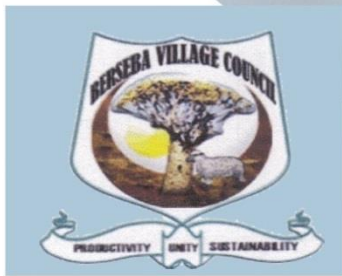




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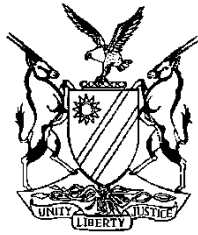


**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF BERSEBA
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

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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 Village Council of Berseba for the financial year ended 30 June 2014, 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, May 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

**REPORT OF THE AUDITOR-GENERAL ON THE ACCOUNTS OF THE
VILLAGE COUNCIL OF BERSEBA
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2014**

1. INTRODUCTION

The accounts of the Village Council of Berseba for the year ended 30 June 2014 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 EDB & Associates has been appointed in terms of Section 26(2) of the State Finance Act, 1991, to audit the accounts of the Village 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.

2. FINANCIAL STATEMENTS

The Village 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, except that the statements were not submitted within the three month period allowed by the Act. **The financial statements were only signed on 30 October 2014.** 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 at 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 Village Council is responsible for the preparation and fair presentation of the financial statements and for ensuring the regularity of the financial transactions. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

It is the responsibility of the Auditor-General to form an independent opinion, based on the audit, on those statements and on the regularity of the financial transactions included in them 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 complies with ethical requirements and plans and performs the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in 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

Paragraphs marked with an asterisk (*) refers to matters/concerns reported in previous reports.

4.1 Value Added tax (*)

Not all the VAT returns for the year under review were made available to the auditors to verify the fair presentation of the VAT balance as per the annual financial statements, and the auditors VAT reconciliation revealed a material difference of N\$ 136 468 for the year under review. Furthermore, a material difference of N\$ 285 975 was found between the VAT reconciliation done and the Ministry of Finance statement for the year under review.

4.2 Provision for bad debts (*)

The Council's provision for bad debts was N\$ 1 816 061. This represents 82% of service debt, debt at 120 days plus represents 79%, therefore the provision seems to be adequate.

The auditors own review indicated provisions to be made as follows:

| Description | 2014 | 2013 |
|---------------------------------|------------------|------------------|
| | N\$ | N\$ |
| Auditors recalculated provision | 1 817 061 | 1 649 355 |
| | 1 817 061 | 1 649 355 |

Also outstanding debt at 120 days and plus for the respective financial years were as follows:

| Description | 2014 | 2013 |
|-------------------|-----------|-----------|
| | % | % |
| 120 days and more | 79 | 90 |
| | 90 | 90 |

The magnitude of these provisions, highlight serious concerns on the debt collection control and measurements.

4.3. Housing Fund debtors (*)

No reconciliations, no explanation or supporting documentation could be provided, hence the auditors could not express an opinion on housing fund debtors.

4.3.1 General Capital

Council could not provide the auditors with the supporting documents for the General Capital Funds to the amount of N\$ 113 295 at the time of the audit.

4.3.2 Contribution to Revenue

Council could not provide the auditors with the supporting documents for the Contribution Revenue Funds to the amount of N\$ 2 608 745 at the time of the audit.

4.4 Property, plant and equipment (*)

Fixed assets additions amounting to N\$ 2 764 083 were included as additions prior year but could not be substantiated. A material difference of N\$ 2 731 017 were found between the annual financial statements and the fixed assets register of the Village Council.

A quantum Bus and a trailer were found to be written off on 30 June 2014, but were not properly disposed off in the fixed assets register. The Village Council's did not insure the A 650 Challenge Trailer that was involved in an accident could subsequently not claim the trailer from their insurance.

The current year fixed asset register was not been updated, it contains casting errors, opening balance does not agree to prior year .

4.5 Consumer deposits (*)

No consumer deposits were disclosed in the Council's financial statements. Furthermore, a material difference of N\$ 680 277 on the auditors reasonability calculation on consumer deposits, was found. The Council should ensure that deposits are collected from the consumers and be reviewed and evaluated on an annual basis to ensure the accuracy thereof. This practice poses a further credit risk to the Council in the case of non-collection of the debts.

