for the financial year ended 30 June 2015, summarized in Annexure A to D, were audited by me in terms of the provisions of Section 85 of the Local Authorities Act, 1992, read with Section 25 (1) (b) of the State Finance Act, 1991.

The audit opinion has been qualified due to the following reasons:

- Understatement of liabilities by N\$ 2 987 901;
- Omission of equity investment;
- Understatement of property, plant and equipment by N\$ 579 598;
- Unexplained difference on the bank reconciliation of N\$ 3 241 164 and unrecorded direct deposits amounting to N\$ 768 281;
- Understatement of VAT receivable by N\$ 3 656 752;
- Inventory valuation;
- Lack of breakdown of the balance of the Build Together Incomplete Projects account;
- Understatement of the bulk water purchases by N\$ 441 780; and
- Unsubstantiated interest amounting to N\$ 2 122 411 credited to the Erven Sales Fund;

Except for the effects of any adjustments which might be necessary as referred to in the preceding paragraph, in my opinion, the financial statements fairly present the financial position of the Town Council as at 30 June 2015, and the results of its operations and cash flows for the year then ended and in the manner required by the Local Authorities Act, 1992, and the State Finance Act, 1991.

WINDHOEK, April 2016



**JUNIAS ETUNA KANDJEKE  
AUDITOR-GENERAL**

## TOWN COUNCIL OF EENHANA

## BALANCE SHEET AT 30 JUNE 2015

	Note	2015 N\$	2014 N\$
<b>ASSETS</b>			
<b>Non-current assets</b>		105 788 917	86 073 863
Property, plant and equipment	2	56 916 898	47 388 077
Investments	3	38 971 424	29 226 157
Long-term loans receivable	4	9 900 595	9 459 629
<b>Current assets</b>		12 925 378	12 576 213
Inventory	5	530 911	543 773
Trade and other receivables	6	12 394 467	9 972 380
Cash and cash equivalents	7	-	2 060 060
<b>TOTAL ASSETS</b>		<b>118 714 295</b>	<b>98 650 076</b>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds and reserves</b>		112 335 842	95 859 757
Capital outlay	8	56 916 898	47 388 077
Funds and accounts	9	55 418 944	48 471 680
<b>Current liabilities</b>		6 378 453	2 790 319
Bank overdraft	7	2 858 446	-
Trade and other payables	10	3 520 007	2 790 319
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>118 714 295</b>	<b>98 650 076</b>

## ANNEXURE B

## TOWN COUNCIL OF EENHANA

## INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	<u>Note</u>	<u>2015</u> N\$	<u>2014</u> N\$
INCOME		46 879 133	28 660 133
EXPENDITURE		<u>(41 658 142)</u>	<u>(32 682 733)</u>
NET OPERATING SURPLUS/(DEFICIT)		5 220 991	(4 022 600)
INTEREST ON INVESTMENTS		<u>8 413</u>	<u>8 809</u>
NET OPERATING SURPLUS/(DEFICIT) AFTER INTEREST		5 229 404	(4 013 791)
APPROPRIATION ACCOUNT	11	<u>(3 667 060)</u>	<u>(488 922)</u>
NET SURPLUS/(DEFICIT) AFTER APPROPRIATIONS		1 562 344	(4 502 713)
REVENUE ACCOUNT - Beginning of year		<u>(2 274 274)</u>	<u>2 228 439</u>
REVENUE ACCOUNT - End of year		<u>(711 930)</u>	<u>(2 274 274)</u>



## TOWN COUNCIL OF EENHANA

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2015

	Note	2015 N\$	2014 N\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		46 879 133	28 660 133
Cash paid to suppliers and employees		(47 004 739)	(35 114 022)
Cash utilised by operations	12	(125 606)	(6 453 889)
Investment income		8 413	8 809
Net cash flows from operating activities		(117 193)	(6 445 080)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in Fund accounts		5 384 920	2 481 126
Increase in Capital outlay		9 528 821	5 645 676
Net cash flows from financing activities		14 913 741	8 126 802
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net capital expenditure		(9 528 821)	(5 645 676)
(Increase)/decrease in investments		(9 745 267)	5 065 771
Increase in advances		(440 966)	(1 392 732)
Net cash flows from investing activities		(19 715 054)	(1 972 637)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(4 918 506)	(290 915)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		2 060 060	2 350 975
CASH AND CASH EQUIVALENTS - END OF YEAR		<b>(2 858 446)</b>	<b>2 060 060</b>

## TOWN COUNCIL OF EENHANA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE  
2015**1. ACCOUNTING POLICIES****1.1 Introduction**

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

The principal accounting policies of the Town Council, which are set out below, have been consistently applied. The financial statements have been prepared in accordance with the requirements of the Namibian Local Authorities Act, 1992 (Act 23 of 1992), as amended.

**1.2 Property, plant and equipment**

Property, plant and equipment are stated at cost or at valuation where assets have been acquired by grant or donation, less depreciation written off over the expected useful lives as determined by the Council from time to time. Fixed assets acquired with loan funds are 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 the depreciation is calculated on the shortfall.