4.6 Trade and other payables (*)

A material difference to the amount of N\$ 167 726 was found between the Nampower balance in the annual financial statements and the General Ledger. Nampower creditors are thus overstated in the financial statements.

Provision for leave pay is overstated by N\$ 64 307.

No provision for bonus was made.

4.7 Inventories (*)

The Council has expensed the stock of materials. The only stock held is that of livestock.

Auditors did not attend the stock count and due to the Council's poor record keeping no alternative procedures could be performed to verify the existence and completeness. The Council could not substantiate the value used in valuing stock and as a result the auditors could not verify that stock.

4.8 Appropriations (*)

Adjustments in the appropriation account could not be verified with supporting journals, explanations and relevant approval.

4.9 Lack of supporting documents for income and expenditure accounts (*)

A material difference of N\$ 720 206 was found on the Government contributions. An amount of N\$ 45 644 being VAT amount that the Village Council extracted from the monies deposited by Road Fund Administration in the Council's account for the year under review which was wrongly allocated. No explanations or supporting documentation was provided for this difference hence the auditors were unable to express an opinion on the fair presentation of these accounts.

4.10 Payroll

An unexplained difference of N\$ 63 501 was found on the payroll reconciliations from the earnings reports compared to the payroll costs stated in the annual financial statements for the year under review.

4.11 Bank reconciliation

The Council did not prepare bank reconciliations monthly. There was an unreconciled difference of N\$ 634 883 found between the general ledger and the bank statement. No proper reconciliation could be provided by the client.

5. ACKNOWLEDGEMENT

The assistance and co-operation of the staff of the Village Council of Berseba during the audit is appreciated.

6. FINANCIAL RESULTS

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

| | Revenue | Expenditure | Surplus/ (deficit) | Balance |
|---|----------------|--------------------|-------------------------------|-----------------|
| | N\$ | N\$ | N\$ | N\$ |
| Accumulated surplus 01/07/2013 | | | | 231 326 |
| General accounts Non-profitable services | 2 269 203 | 2 377 563 | (108 361) | |
| Self-supporting services | 164 630 | 220 341 | (55 711) | |
| Trade accounts | | | | |
| Water | 715 595 | 787 841 | (72 246) | |
| Electricity | 873 766 | 649 680 | 224 085 | |
| Deficit for the year | 4 023 194 | 4 035 425 | (12 232) | (12 232) |
| Adjustments and appropriations (Note 10, of Annexure D) | | | | (305 763) |
| Accumulated deficit 30/06/2014 | | | | (86 669) |

7. CURRENT BANK ACCOUNT

The favourable bank statement balance on the current bank account amounted to N\$ 197 939 (2013: N\$ 278 580). Outstanding cheques presumably totaled to N\$ 26 672 (2013: N\$ 104 700), resulting in a reconciled favourable cash-book balance of N\$ 171 267 (2013: N\$ 173 880). The Council could not provide the auditors with a bank reconciliation. The auditors recalculation indicates a difference of N\$ 634 883.

8. INVESTMENTS AND INTEREST PROCEEDS

| | 2014 | 2013 |
|---------------------|----------------|------------------|
| | N\$ | N\$ |
| Invested at: | | |
| Commercial banks | 870 317 | 1 057 282 |
| | 870 317 | 1 057 282 |
| Allocation: | | |
| Housing Fund | 81 462 | 39 677 |
| Capital Projects | 652 702 | 652 702 |
| Revenue | 136 153 | 364 903 |
| | 870 317 | 1 057 282 |

9. FUND ACCOUNTS

The position of the funds and accounts at year-end is reflected in note 7 in Annexure D.

10. TRADE ACCOUNTS

10.1 Operating results

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

| | Electricity | | Water | |
|---------------------------------------|----------------|----------------|-----------------|-----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | N\$ | N\$ | N\$ | N\$ |
| Sales | 617 605 | 460 363 | 615 595 | 455 165 |
| Cost of sales | (368 784) | (455 820) | (623 046) | (644 877) |
| Gross profit | 248 821 | 4 543 | (7 451) | (189 712) |
| Other income/ (expenses) | (24 736) | 167 672 | (64 795) | 107 317 |
| Net surplus/(deficit) | 224 085 | 172 215 | (72 246) | (82 395) |
| Gross profit/(loss) on cost of sales | 67.47% | 1% | (1.2%) | (29%) |
| Net profit percentage on cost of sale | 60.76% | 38% | (11.6%) | (0.13%) |

10.2 Water and electricity distribution results

| | Electricity | | Water | |
|-------------------------------|--------------------|------------------|----------------|-----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | Kw | Kw | m ³ | m ³ |
| Units sold | 92 478 | 317 492 | 395 478 | 38 217 |
| Units bought | (1 340 094) | (770 336) | (49 898) | (77 385) |
| Net (deficit) / profit | (1 247 616) | (452 844) | 345 580 | (39 168) |
| Percentage | (93%) | (59%) | (87%) | (51%) |

The Council continues to operate on loss and it is advisable for the Council to investigate and improve on these distribution losses.

11. SELF-SUPPORTING SERVICES

| | Revenue 2014 | Expenditure 2013 | Surplus / (Deficit) 2014 | Surplus / (Deficit) 2013 |
|---------------------------------|-------------------------|-----------------------------|---|---|
| Cleansing services and sewerage | N\$ 164 630 | N\$ 220 341 | N\$ (55 711) | N\$ (88 547) |
| Total | 164 630 | 220 341 | (55 711) | (88 547) |

The above table shows that the self-supporting services indicate an overall net loss for the year under review. Corrective measures should be implemented to run those services on a profitable basis.

12. FRUITLESS, UNAUTHORIZED OR AVOIDABLE EXPENDITURE

No such expenditure was identified during the year under review.

13. SUSPENSE ACCOUNTS

No suspense accounts were disclosed in the annual financial statements for the year under review.

14. IRREGULARITIES AND LOSSES

No irregularities and losses were identified during the year under review.

15. CAPITAL PROJECTS

| Nature of projects/ Acquisitions | Financed by | Total expenditure 2014 | Total expenditure 2013 |
|---|----------------------------|---------------------------------------|---------------------------------------|
| | General Capital | | |
| General administration | N\$ - | N\$ - | N\$ 2 059 860 |
| Water | - | - | 20 900 |
| Vehicles | 2 466 638 | 2 466 638 | - |
| Streets and roads | 297 445 | 297 445 | 223 440 |
| | 2 764 083 | 2 764 083 | 2 304 200 |

No proper fixed asset register could be availed by the council, and additions referred to as vehicles amounting to N\$ 2 466 638 could not be substantiated; an explanation was given that the additions are from prior years.

16. BURSARIES

No bursaries were granted during the year under review.

17. CONTRIBUTIONS, GRANTS AND FINANCIAL AID

Contributions from Government (including RFA contribution of 2014: N\$ 304 292 (2013: N\$ 258 800) for 2014: N\$ 2 254 899 (2013: N\$ 4 914 822) were disclosed in the income and expenditure statements.

18. COMPENSATION PAYMENTS

No compensation payments were made by the Village Council during the year under review.

19. VISITS TO FOREIGN COUNTRIES

There were no visits to foreign countries during the year.

20. CLAIMS AGAINST THE LOCAL AUTHORITY

There were no claims against the Council.

21. GIFTS/DONATIONS BY THE LOCAL AUTHORITY

There were no gifts or donations by or to the Local Authority.

22. TRANSFER OF PROPERTY

No properties were sold or transferred by the Village Council for the year under review.

23. TRADE AND OTHER RECEIVABLES/ PAYABLES

23.1 Trade and other receivables at 30 June were:

| | 2014 | 2013 |
|--|------------------|------------------|
| | N\$ | N\$ |
| Services, rates and taxes | 2 215 619 | 2 078 602 |
| Housing Fund receivables (Includes incomplete projects of N\$ 2 226 849) | 2 563 579 | 2 578 555 |
| Value Added Tax | 271 286 | 227 049 |
| Less: Provision for bad debts | (1 816 061) | (1 364 092) |
| Total | 3 234 423 | 3 520 114 |

As per the debtors age analysis 79% for 2014 (2013: 90%) of total debts are outstanding for more than 120 days. The recoverability of these debtors is doubtful, therefore the auditors are of the opinion that the Council have adequately provided for bad debts in the financial statements. Refer to paragraph 4.2.