**1.3 Inventory**

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

**1.4 Capital Development Fund**

The purpose of this Fund is to finance capital projects by means of internal loans or appropriation.

**2. Property, plant and equipment**

	<b>2015</b>	<b>2014</b>
	N\$	N\$
Revenue	54 079 378	43 560 445
General capital	2 837 520	3 827 632
Total	<b>56 916 898</b>	<b>47 388 077</b>

## TOWN COUNCIL OF EENHANA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE  
2015 (continued)

	<u>2015</u>	<u>2014</u>
	N\$	N\$
<b>3. INVESTMENTS</b>		
Commercial banks	<u>38 971 424</u>	<u>29 226 157</u>
ALLOCATED AS FOLLOWS		
Mayoral Fund	102 556	102 982
Build Together Fund	7 894 720	8 426 181
Capital Development Fund	15 715 296	15 715 296
Sports Complex Development Fund	43 461	43 736
Trade and Business Expo Fund	6 149 153	4 937 962
Revenue account	6 798 597	-
Erven Sales Fund	2 267 641	-
	<u>38 971 424</u>	<u>29 226 157</u>
<b>4. LONG-TERM LOANS RECEIVABLE</b>		
Build Together advances to buyers	8 070 438	8 427 190
Incomplete Projects loans	721 504	1 032 439
Erven loans	1 108 653	-
	<u>9 900 595</u>	<u>9 459 629</u>
<b>5. INVENTORY</b>		
Consumable stores	<u>530 911</u>	<u>543 773</u>
<b>6. TRADE AND OTHER RECEIVABLES</b>		
Consumers	8 535 405	7 198 665
VAT receivable	9 108 810	7 232 806
Other	193 285	187 122
	17 837 500	14 618 593
Provision for bad debts	<u>(5 443 033)</u>	<u>(4 646 213)</u>
	<u>12 394 467</u>	<u>9 972 380</u>

## ANNEXURE D

## TOWN COUNCIL OF EENHANA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015  
(continued)

	<b>2015</b>	<b>2014</b>
	N\$	N\$
<b>7. CASH AND CASH EQUIVALENTS</b>		
Bank balance	<b>(2 858 446)</b>	<b>2 060 060</b>
Presented as follows:		
Current assets	-	2 060 060
Current liabilities	2 858 446	-
	<b>2 858 446</b>	<b>2 060 060</b>
<b>8. CAPITAL OUTLAY</b>		
Revenue contributions	54 079 378	43 560 445
General capital contributions	2 837 520	3 827 632
	<b>56 916 898</b>	<b>47 388 077</b>
<b>9. FUNDS, ACCOUNTS AND RESERVES</b>		
Mayoral Fund	210 490	184 056
Build Together Fund	18 258 184	18 222 358
Capital Development Fund	26 272 346	24 923 071
Sports Complex Development Fund	567 147	370 136
Trade and Business Expo Fund	7 446 412	7 046 333
Erven Sales Fund	3 376 295	-
	56 130 874	50 745 954
Revenue account kept in compliance with Section 86(1) of the Local Authorities Act, 1992.	(711 930)	(2 274 274)
	<b>55 418 944</b>	<b>48 471 680</b>
<b>10. TRADE AND OTHER PAYABLES</b>		
Trade payables	686 608	324 448
Consumer and other deposits	700 830	417 175
Provision for leave pay	1 757 545	2 048 696
Unknown deposits	375 024	-
	<b>3 520 007</b>	<b>2 790 319</b>

## TOWN COUNCIL OF EENHANA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE  
2015 (continued)

	2015	2014
	N\$	N\$
<b>11. ADJUSTMENTS TO APPROPRIATION ACCOUNTS</b>		
Movement in leave pay provision	291 151	-
Inventory adjustments	15 181	-
Old deposits adjustment	244 350	-
Movement in the provision for bad debts	(796 820)	(488 922)
Bad debt written off	(179 758)	-
Correction of bank balance	(3 241 164)	-
	<u>(3 667 060)</u>	<u>(488 922)</u>
<b>12. CASH UTILISED BY OPERATIONS</b>		
Operating surplus/(deficit) before interest and transfers	5 220 991	(4 022 600)
Adjustments for:		
- Adjustments to appropriation account	<u>(3 667 060)</u>	<u>(488 922)</u>
NET OPERATING SURPLUS/(DEFICIT) BEFORE CHANGES IN WORKING CAPITAL	<u>1 553 931</u>	<u>(4 511 522)</u>
CHANGES IN WORKING CAPITAL		
Decrease in inventories	12 862	24 006
Increase in trade and other receivables	(2 422 087)	(2 892 254)
Increase in trade and other payables	729 688	925 881
	<u>(1 679 537)</u>	<u>(1 942 367)</u>
CASH UTILISED BY OPERATIONS	<u>(125 606)</u>	<u>(6 453 889)</u>