23.2 Trade and other payables at 30 June were:

| | 2014 | 2013 |
|----------------|------------------|------------------|
| | N\$ | N\$ |
| Trade payables | 1 764 880 | 35 528 |
| Provisions | 213 681 | 1 419 989 |
| Totals | 1 978 561 | 1 455 517 |

24. ASSESSMENT RATES

Assessment rates charged by the Village Council for the year under review amounted to N\$ 86 325 (2013: N\$ 68 355).

25. LOANS

25.1 External loans

No external loans were entered into during the year under review.

25.2 Internal loans

No internal loans were advanced or received during the year under review.

25.3 Housing loans

The amount advanced in favour of housing loans under the Build Together programme is reflected at N\$ 2 563 579 (2013: 2 578 555) in the annual financial statements.

26. SALE OF ERVEN

There was no sale of erven register at the Village Council for the financial year under review.

27. LOCAL AUTHORITY PROPERTY SOLD ON AN INSTALMENT BASIS

No property was sold on instalment basis for the year under review.

28. TARIFF ADJUSTMENTS

Tariffs adjustments were done in accordance with the Official Government gazette.

29. APPROVALS

29.1 Excess on approved budget

No overspending.

29.2 Revenue written off

No revenue was written off.

30. INVENTORY AND EQUIPMENT

30.1 Motor vehicles and values thereof:

| | Sedan | | LDV's, 4x4's and Combi's | | Heavy vehicles | |
|--------------------|----------|---------------|--------------------------|------------------|----------------|----------------|
| | Number | Value | Number | Value | Number | Value |
| | | N\$ | | N\$ | | N\$ |
| Balance - 01/07/13 | 1 | 57 824 | 2 | 1 223 775 | 2 | 238 024 |
| Sub-total | 1 | 57 824 | 2 | 1 223 775 | 2 | 238 024 |
| Depreciation | - | (19 274) | - | (21 143) | - | (79 342) |
| Balance - 30/06/14 | 1 | 38 550 | 2 | 1 202 632 | 2 | 158 682 |

The above motor vehicles and values are as per the current year fixed asset register and do not agree to the prior year register and report.

The statistics, based on logbooks, regarding all vehicles could not be provided.

30.2 Inventory

An amount of N\$ 288 600 (2013: N\$ 205 280) for livestock were disclosed in the financial statements.

31. GENERAL

There is an insufficient system of internal control at the Village Council for the year under review. Proper segregation of duties is not possible due to the small number of staff employed. While increased management involvement does reduce risks, it causes the risk that management and Council override existing controls, a potentially dangerous practice, which the Council should vigilantly guard against.

32. SPECIAL INVESTIGATIONS

No special investigations were under taken during the current year.

33. FORMAL AND INFORMAL QUERIES

33.1 Formal queries are embodied in this report.

33.2 Informal queries were addressed to the Chief Executive Officer.

34. DISCLAIMED AUDIT OPINION

The accounts of the Village Council of Berseba for the financial year ended 30 June 2014, summarized 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.

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

- Adjustments to appropriation account could not be substantiated;
- Not the VAT returns for the year under review were made available to the auditors;
- Council could not provide the auditors with the supporting documents for the General Capital Funds to the amount of N\$ 113 295 at the time of the audit;
- Council could not provide the auditors with the supporting documents for the Contribution Revenue Funds to the amount of N\$ 2 608 745;
- Fixed assets additions which amounted to N\$ 2 764 083 purchased in prior year could not be substantiated. A material difference of N\$ 2 731 017 were found between the annual financial statements fixed assets register of the Village Council;
- A quantum Bus and a trailer were found to be written off on 30 June 2014, but were not properly disposed off in the fixed assets register;
- The current year fixed asset register was not been updated, contains casting errors, and opening balance does not agree to prior year;
- No consumer deposits were disclosed in the Council's financial statements. Furthermore, a material difference of N\$ 680 was found;
- A material difference to the amount of N\$ 167 726 was found between the Nampower balance in the annual financial statements. Nampower creditors are thus overstated in the financial statements;
- Auditors did not attend the stock count and due to the Council's poor record keeping no alternative procedures could be performed to verify the existence and completeness;
- The Council did not prepare monthly bank reconciliations. There was an unreconciled difference of N\$ 634 883 found between the general ledger and the bank statement. No proper reconciliation could be provided by the client;
- There were no sufficient systems of internal control nor proper accounting records at the Village Council.

WINDHOEK, May 2015

**JUNIAS ETUNA KANDJEKE
AUDITOR-GENERAL**

BALANCE SHEET AS AT 30 JUNE 2014

| | Notes | 2014 N\$ | 2013 N\$ |
|-------------------------------------|-------|-------------------|-------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 2 | 11 677 627 | 7 363 176 |
| Investments | 3 | 10 807 310 | 6 305 894 |
| | | 870 317 | 1 057 282 |
| Current assets | | | |
| Inventory | 5 | 4 331 173 | 3 900 495 |
| Accounts receivable | 6 | 288 600 | 205 280 |
| Cash and bank balances | 8 | 3 234 423 | 3 520 114 |
| | | 808 150 | 175 101 |
| TOTAL ASSETS | | 16 008 800 | 11 263 671 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Funds & accounts | 7 | 14 030 239 | 9 808 154 |
| Capital outlay | 7.1 | 2 570 228 | 2 849 558 |
| | 7.2 | 11 460 011 | 6 958 596 |
| Current liabilities | | | |
| Accounts payable | 9 | 1 978 561 | 1 455 517 |
| | | 1 978 561 | 1 455 517 |
| TOTAL EQUITY AND LIABILITIES | | 16 008 800 | 11 263 671 |

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

| | <u>Note</u> | <u>2014</u> | <u>2013</u> |
|---|-------------|-----------------|----------------|
| | | N\$ | N\$ |
| INCOME | | 3 972 478 | 6 134 392 |
| EXPENDITURE | | (4 035 426) | (5 639 784) |
| OPERATING LOSS FOR THE YEAR | | (62 948) | 494 607 |
| INVESTMENT INTEREST EARNED FOR FUND ACCOUNTS | | 50 716 | 74 539 |
| NET PROFIT FOR THE YEAR | | (12 232) | 569 147 |
| Add : Appropriation and adjustments | 10 | (305 763) | (561 548) |
| RETAINED INCOME/(LOSS) FOR THE YEAR | | (317 995) | 7 599 |
| 30 June 2013 | | 231 326 | 223 727 |
| 30 June 2014 | | (86 669) | 231 326 |

VILLAGE COUNCIL OF BERSEBA

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2014

| | <u>Notes</u> | <u>2014</u> | <u>2013</u> |
|--|--------------|----------------|----------------|
| | | N\$ | N\$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Cash receipts from customers | | 3 972 478 | 6 134 392 |
| Cash paid to suppliers | | (3 615 774) | (5 267 597) |
| Cash (Utilised)/generated by operations | 11 | 356 704 | 866 795 |
| Investment income | | 50 716 | 74 539 |
| Movement in Fund accounts | | | |
| - Fund accounts – increase | | 38 665 | (75 210) |
| - Capital outlay - increase | | 4 501 415 | 2 304 200 |
| Cash generated by operating activities | | 4 947 500 | 3 170 324 |
| CASH GENERATED BY INVESTING ACTIVITIES | | | |
| | | (4 314 451) | (2 920 727) |
| Net capital expenditure | | (4 501 416) | (2 304 210) |
| Decrease in investments | | 186 965 | (616 518) |
| CASH UTILIZED BY FINANCING ACTIVITIES | | | |
| Net decrease in cash and cash equivalents' | | 633 049 | 249 596 |
| Cash and cash equivalents at the beginning of the year | | 175 101 | (74 495) |
| Cash and cash equivalents' at the end of the year | 8 | 808 150 | 175 101 |

VILLAGE COUNCIL OF BERSEBA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE

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

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain property, plant and equipment, marketable securities and investment properties where appropriate.

1.2 Property, plant and equipment and depreciation

All plant and equipment are initially recorded at cost. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. All other plant and equipment are stated at historical cost or valuation where applicable.

No depreciation is provided on property, plant and equipment.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

1.3 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held at call with banks and investments in money marked instruments, net of bank overdrafts. In the balance sheet, bank overdrafts are included in current liabilities.

1.4 Internal Funds

The following Funds were created by the Village Council:

1.4.1 Fixed Property Fund

Proceeds from the sale of land that has been developed by the Village Council accumulate in this Fund. Costs incurred on the development of land are charged to this Fund.

1.4.2 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.

1.4.3 Capital Reserve Fund

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

VILLAGE COUNCIL OF BERSEBA

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

| | 2014 | 2013 |
|--|-------------------|------------------|
| | N\$ | N\$ |
| 2. PROPERTY, PLANT AND EQUIPMENT | | |
| Property, plant and equipment | 10 807 310 | 6 305 894 |
| 3. INVESTMENTS | | |
| Commercial banks | 870 317 | 1 057 282 |
| Allocated to: | | |
| Build Together Fund | 81 462 | 39 677 |
| Capital Projects | 652 702 | 652 702 |
| Revenue | 136 153 | 364 903 |
| | 870 317 | 1 057 282 |
| 4. LOANS DEBTORS (refer to Acc receivable) | | |
| HOUSING FUNDS | | |
| - Housing loan debtors | 336 730 | 351 706 |
| - Incomplete Projects | 2 226 849 | 2 226 849 |
| | 2 563 579 | 2 578 555 |
| 5. INVENTORY | | |
| Inventories consist of : | | |
| Livestock | 288 600 | 205 280 |
| Bricks and tools | - | - |
| | 288 600 | 205 280 |
| 6. ACCOUNTS RECEIVABLE | | |
| Services, rates and taxes | 2 215 619 | 2 078 602 |
| Value Added Tax | 271 286 | 227 049 |
| Less: Provision for bad debts | (1 816 061) | (1 364 092) |
| Build Together loan debtors | 2 563 579 | 2 578 555 |
| | 3 234 423 | 3 520 114 |

VILLAGE COUNCIL OF BERSEBA

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

| | 2014 | 2013 |
|--|-------------------|------------------|
| | N\$ | N\$ |
| 7. FUNDS AND ACCOUNTS | | |
| 7.1 External funds | 2 570 228 | 2 849 558 |
| Housing Fund | 2 656 899 | 2 618 232 |
| Revenue account kept in compliance with section 86 (1) of the Local Authorities Act, 1992. | (86 671) | 231 326 |
| 7.2. Capital outlay | 11 460 011 | 6 958 596 |
| Revenue account | 6 112 114 | 1 723 993 |
| General capital | 5 347 898 | 5 234 602 |
| 8. CASH AND CASH EQUIVALENTS | | |
| | 808 150 | 175 101 |
| Bank | 806 150 | 173 880 |
| Petty cash | 2 000 | 1 221 |
| | 808 150 | 175 101 |
| 9. ACCOUNTS PAYABLE | | |
| Trade payables | 1 764 880 | 35 528 |
| Provisions | 213 681 | 1 419 989 |
| | 1 978 561 | 1 455 517 |
| 10. ADJUSTMENTS AND APPROPRIATIONS | | |
| Unknown adjustments | (158 578) | (561 548) |
| Provision for bad debts | (451 968) | - |
| Debtors prior year | (123 280) | - |
| Leave provision adjustment | 27 210 | - |
| Vat adjustment | 290 581 | - |
| Revaluation of stock | 83 320 | - |
| Prior year investment adjustment | 26 602 | - |
| Creditors prior year | 350 | - |
| | (305 763) | (561 548) |

VILLAGE COUNCIL OF BERSEBA

NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE
(continued)**11. CASH UTILISED IN OPERATIONS**

| | | |
|--|------------------|-----------------|
| Net operating profit | (12 232) | 569 147 |
| OPERATIONAL INCOME BEFORE CHANGE IN WORKING CAPITAL | (368 711) | (66 939) |
| GENERATION OF WORKING CAPITAL | | |
| Trade and other receivables | 285 691 | 839 158 |
| Inventory | (83 320) | (35 890) |
| Trade and other payables | 523 044 | 130 465 |
| | 356 704 | 866 795 |